

Bank Lending Survey for Q2:2021-22

Today, the Reserve Bank released the results of 17th round of its quarterly bank lending survey (BLS)¹, which captures qualitative assessment and expectations of major scheduled commercial banks (SCBs) on credit parameters (*viz.*, loan demand, terms and conditions of loans) for major economic sectors². The latest round of the survey collected senior loan officers' assessment of credit parameters for Q2:2021-22 and expectations for Q3:2021-22. Owing to uncertainty driven by the COVID-19 pandemic, an additional block was included in this survey round for assessing outlook for two quarters ahead as well as three quarters ahead.

Highlights:

A. Assessment for Q2:2021-22

- Bankers assessed a rebound in loan demand during Q2:2021-22 after the second wave of pandemic abated (Chart 1 and Table 1).
- The terms and conditions of loans eased for all sectors during Q2:2021-22, reflecting a change from the restrain reported in previous round of the survey (Table 2).

B. Expectations for Q3:2021-22

- Banks expect generalised improvement in loan demand during Q3:2021-22.
- Loan terms and conditions are likely to be easier for all major sectors.

C. Expectations for Q4:2021-22 and Q1:2022-23

- Loan demand for all broad sectors is expected to improve sequentially till Q1:2022-23 (Table 3).
- Term and conditions for loans are expected to ease for borrowers across the major sectors.

¹ The results of 16th round of the BLS with reference period as April-June 2021 were released on the RBI website on [August 6, 2021](#). 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.

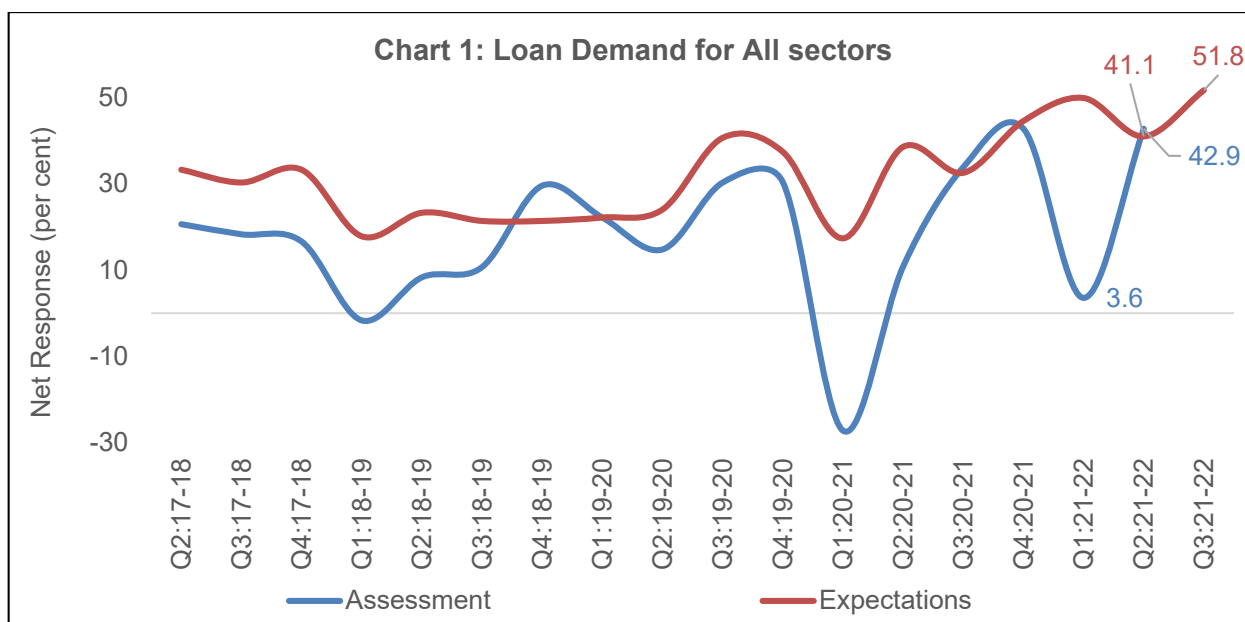


Table 1: Sector-wise Loan Demand - Net responses³

(per cent)

Sectors	Assessment Period		Expectations Period	
	Q1:2021-22	Q2:2021-22	Q2:2021-22	Q3:2021-22
All Sectors	3.6	42.9	41.1	51.8
Agriculture	15.5	37.9	34.5	36.2
Mining and Quarrying Sector	-5.2	7.1	13.8	23.2
Manufacturing	10.7	41.1	39.3	42.9
Infrastructure	17.9	42.9	25.0	37.5
Services	5.4	42.9	39.3	48.2
Retail/Personal	5.8	44.0	44.2	58.0

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 responses

(per cent)

Sectors	Assessment Period		Expectations Period	
	Q1:2021-22	Q2:2021-22	Q2:2021-22	Q3:2021-22
All Sectors	-1.9	16.1	18.5	17.9
Agriculture	12.5	17.9	19.6	17.9
Mining and Quarrying Sector	0.0	10.7	10.7	12.5
Manufacturing	15.5	19.0	20.7	20.7
Infrastructure	5.4	12.5	16.1	14.3
Services	10.7	19.6	19.6	17.9
Retail/Personal	10.7	17.3	25.0	25.0

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

(per cent)

Sectors	Loan Demand		Loan Terms and Conditions	
	Q4:2021-22	Q1:2022-23	Q4:2021-22	Q1:2022-23
All Sectors	57.1	53.6	20.7	20.7
Agriculture	50.0	36.2	27.6	24.1
Mining and Quarrying Sector	25.9	27.6	10.3	10.3
Manufacturing	51.7	48.3	18.3	16.7
Infrastructure	45.0	43.3	15.0	18.3
Services	55.0	53.3	23.3	23.3
Retail/Personal	53.3	50.0	23.3	26.7

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