

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 3587
TO BE ANSWERED ON TUESDAY, THE 24th MARCH, 2026
03 CHAITRA, 1948 (SAKA)

Internal and external debt

3587. Dr. Ashok Kumar Mittal

Will the Minister of *Finance* be pleased to state:

- (a) the exact quantum of the total outstanding internal and external debt of the Central Government as of March 2026 and its percentage to the GDP;
- (b) whether the massive, reckless borrowing to fund politically motivated freebies and capital intensive mega-projects has pushed India towards a severe debt trap;
- (c) the details of the exorbitant interest payments that are currently consuming more than a quarter of the entire central revenue receipts; and
- (d) the steps taken to urgently curb wasteful public expenditure and produce a credible white paper on the sustainability of the national debt?

ANSWER

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

- (a):** The outstanding debt of the Central Government as on 31st March, 2026 is as under:

(₹ in lakh crore)

F.Y.	Internal Debt	External Debt	Total Debt	Debt to GDP ratio
2025-26 (RE)	191.46	9.07	200.53	56.1

As per FRBM Definition, Internal Debt is net of cash balance and includes public debt liabilities, EBR etc. and External Debt is at current exchange rate.

- (b):** No. The borrowings of the Government are well planned and are directed to meet the urgent needs apart from meeting the capex requirements and creating capital assets on the ground.

- (c):** As per RE 2025-26, interest payments for internal debt are ₹12.42 lakh crore and external debt are ₹0.33 lakh cr.

- (d):** The Government follows a calibrated fiscal policy strategy for prudent fiscal and macroeconomic management. Focus of public expenditure is on increasing effective capital expenditure to enhance the sustainability of national debt. The share of effective capital expenditure in total expenditure increased from 18.7% in FY2020-21 to 32.0% in BE 2026-27. In absolute terms,

the effective capital expenditure increased from ₹6.57 lakh crore in FY 2020-21 to ₹ 17.15 lakh crore in BE 2026-27. Government's effective capital expenditure in FY 2026-27 (BE) at ₹17.15 lakh crore is more than its net borrowings of ₹16.96 lakh crore. Therefore, the borrowings are primarily directed towards productive capital expenditure such as creation of infrastructural assets and not on wasteful public expenditure. Productive capital expenditure attracts private investment and enhances long-term growth potential and sustainability of public debt.
