GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 235
TO BE ANSWERED ON TUESDAY, THE 21st JULY, 2026
ASHADHA 30, 1948 (SAKA)

Impact of rising Public debt

235 Shri Chandrakant Damodar Handore:

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

(a) whether Government has assessed the impact of rising public debt and interest payments on fiscal sustainability;

(b) the details of Fiscal Deficit, outstanding liabilities and interest payments during the last five years, year-wise;

(c) whether Government proposes any measures to improve fiscal space while maintaining capital expenditure; and

(d) if so, the details thereof?

ANSWER

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

(a): The debt to GDP ratio has been broadly on a declining path, since CoVID-19. This declining trajectory is indicative of fiscal sustainability of public debt. Increasing revenue receipts of the Government has helped in meeting the interest payment obligations of the Government in a fiscally sustainable manner.

(b): The details of fiscal deficit, outstanding liabilities and interest payments during the last five years are furnished as under:

(₹ in lakh crore)

Financial Year	Fiscal Deficit	Interest Payments	Outstanding liabilities at the FY end
2021-22	15.85	8.05	138.66
2022-23	17.38	9.29	156.13
2023-24	16.55	10.64	171.70
2024-25	15.74	11.16	185.95
2025-26 (Provisional)	15.19	12.43	201.17

Note:

1. The liabilities as per the FRBM definition of debt are net of cash balance and cash investment. However, outstanding EBRs are added in liabilities.
2. External Debt is at current exchange rate.

(c) & (d): Measures to effectively utilise the available fiscal space include a focused expenditure on socio-economic development and growth-inducing sectors. As a result, the share of effective capital expenditure in total expenditure has increased from 18.7% in FY2020-21 to 27.2% in FY2025-26. In BE 2026-27, Government's effective capital expenditure at ₹17.15 lakh crore is higher than the fiscal deficit of ₹16.96 lakh cr. This is indicative of Government's focused approach to productive investment expenditure, while maintaining the debt to GDP ratio at the sustainable level.

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