

Bank Lending Survey for Q4:2023-24

Today, the Reserve Bank released the results of 27th round of its quarterly Bank Lending Survey¹, which captures qualitative assessment and expectations of major scheduled commercial banks on credit parameters (*viz.*, loan demand as well as terms and conditions of loans) for major economic sectors². The latest round of the survey, which was conducted during Q4:2023-24, collected senior loan officers' assessment of credit parameters for Q4:2023-24 and their expectations for Q1, Q2 and Q3 of 2024-25.

Highlights:

A. Assessment for Q4:2023-24

- Bankers assessed sustained loan demand across major sectors during Q4:2023-24 ([Chart 1](#) and [Table 1](#)).
- Respondents reported continuation of easy loan terms and conditions in Q4:2023-24, though they assessed relative prudence for retail/personal loans ([Table 2](#)).

B. Expectations for Q1:2024-25

- Bankers expressed continued optimism on overall loan demand conditions during Q1:2024-25, albeit a tad below that in the previous quarter, which was a seasonal peak ([Table 1](#)).
- Overall, easy loan terms and conditions are expected to prevail during the quarter ([Table 2](#)).

C. Expectations for Q2 and Q3:2024-25

- Bankers remain upbeat on loan demand across major sectors up to end-2024 ([Table 3](#)).
- On a net basis, easy terms and conditions for loans are expected to continue over the next three quarters, with a majority of bankers anticipating 'no change'.

¹ The results of 26th round of the BLS with reference period as October-December 2023 were released on the RBI website on [February 08, 2024](#). The survey results reflect the views of the respondents, which are not necessarily shared by the Reserve Bank.

² The survey questionnaire is canvassed among major 30 SCBs, which together account for over 90 per cent of credit by SCBs in India.

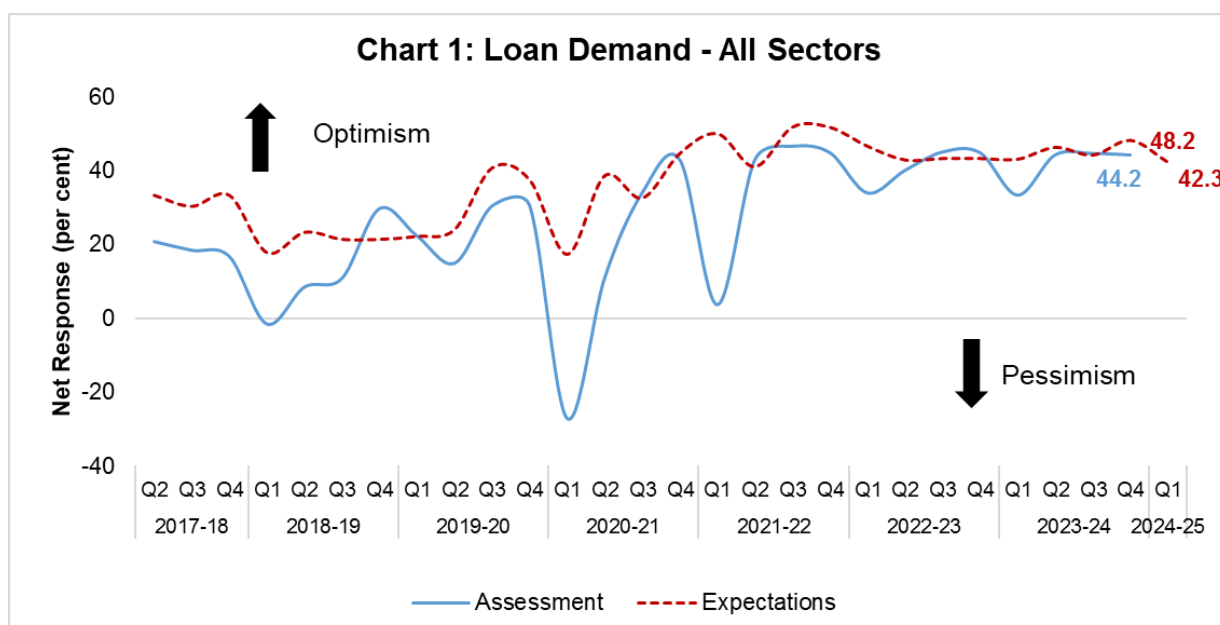


Table 1: Sector-wise Loan Demand - Net Response³

(per cent)

Sector	Assessment Period		Expectations Period	
	Q3:2023-24	Q4:2023-24	Q4:2023-24	Q1:2024-25
All Sectors	44.6	44.2	48.2	42.3
Agriculture	26.7	35.0	31.7	31.7
Mining and Quarrying	13.8	13.3	17.2	6.7
Manufacturing	41.7	41.4	41.7	34.5
Infrastructure	33.3	35.0	35.0	26.7
Services	42.9	42.9	37.5	35.7
Retail/Personal	48.0	48.0	52.0	34.0

³ Net Response (NR) is computed as the difference of percentage of banks reporting increase/optimism and those reporting decrease/pessimism in respective parameter. The weights of +1.0, 0.5, 0, -0.5 and -1.0 are assigned for computing NR from aggregate per cent responses on 5-point scale, i.e., substantial increase/considerable easing, moderate increase/ somewhat easing, no change, moderate decrease/ somewhat tightening, substantial decrease/ considerable tightening for loan demand/loan terms and conditions parameters respectively. NR ranges between -100 to 100. Any value greater than zero indicates expansion/optimism and any value less than zero indicates contraction/pessimism. Increase in loan demand is considered optimism (Tables 1), while for loan terms and conditions, a positive value of net response indicates easy terms and conditions (Table 2).

Table 2: Sector-wise Loan Terms and Conditions - Net Response

(per cent)

Sector	Assessment Period		Expectations Period	
	Q3:23-24	Q4:2023-24	Q4:2023-24	Q1:2024-25
All Sectors	16.1	14.8	19.6	18.5
Agriculture	13.3	15.5	18.3	17.2
Mining and Quarrying	-1.7	-5.2	5.2	-3.4
Manufacturing	17.2	15.0	20.7	13.3
Infrastructure	11.7	10.0	11.7	13.3
Services	14.3	14.3	17.9	16.1
Retail/Personal	20.0	16.7	18.0	16.7

Table 3: Sector-wise Expectations for Extended Period - Net Response

(per cent)

Sector	Loan Demand		Loan Terms and Conditions	
	Q2:2024-25	Q3:2024-25	Q2:2024-25	Q3:2024-25
All Sectors	38.9	44.4	18.5	20.4
Agriculture	36.7	38.3	18.3	18.3
Mining and Quarrying	3.4	17.2	-3.4	0.0
Manufacturing	35.0	40.0	16.7	16.7
Infrastructure	30.0	38.3	10.0	11.7
Services	33.9	44.6	10.7	14.3
Retail/Personal	32.8	41.4	10.3	12.1

[Note: Please see the attached excel file for detailed time series data.](#)