

Status of India's household Indebtedness

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Why in news?

Recently, study published by Ministry of Statistics and Programme Implementation (MoSPI), namely "People in South India are comparatively more indebted than those in the rest of the country".

- **Published in** - MoSPI's *biannual journal* Sarvekshana.
- **Data taken from** - National Statistics Office (NSO) 78th round (2020-21) Multiple Indicator Survey (MIS).

MIS is a comprehensive household survey designed to collect data on a wide range of key indicators related to well-being.

- **Indebtedness** - It is the condition of owing money to another party, or the total amount of money one owes.
- It classified a household member as indebted if they had taken a **cash loan of at least Rs. 500** from any institutional or non-institutional source that remained outstanding on the survey date.
- It was measured for individuals **aged 15 and above (adults)**.

Key Observation

- **National level** - The share of India's adult population with outstanding debt stood at nearly 15 % in 2021.
- **High indebtedness** - More than 2 out of 5 people in Andhra Pradesh are indebted (43.7 %), followed by Telangana (37.2 %), Kerala (29.9 %), etc.
 - Higher among the self-employed, salaried/wage-employed, casual wage labourers.
- **Low indebtedness** - Delhi (3.4 %) had the lowest indebtedness, followed by Chhattisgarh (6.5 %), Assam (7.1 %), Gujarat (7.2 %), etc.
 - Lower among those attending educational institutions, those not

working but seeking or available for work, and those unable to work due to disability.

Debt burden

Major states/UTs with highest indebtedness

	Share of people indebted (%)
Andhra Pradesh	43.7
Telangana	37.2
Kerala	29.9
Tamil Nadu	29.4
Karnataka	23.2

Major states/UTs with lowest indebtedness

	Share of people indebted (%)
Delhi	3.4
Chhattisgarh	6.5
Assam	7.1
Gujarat	7.2
Jharkhand	7.5

Source: MoSPI



- **Rural-Urban difference** - No significant difference in indebtedness between rural (15 %) and urban populations (14 %).
- **By caste** - It was highest among Other Backward Classes (16.6 %) and lowest among Scheduled Tribes (11 %), with little variation across religious groups.
- **Linking with economic status** - There exists a direct relationship between indebtedness and household economic status, and an inverse relationship between indebtedness and household size.
- **Demographic trend** - Males who were ever married, living in upper-quartile households, and with smaller families were more indebted.
- **Status of Southern states-**
 - People in southern states have higher per capita incomes, high disposable incomes and more assets, combined with greater financial inclusion.
 - Their ***credit-to-deposit ratio*** is higher than the rest of the country.
 - Hence, creditors are confident that loans will be serviced and have no hesitation in lending.
 - This results in a **higher incidence of indebtedness** as well as greater household leverage.

Reference

[Business Standard | Southern states lead in household debt charts](#)



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