

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS**

**LOK SABHA  
STARRED QUESTION No. \*312  
TO BE ANSWERED ON 11 AUGUST 2025/ SRAVANA 20, 1947 (SAKA)**

**INCREASE IN HOUSEHOLD DEBT**

**\*312. Ms Sayani Ghosh:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of the reported increase in household debt, if so, the details thereof;
- (b) the details of household debt trends during the last five years, including year-wise breakup of household financial assets and liabilities as a percentage of GDP;
- (c) whether the Government has assessed the potential risks arising from increasing retail loan penetration and declining net household financial savings, if so, the details thereof;
- (d) the steps being taken by the Government to monitor and mitigate the risk of household over-leverage;
- (e) whether any specific measures are being considered to ensure sustainable credit growth without compromising the financial health of households, if so, the details thereof; and
- (f) whether the Government has any plans to conduct studies on the overall consumption, demand and economic growth, if so, the details thereof?

**ANSWER**

**THE FINANCE MINISTER  
(SMT. NIRMALA SITHARAMAN)**

(a) to (f): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. \*312, RAISED BY MS SAYANI GHOSH FOR 11<sup>th</sup> AUGUST, 2025 ON INCREASE IN HOUSEHOLD DEBT**

(a) and (b): The year-wise details of the latest available data on the stock of household financial assets and liabilities as a percentage of GDP are given below:

<b>Table 1: Stock of Household Financial Assets and Liabilities (as per cent of GDP)</b>					
	March-20	March-21	March-22	March-23	March-24
Financial Assets	85.5	115.2	107.8	103.5	106.2
Financial Liabilities	34.7	39.1	36.5	38	40.2

Source: Reserve Bank of India (RBI)

The stock of household financial liabilities has increased by about 5.5 percentage points from March 2020 to March 2024, while the stock of household financial assets has increased by 20.7 percentage points during the same period. Thus, the net financial position of the households (stock of assets minus stock of liabilities) has improved as of 2023-24.

(c): As per information received from the Reserve Bank of India (RBI), the penetration of retail loans of banks (retail loans as a per cent of gross loans and advances after adjusting for the merger of a non-bank with a bank) has increased moderately from 30.94% in March 2024 to 31.48% in March 2025. However, the pace of year-on-year growth in the retail loans has moderated from 17.61% in March 2024 to 14.05% in March 2025. The asset quality in the retail loan segment of scheduled commercial banks is largely stable, with a Gross Non-Performing Assets ratio of 1.18 per cent as of March 2025. Further, the share of unsecured retail loans is relatively low at 25 per cent of the retail loans and 8.3 per cent of aggregate gross advances. Moreover, as per the latest data published by the National Statistics Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), the net household financial savings have increased from ₹13.3 lakh crore in 2022-23 to ₹15.5 lakh crore in 2023-24. Therefore, it is not likely to be of systemic concern to the asset quality of Indian banks.

(d) and (e): As per the Financial Stability Report (June 2025) published by the RBI, the share of prime and above-rated borrowers is growing, both in terms of the outstanding amount and number of borrowers. This indicates resilient household balance sheets at an aggregate level. However, considering the strong growth observed in the retail loan segment, from a regulatory perspective, RBI enhanced the risk weights on select segments of consumer credit and bank lending to Non-Banking Financial Companies (NBFCs) in November 2023, as a prudential measure to strengthen the resilience of the financial system. Consequently, the loan growth (CAGR) in the unsecured retail loans segment has fallen from 27.0 per cent between September 2021-23 to 11.6 per cent between September 2023 - March 2025. Additionally, the ongoing easing of interest rates and liquidity is expected to bolster growth and reduce households' debt service burden. The new income tax exemption for annual incomes up to ₹12 -12.75 lakh is expected to increase disposable income for the middle class, which can help these households manage debt better. Above all, the government's focus on ease of doing business, skilling, employment generation, and infrastructure creation is fostering income growth.

(f): The NSO, MoSPI conducts the Household Consumption Expenditure Survey (HCES) at regular intervals to understand consumption patterns and expenditure/demand of households. The latest HCES was conducted during August 2023 - July 2024. Further, the Ministry of Finance publishes the Economic Survey, which provides an annual update on the macroeconomic trends and economic growth.

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