`GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION No. 104
TO BE ANSWERED ON 21 JULY 2025/ ASHADHA 30, 1947 (SAKA)

INCREASE IN DEBT OF CITIZEN

104. Shri Chamala Kiran Kumar Reddy

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the average debt of an Indian citizen has been increased by Rs. 90,000 over the last two years, if so, the details thereof;
(b) whether it is also true that the external debt of the country has been reached to 736.3 billion dollars which is more than 10% higher than the last years debt;
(c) whether the Government acknowledges concerns that the current model of economic loans may push families into a cycle of survival-based borrowing rather than enabling sustainable development and self-reliance;
(d) if so, the details thereof; and
(e) the concrete steps taken/proposed to be taken by the Government to reverse these alarming trends in citizen debt, low income growth and rising foreign borrowings?

ANSWER

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

(a), (c) and (d): No, Sir. As informed by the Reserve Bank of India (RBI), at the end of March 2025, there were around 28 crore unique individual borrowers reported by Transunion CIBIL, a credit information company, vis-a-vis India's population of more than 140 crores. For this unique set of borrowers, RBI has reported in its Financial Stability Report, June 2025 an increase in per capita debt (proxied by consumer segment loans utilised for either personal or business purposes) from ₹3.9 lakh in March 2023 to ₹4.8 lakh in March 2025. Thus, this data does not represent the average debt of an Indian citizen. The disaggregated data on household debt, published by RBI, shows that the increase in household debt is driven by a growing number of borrowers rather than an increase in average indebtedness. Further, close to two-thirds of the loans are attributed to borrowers with high credit scores. The per capita debt of highly rated borrowers, which is generally utilised for asset creation, has increased sharply. Moreover, the stock of financial assets of the households as a percentage of GDP increased from 103.5 per cent in March 2023 to 106.2 per cent in March 2024. This signals an improvement in the net financial position of the households.

Further, based on the latest available information from National Account Statistics, the aggregate financial liabilities of households (inclusive of loans from cooperative banks, insurance corporations, non-banking financial companies and Government), divided by the population of India, increased from ₹11545 in 2022-23 to ₹13470 in 2023-24, implying an increase of just ₹1925 during this period.

(b): As per the latest data available from the RBI, India's external debt stood at US$736.3 billion as on March 2025, an increase of 10.1 per cent from March 2024.

(e): The government's focus on ease of doing business, skilling, employment generation, and creating infrastructure is fostering income growth. Additionally, 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 households manage debt and spur consumption. From a regulatory perspective, the RBI in November 2023 increased the risk weights on certain segments of consumer credit and bank lending to Non-Banking Financial Companies (NBFCs), citing the high growth seen in those segments. Consequently, the loan growth (CAGR) in 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.

With regard to foreign borrowings, India is managing its external debt with notable prudence, as reflected by a low external debt-to-GDP ratio of 19.1 per cent as of March 2025. The government has set a clear path to restrain growth in public borrowings by proposing to reduce the fiscal deficit to 4.4% of GDP in 2025-26 and intends to bring total government debt down to about 50% of GDP by 2031, thereby not increasing the benchmark rates or debt service pressures for the domestic economy and citizens.

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