

## Bank Lending Survey for Q4:2020-21

Today, the Reserve Bank released results of 15<sup>th</sup> round of its quarterly Bank Lending Survey (BLS). This forward-looking survey is being conducted since Q2:2017-18 to capture the qualitative assessment and expectations of major scheduled commercial banks (SCBs) on credit parameters (*viz.*, loan demand, terms and conditions of loans) for major economic sectors<sup>1</sup>. The latest round of the survey, conducted during Q4:2020-21, collected senior loan officers' assessment of credit parameters for Q4:2020-21 and expectations for Q1:2021-22<sup>2</sup>. Owing to uncertainty driven by the COVID-19 pandemic, an additional block was included in this round of the survey for assessing outlook for two quarters as well as three quarters ahead.

### Highlights:

#### A. Assessment for Q4:2020-21

- Bankers assessed further strengthening of loan demand for the third successive quarter during Q4:2020-21 (Chart 1 and Table 1).
- Banks assessed higher loan demand especially for manufacturing, infrastructure, services and personal loan sectors; the perceptions improved substantially for the infrastructure sector.
- Terms and conditions of loans are gauged to have eased further for manufacturing, infrastructure and services sectors during Q4:2020-21 (Table 2).

#### B. Expectations for Q1:2021-22

- Bankers' optimism on loan demand conditions during Q1:2021-22 fortified across major sectors.
- Going forward, some easing of terms and conditions of loan is expected across all sectors for Q1:2021-22, especially in the manufacturing, infrastructure and services sectors.

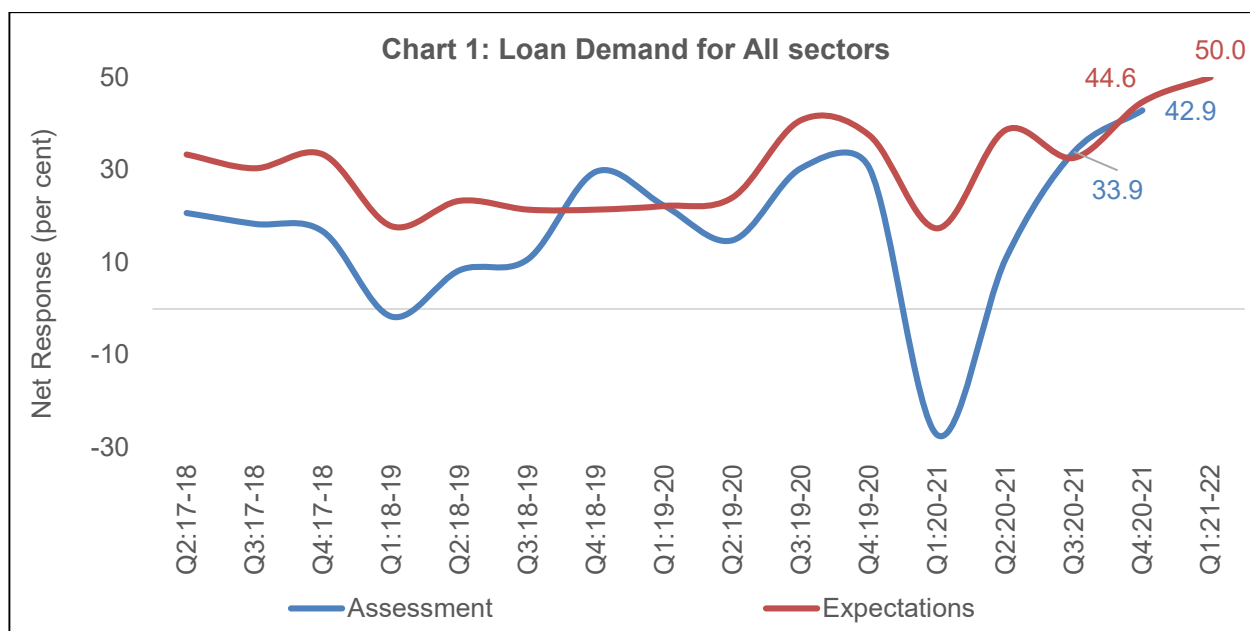
#### C. Expectations for Q2:2021-22 and Q3:2021-22

- Momentum of upbeat sentiments on loan demand across all sectors is likely to continue till Q3:2021-22 (Table 3).
- In the near future, banks anticipate sequential easing of loan term and conditions across major sectors.

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<sup>1</sup> The survey questionnaire is canvassed among major 30 SCBs accounting for more than 90 per cent of credit by SCBs in India.

<sup>2</sup> The survey results reflect the respondents' views, which are not necessarily shared by the Reserve Bank of India. Results of the previous survey round were released on the Bank's website on [February 5, 2021](#).



**Table 1: Sector-wise Loan Demand - Summary of Net responses<sup>3</sup>**

(per cent)

Sectors	Assessment Period		Expectations Period	
	Q3:2020-21	Q4:2020-21	Q4:2020-21	Q1:2021-22
All Sectors	33.9	42.9	44.6	50.0
Agriculture	35.0	31.0	33.3	39.7
Mining and Quarrying Sector	16.1	24.1	19.6	27.6
Manufacturing	31.0	41.1	46.6	48.2
Infrastructure	19.6	42.6	30.4	46.3
Services	31.0	41.1	41.4	53.6
Retail/Personal	45.8	53.7	47.9	42.6

<sup>3</sup> 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 - Summary of Net responses**

(per cent)

Sectors	Assessment Period		Expectations Period	
	Q3:2020-21	Q4:2020-21	Q4:2020-21	Q1:2021-22
All Sectors	14.3	12.5	21.4	19.6
Agriculture	15.5	14.3	17.2	17.9
Mining and Quarrying Sector	3.6	-1.7	14.3	10.3
Manufacturing	10.0	23.2	13.3	14.3
Infrastructure	-3.4	11.1	5.2	16.7
Services	15.5	19.6	17.2	19.6
Retail/Personal	24.0	23.1	26.0	25.0

**Table 3: Sector-wise Expectations for extended period - Summary of Net responses**

(per cent)

Sectors	Loan Demand		Loan Terms and Conditions	
	Q2:2021-22	Q3:2021-22	Q2:2021-22	Q3:2021-22
All Sectors	55.4	53.6	25.9	31.0
Agriculture	51.7	56.9	23.2	30.4
Mining and Quarrying Sector	25.9	37.9	10.3	12.1
Manufacturing	53.4	51.7	19.0	24.1
Infrastructure	46.6	46.6	10.3	12.1
Services	58.3	56.7	21.7	28.3
Retail/Personal	53.3	60.0	23.3	26.7

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