S.G.V.C Vidya Ptasarak Trust's

# M.G.V.C Arts, Commerce and Science College, Muddebihal

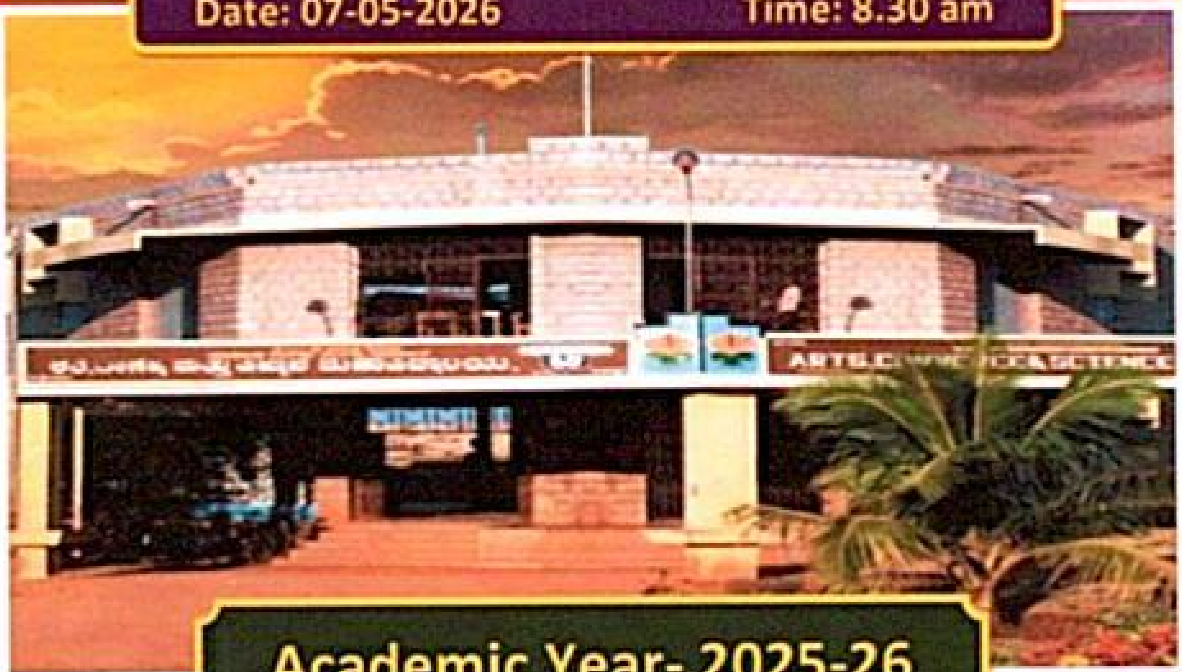
## IQAC Initiative

## Department of Economics Conducted

**Debate Competition- 2025-26**

**Topic: Public Debt Sustainability India- 2026**

Date: 07-05-2026 Time: 8.30 am



**Academic Year- 2025-26**



HEAD, DEPT. OF ECONOMICS
M. G. V. C. COLLEGE, MUDDEBIHAL

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Internal Quality Assurance Cell
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M. G. V. C. Arts, Commerce & Science
College, MUDDEBIHAL - 586212

S.G.V.C Vidya Prasarak Trust's

# Matoshri Gangamma Veerappa Chiniwar Arts, Commerce and science College

Muddebihal- 586212 Dist: Vijayapur (Karnataka)

(Accredited with CGPA of 3.31 on Seven Point Scale at A+ Grade)

Affiliated to Rani Channamma University, Belagavi

* email: princmgvc@gmail.com * www.mgvcmbl.in * Principal: 9035103184

Ref. No: ..................

Date: 06/05/2026

## NOTICE

All the students of B.A. II, IV and VI Semester are hereby informed that an Essay Writing Competition will be conducted on the topic on **"Public Debt Sustainability in India – 2026"**

Students are requested to participate actively in the competition and submit their essays on time.

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# M.G.V.C Arts, Commerce and Science College, Muddebihal

## IQAC Initiative

### Department of Economics Conducted

**Debate Competition- 2025-26 Topic: Public Debt Sustainability India- 2026**

**Date: 07-05-2026 Time: 12.30 pm**



## Summary of Public Debt Sustainability in India – 2026

Public debt sustainability refers to a government's ability to manage and repay its debt without compromising economic growth or causing fiscal instability. In the Indian context, public debt sustainability has become a major policy concern in 2026 due to rising government borrowings after the COVID-19 pandemic, increased welfare expenditure, and infrastructure investments. India's debt remains high, but most economists and institutions consider it manageable because of strong economic growth, controlled inflation, and prudent fiscal policies.

India's public debt consists of liabilities of both the Central and State Governments. According to recent estimates, the combined debt-to-GDP ratio of India is around 81–82 percent in 2026, while the central government debt alone is about 55–56 percent of GDP. Although this is above the targets prescribed under the Fiscal Responsibility and Budget Management (FRBM) framework, the government has adopted a gradual fiscal consolidation strategy instead of sudden debt reduction.

