Bank Lending Survey for Q4:2022-23

Today, the Reserve Bank released the results of 23rd 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 and terms & conditions of loans) for major economic sectors[2]. The latest round of the survey was conducted during Q4:2022-23 and collected senior loan officers' assessment of credit parameters for Q4:2022-23 and expectations for Q1, Q2 and Q3 of 2023-24.

Highlights:

A. Assessment for Q4:2022-23

- Bankers assessed robust credit conditions in Q4:2022-23, driven by loan demand from major sectors, with some moderation in the pace of expansion (Chart 1 and Table 1).

- Respondents reported easing of loan terms and conditions across major sectors, with some tempering in relatively high optimism for the retail/personal loans segment (Table 2).

B. Expectations for Q1:2023-24

- Bankers retained their high optimism on overall loan demand during Q1:2023-24 from the previous survey round.
- Loan terms and conditions are expected to remain easy during Q1:2023-24.

C. Expectations for Q2:2023-24 and Q3:2023-24

- Bankers remain upbeat on loan demand during the second and third quarter of 2023-24 across the major categories of borrowers (Table 3).
- Easier loan terms and conditions are anticipated in Q2:2023-24 and Q3:2023-24.

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[1] The results of 22nd round of the BLS with reference period as October-December 2022 were released on the RBI website on February 8, 2023. 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.
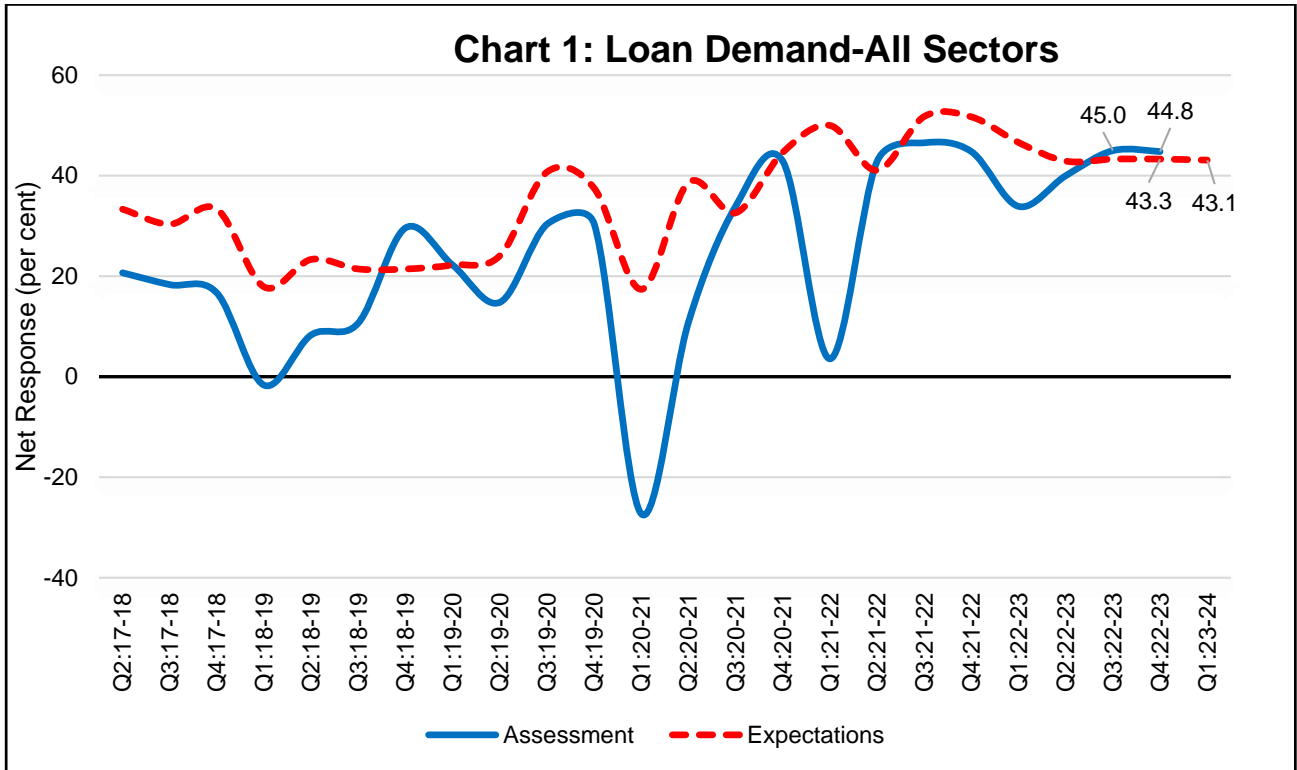
Chart 1: Loan Demand-All Sectors

Table 1: Sector-wise Loan Demand - Net response[3]

(Per cent)

Sectors	Assessment Period		Expectations Period	
	Q3:2022-23	Q4:2022-23	Q4:2022-23	Q1:2023-24
All Sectors	**45.0**	**44.8**	**43.3**	**43.1**
Agriculture	33.3	35.0	41.7	40.0
Mining and Quarrying Sector	13.8	14.3	17.2	14.3
Manufacturing	43.3	40.0	41.7	38.3
Infrastructure	40.0	34.5	41.7	41.4
Services	53.3	46.6	46.7	34.5
Retail/Personal	42.6	41.1	38.9	39.3

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[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)

Sectors	Assessment Period		Expectations Period	
	Q3:2022-23	Q4:2022-23	Q4:2022-23	Q1:2023-24
All Sectors	**10.7**	**13.8**	**14.3**	**17.2**
Agriculture	15.0	18.3	20.0	18.3
Mining and Quarrying Sector	0.0	8.9	10.3	10.7
Manufacturing	20.0	26.7	26.7	23.3
Infrastructure	5.0	10.3	13.3	8.6
Services	19.0	22.4	17.2	22.4
Retail/Personal	24.1	22.4	29.6	23.2

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

(Per cent)

Sectors	Loan Demand		Loan Terms and Conditions	
	Q2:2023-24	Q3:2023-24	Q2:2023-24	Q3:2023-24
All Sectors	**44.8**	**50.0**	**17.2**	**24.1**
Agriculture	40.0	43.3	18.3	21.7
Mining and Quarrying Sector	16.1	21.4	3.6	1.8
Manufacturing	35.0	48.3	16.7	16.7
Infrastructure	30.0	40.0	8.3	10.0
Services	41.4	41.1	17.2	20.7
Retail/Personal	44.6	42.9	23.2	25.0

Note: Please see the excel file for time series data.