

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA  
UNSTARRED QUESTION NO.1190  
TO BE ANSWERED ON TUESDAY, FEBRUARY 10, 2026 /*Magha* 21, 1947 (Saka)

**Increase in household debt**

**1190. Shri Derek O' Brien**

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is aware of the RBI's Financial Stability Report observation that household debt has risen to about 41.3 per cent of GDP (March 2025) and that consumption-oriented borrowing is rising faster;
- (b) whether Government accepts that this trend points to policy failure in protecting household incomes and is pushing families to run their daily expenses on EMIs/credit; and
- (c) the specific regulatory and consumer-protection steps taken by Government/RBI to curb mis-selling and high-cost unsecured retail credit and to prevent over-indebtedness, especially among low-income and middle-income borrowers?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a) and (b): According to the Reserve Bank of India (RBI)'s Financial Stability Report published in December 2025, India's household debt stood at 41.3 per cent of Gross Domestic Product (GDP) as at end-March 2025. The Report also notes that, relative to most peer emerging market economies, India's household debt remained lower. The Report indicates that while a dominant share of household borrowing is for consumption purposes, the growth of such loans has moderated, and borrowing for productive purposes has been rising faster. Further, the share of better-rated borrowers (prime and above) has increased in both outstanding amounts and number of borrowers, suggestive of a healthy balance sheet of household borrowers and overall resilience of the household sector. As per RBI data, household net financial savings (after adjusting for liabilities) increased to 6 per cent of GDP in FY25, up from 5.2 per cent in FY24.

(c): The Government and RBI have undertaken measures to enhance incomes and savings, and for consumer protection. From a regulatory perspective, the RBI increased risk weights on select segments of consumer credit and bank lending to Non-Banking Financial Companies (NBFCs) in November 2023, also as a prudential measure to strengthen the resilience of the financial system. In its Statement on Developmental and Regulatory Policies announced on 6 February 2026, RBI has outlined its measures to regulate advertising, marketing and sales of financial products and services by Regulated Entities (REs) to ensure that third-party products and services that are being sold at the bank counters are suitable to customer needs and are commensurate with the risk appetite of individual clients. Additionally, the ongoing easing of interest rates and improved liquidity conditions are expected to support growth and reduce households' debt service burden. Furthermore, the new income tax exemption for annual incomes up to ₹12 lakh and the recent GST rate rationalisation measures are expected to increase disposable income for the middle class, thereby enabling households to better manage debt and build assets. Above all, the Government's focus on ease of doing business, skilling, employment generation and infrastructure creation continues to foster income growth.

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