A major indicator of debt sustainability is the debt-to-GDP ratio. If the economy grows faster than the increase in debt, the burden of debt becomes easier to manage. India continues to record one of the highest growth rates among major economies, with expected GDP growth of around 6.5–7 percent in 2026. Strong nominal GDP growth helps reduce the debt ratio over time. The Union Budget 2026 projects the debt-to-GDP ratio to decline gradually from 56.1 percent to 55.6 percent for the Centre.

Another important factor supporting India's debt sustainability is the composition of debt. Most Indian public debt is domestically financed and denominated in Indian rupees. This reduces the risk associated with external borrowing and exchange rate volatility. India is therefore less vulnerable to global debt crises compared to many developing countries that rely heavily on foreign currency loans. Moreover, the Reserve Bank of India (RBI) plays a significant role in maintaining liquidity and ensuring orderly government borrowing.

The government has also focused on reducing the fiscal deficit gradually. The fiscal deficit, which had increased sharply during the pandemic period, has been brought down steadily. In 2026–27, the government targets a fiscal deficit of around 4.3–4.4 percent of GDP. This reflects the government's commitment to fiscal discipline while continuing capital expenditure on infrastructure, manufacturing, and social welfare schemes.

However, India still faces several challenges regarding debt sustainability. One major issue is the rising interest burden. A significant portion of government revenue is spent on interest payments, reducing fiscal space for developmental expenditure. If interest rates rise globally or economic growth slows down, debt servicing could become more difficult. In addition, state governments continue to accumulate debt due to subsidies, welfare programs, and borrowing for public projects.

Another challenge is the limited tax-to-GDP ratio in India. Government revenues are relatively low compared to advanced economies. Although the Goods and Services Tax (GST) has improved indirect tax collection, further reforms in direct taxation and widening of the tax base are necessary for long-term fiscal stability. Weak revenue growth could delay debt reduction targets.

Economists also argue that debt sustainability depends not only on the level of debt but also on how borrowed funds are used. Productive expenditure on infrastructure, health, education, and digital transformation can generate future economic growth and improve the government's repayment capacity. India's emphasis on capital expenditure in recent budgets is therefore considered a positive step.

In conclusion, India's public debt in 2026 appears sustainable but remains at elevated levels. Strong economic growth, domestic financing of debt, gradual fiscal consolidation, and prudent monetary management support sustainability. However, challenges such as high interest payments, fiscal pressures on states, and limited tax revenues require careful policy management. Continued reforms, higher growth, and responsible borrowing will be essential to ensure long-term fiscal stability and economic resilience in India.

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Ref. No: ………………. Date: 07/05/2026

# REPORT

The Department of Economics of M.G.V.C Arts, Commerce and Science College, Muddebihal successfully organized an Essay Writing Competition for the students of B.A. II, IV and VI Semester on the topic on **"Public Debt Sustainability in India – 2026."**

The competition was conducted from 8:30 AM to 9:30 AM in the Department of Economics. The main objective of the programme was to create awareness among students regarding India's public debt, fiscal policies, economic stability and future economic challenges.

Many students actively participated in the competition and presented their ideas effectively through well-written essays. The programme encouraged students to improve their analytical thinking, writing skills and understanding of current economic issues.

Dr.KrishnajiDasar, Head of the Department of Economics, appreciated the students for their enthusiastic participation and motivated them to take part in more academic activities in the future.

The programme concluded successfully with the cooperation of students and faculty members.

Dasar

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Quiz Competition

Block No. ........................ Room No : ........................

S. G. V. C. Vidya Prasarak Trust's,

**MATOSHRI GANGAMMA VEERAPPA CHINIWAR**
**ARTS, COMMERCE & SCIENCE COLLEGE, MUDDEBIHAL.**

Subject : ........................ Date : ........................ Time : ........................

Class : BA II IVth VIth **ATTENDANCE REPORT** Jr. Supervisor : ........................

**DEGREE ______ SEMESTER EXAMINATION 202 - 202**

| Roll No. | University Seat No. | Name of the Candidate | Signature |
|---|---|---|---|
| 1 | U15NU25A0051 | swati. K. Hebbal | [signature] |
| 2 | U15NU25A0093 | Sushmita. R. Hugar | [signature] |
| 3) | U15NU25A0031 | Pooja. S. Kaddi | P. S Kaddi |
| 4) | U15NU25A0099 | Rekha. Hagaragi | Rekha. |
| 5) | U15NU25A0169 | Pavitra Kolur | P. S. Kolur |
| | | | |
| | | | |
| | | "B" Group | |
| | | | |
| 1) | U15NU25A0146 | Devamma. S. Diddi | D. S. Diddi |
| 2) | U15NU25A0101 | Laxmi. S. Devangamani | Laxmi |
| 3) | U15NU25A0100 | Vijayalaxmi. B. Eloor | [signature] |
| 4) | U15NU25A0022 | Hulagemma. Upanal | H. M. Upanal |
| 5) | U15NU25A0189 | Mallamma K Japur | M. K. Japur |

[signature]
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VP/MGVC Gen-T/123

P.T.O.