



# Data Taste Revealed

## Economic Research Vertical: Canara Bank: Head Office

### Discussion

Whether Rising Household Debt (as % of GDP) is Good?

### Data Source

Financial Stability Report, RBI (June 2025)

### Reflections

- ✓ India's Household-debt to GDP (42%) is still lower compared to advanced economies (60%)
- ✓ A gradual shift towards consumption driven borrowing under non-housing retail credit is evident as with non-Housing Retail Credit (Includes personal loans, credit cards, consumer durable loans and other personal loans) being the largest segment (55%)
- ✓ Consumer segment loans are used as a proxy for the total household debt and represents about 94 per cent of total household debt as at end-December 2024.

Fig-1: World Scenario: Household Debt -to-GDP (%)

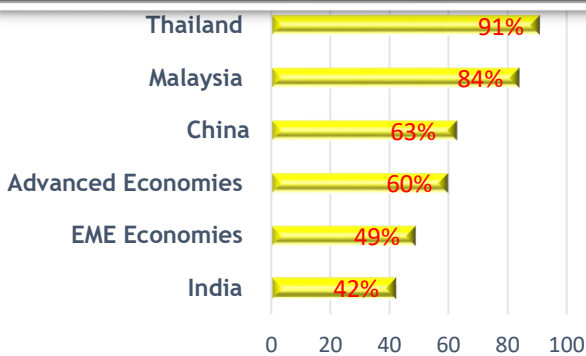


Fig-2: India's Growth Trend of Household Debt-to-GDP

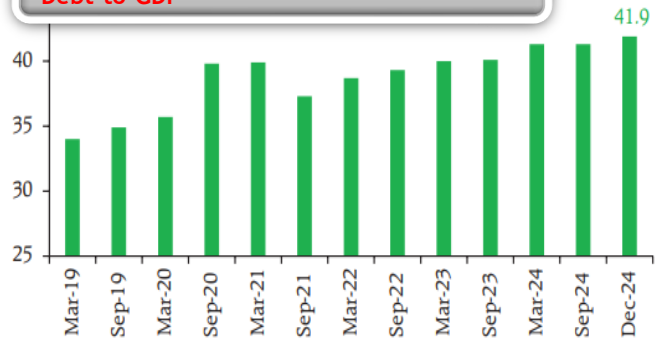


Fig-3: Broad Categories in Household Debt in India (%)

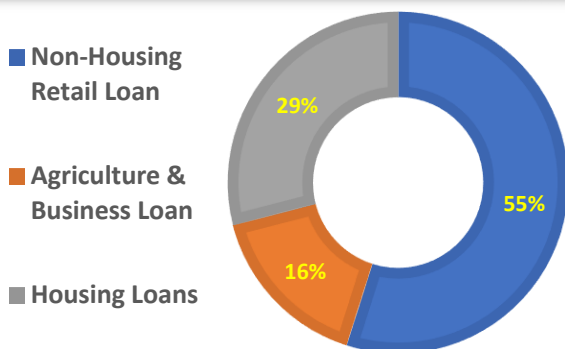
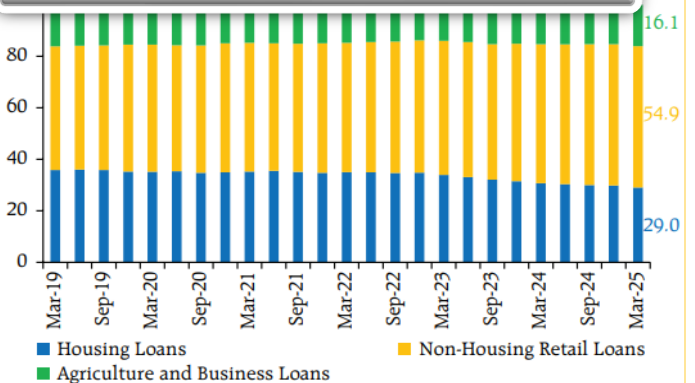


Fig-4: Movement of Broad Categories in Household Debt (%)



### Key Takeaway:

Although, rising household debt as a percentage of GDP indicates about credit deepening / financial inclusion but it is a double-edged indicator. If households borrow to invest in housing, education or business (not just consumption), it can boost long-term growth. But rise in unsecured personal loan (ex-credit card, personal loan) may have cascading effects on other sectors of economy.

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