

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1463
TO BE ANSWERED ON 09.02.2026

COUNTRY'S EXTERNAL DEBT

1463. Shri Dharmendra Yadav:

Will the Minister of FINANCE be pleased to state:

- (a) whether the country's external debt increased to approximately USD 736.3 billion by the end of March 2025, reflecting a significant increase as compared to the previous year, if so, the details thereof;
- (b) whether it is projected that this debt may further increase during the current financial year 2025-26 and exceed USD 747 billion, if so, the details thereof along with the current status of the external debt-to-GDP ratio;
- (c) whether the government has assessed the adverse impact of the rising external debt on future debt servicing costs and fiscal flexibility; and
- (d) if so, the concrete steps being taken by the Government to reduce the burden of external debt and to manage the risks arising from valuation effects due to fluctuations in the rupee against the US dollar?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

- (a) India's external debt stood at USD 736.3 billion as of end-March 2025 compared to USD 668.8 billion as of end-March 2024, recording an annual increase of USD 67.5 billion.
- (b) No projection has been undertaken regarding the level of external debt during the current financial year 2025-26. As per the latest available data as of end-September 2025, India's external debt stood at USD 746.0 billion. India's external debt-to-GDP ratio is 19.2 per cent as of end-September 2025.
- (c) The external debt of various nations rises over time as it is associated with increasing investment and productivity. This has been the case in India as well. India has managed its external debt prudently with the overarching objective of keeping the current account deficit within sustainable limits. India's debt service ratio has declined from 6.6 per cent in 2024-25 to 6.0 per cent in 2025-26 (up to September 2025). As of end-September 2025, the external debt-to-GDP ratio stood at 19.2 per cent, while the foreign-exchange reserves-to-external-debt ratio was 93.8 per cent. These indicators suggest that India's external debt remains sustainable and prudently managed.
- (d) The prudent external debt management policy of the Government of India has helped in maintaining a comfortable external debt position. The policy continues to focus on monitoring long and short-term debt, raising sovereign loans on concessional terms with longer maturities, maintaining a diversified currency composition of external debt, regulating external commercial borrowings and rationalising interest rates on Non-Resident Indian deposits.