TRENDS IN INDIA'S INTERNAL PUBLIC DEBT: A TWENTY-YEAR ANALYSIS (2004–2024)

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ABSTRACT

Background: *Internal public debt plays a critical role in financing government expenditure and supporting economic development. Over the past two decades, India has increasingly relied on domestic borrowing to meet fiscal requirements, particularly during periods of economic stress.*
Objective: *This study analyses the trends, growth, and fiscal implications of India's internal public debt during the period 2004–2024.*
Methods: *The study adopts a descriptive quantitative research design using secondary data obtained from the Reserve Bank of India (RBI) Handbook of Statistics on the Indian Economy, the Economic Survey, and the Union Budget Documents. The analysis employs descriptive statistics, annual growth rates, compound annual growth rate (CAGR), trend analysis, and the Debt-to-GDP ratio to evaluate changes in internal public debt over the study period.*
Results: *The findings reveal that India's internal public debt increased substantially from ₹12.76 lakh crore in 2004–05 to ₹148.36 lakh crore in 2023–24, reflecting the Government's growing reliance on domestic borrowing. The annual growth rate remained positive throughout the study period, with the highest increase (23.56%) recorded during the COVID-19 pandemic in 2020–21. Although the Debt-to-GDP ratio remained relatively stable before the pandemic, it rose sharply during 2020–21 and moderated as economic activity recovered. Market borrowings continued to constitute the largest component of internal public debt.*
Conclusion: *The study concludes that India's reliance on internal borrowing has strengthened fiscal resilience by reducing dependence on external debt; however, the sustained rise in internal public debt highlights the need for prudent debt management, fiscal discipline, and productive utilisation of borrowed resources to ensure long-term fiscal sustainability. The findings provide updated evidence to support public debt management and fiscal policy formulation in India.*

KEYWORDS: *Debt-To-GDP Ratio; Fiscal Sustainability; Government Borrowing; Internal Public Debt; Public Finance; India.*

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