

Bank Lending Survey for Q1:2024-25

Today, the Reserve Bank released the results of 28th 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 Q1:2024-25, collected senior loan officers' assessment of credit parameters for Q1:2024-25 and their expectations for Q2, Q3 and Q4 of 2024-25.

Highlights:

A. Assessment for Q1:2024-25

- Bankers' growth assessment of loan demand recorded a seasonal moderation across major sectors during Q1:2024-25 ([Chart 1](#) and [Table 1](#)).
- Respondents reported continuation of easy loan terms and conditions for major sectors, except mining; relative prudence was also reported for retail/personal loans and agricultural credit ([Table 2](#)).

B. Expectations for Q2:2024-25

- Bankers remained optimistic on loan demand across major sectors barring mining and quarrying ([Table 1](#)).
- Overall, easy loan terms and conditions are expected to prevail during the quarter; lower optimism is, however, reported for the retail/ personal loans ([Table 2](#)).

C. Expectations for Q3 and Q4 of 2024-25

- Bankers remain upbeat on loan demand across major sectors for the subsequent quarters of the financial year 2024-25 ([Table 3](#)).
- Easy loan terms and conditions are expected to continue in the second half of 2023-24, except for the mining sector; the infrastructure sector loans are perceived to witness relatively less softer loan terms.

¹ The results of 27th round of the BLS with reference period as January-March 2024 were released on the RBI website on [April 05, 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.

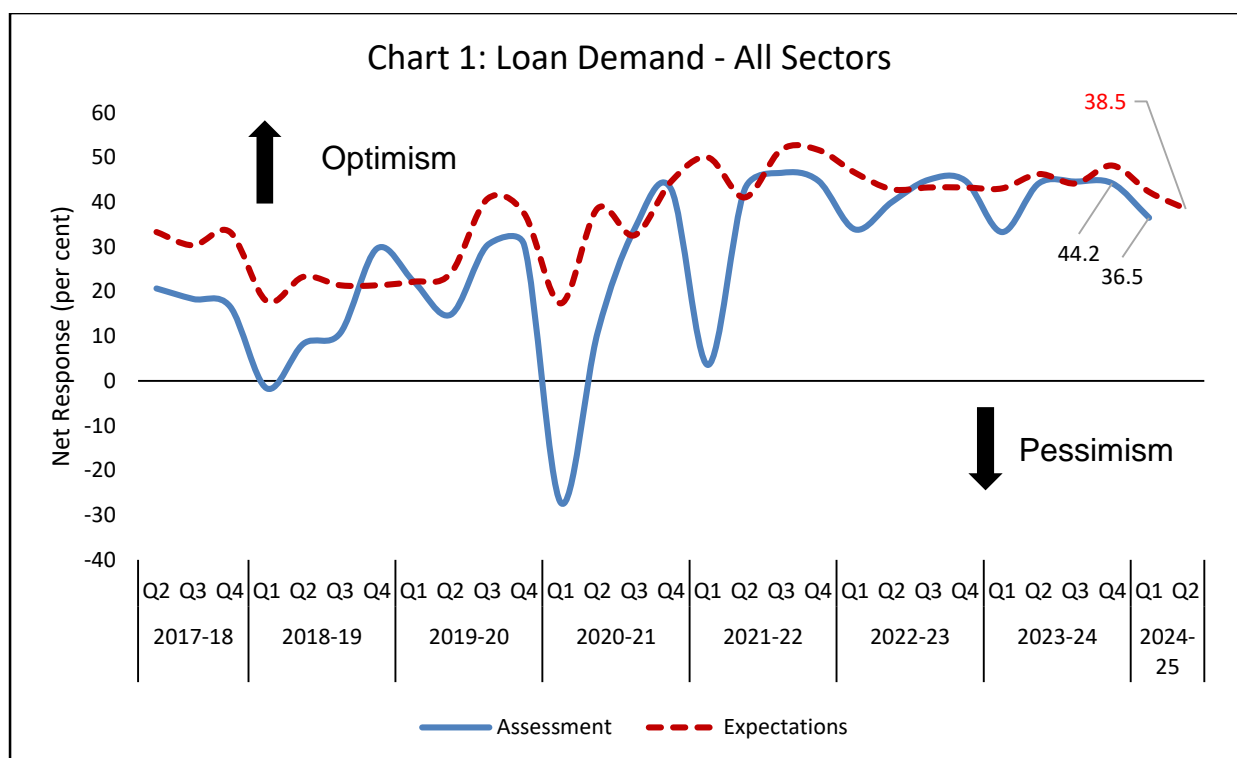


Table 1: Sector-wise Loan Demand - Net Response³

(per cent)

Sector	Assessment Period		Expectations Period	
	Q4:2023-24	Q1:2024-25	Q1:2024-25	Q2:2024-25
All Sectors	44.2	36.5	42.3	38.5
Agriculture	35.0	28.3	31.7	36.7
Mining and Quarrying	13.3	1.7	6.7	1.7
Manufacturing	41.4	36.2	34.5	34.5
Infrastructure	35.0	15.0	26.7	30.0
Services	42.9	41.1	35.7	33.9
Retail/Personal	48.0	34.0	34.0	44.0

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	
	Q4:2023-24	Q1:2024-25	Q1:2024-25	Q2:2024-25
All Sectors	14.8	16.7	18.5	16.7
Agriculture	15.5	13.3	17.2	16.7
Mining and Quarrying	-5.2	-1.8	-3.4	1.8
Manufacturing	15.0	22.4	13.3	22.4
Infrastructure	10.0	10.3	13.3	13.8
Services	14.3	21.4	16.1	21.4
Retail/Personal	16.7	15.2	16.7	10.9

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

(per cent)

Sector	Loan Demand		Loan Terms and Conditions	
	Q3:2024-25	Q4:2024-25	Q3:2024-25	Q4:2024-25
All Sectors	44.4	46.3	22.2	20.4
Agriculture	36.7	40.0	16.7	18.3
Mining and Quarrying	10.3	12.1	-1.7	-1.7
Manufacturing	43.3	48.3	15.0	15.0
Infrastructure	34.5	36.2	12.1	10.3
Services	44.6	48.2	19.0	19.0
Retail/Personal	48.2	55.4	23.2	19.6

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