

Bank Lending Survey for Q1:2023-24

Today, the Reserve Bank released the results of 24th 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 as well terms and conditions of loans) for major economic sectors². The latest round of the survey, which was conducted during Q1:2023-24, collected senior loan officers' assessment of credit parameters for Q1:2023-24 and their expectations for Q2, Q3 and Q4 of 2023-24.

Highlights:

A. Assessment for Q1:2023-24

- Bankers assessed an optimistic loan demand condition in Q1:2022-23 for major sectors, with seasonal moderation in the pace of expansion (Chart 1 and Table 1).
- Respondents reported sustenance of loan terms and conditions with marginal tempering for major sectors, except for the retail segment (Table 2).

B. Expectations for Q2:2023-24

- Bankers expressed higher optimism on overall loan demand during Q2:2023-24 as compared with the previous quarter.
- Loan terms and conditions are expected to ease further during Q2:2023-24.

C. Expectations for Q3:2023-24 and Q4:2023-24

- Bankers remain upbeat on loan demand during the third and fourth quarter of 2023-24 across the major categories of borrowers (Table 3).
- The current easy loan terms and conditions are expected to continue in the second half of 2023-24.

¹ The results of 23rd round of the BLS with reference period as January-March 2023 were released on the RBI website on [April 6, 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.

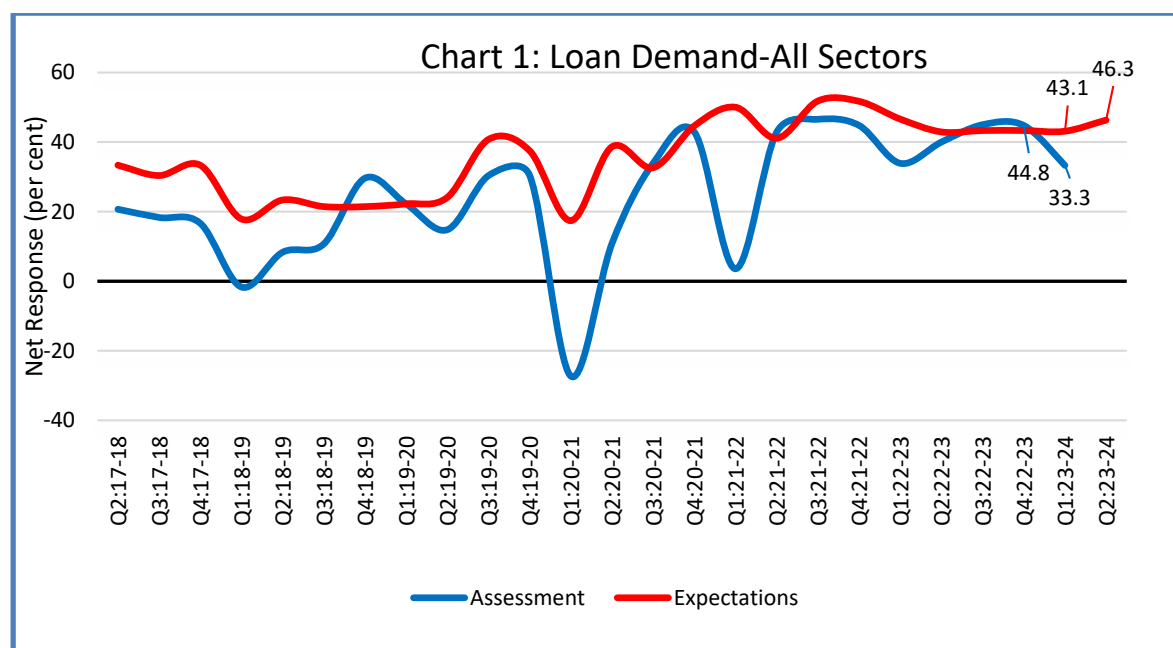


Table 1: Sector-wise Loan Demand - Net response³

(Per cent)

Sectors	Assessment Period		Expectations Period	
	Q4:2022-23	Q1:2023-24	Q1:2023-24	Q2:2023-24
All Sectors	44.8	33.3	43.1	46.3
Agriculture	35.0	33.3	40.0	38.3
Mining and Quarrying Sector	14.3	16.1	14.3	8.9
Manufacturing	40.0	38.3	38.3	43.3
Infrastructure	34.5	37.9	41.4	32.8
Services	46.6	37.5	34.5	44.6
Retail/Personal	41.1	36.0	39.3	42.0

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)

Sectors	Assessment Period		Expectations Period	
	Q4:2022-23	Q1:2023-24	Q1:2023-24	Q2:2023-24
All Sectors	13.8	14.8	17.2	20.4
Agriculture	18.3	16.7	18.3	18.3
Mining and Quarrying Sector	8.9	5.4	10.7	8.9
Manufacturing	26.7	18.3	23.3	24.1
Infrastructure	10.3	9.3	8.6	13.0
Services	22.4	13.0	22.4	18.5
Retail/Personal	22.4	24.0	23.2	26.0

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

(Per cent)

Sectors	Loan Demand		Loan Terms and Conditions	
	Q3:2023-24	Q4:2023-24	Q3:2023-24	Q4:2023-24
All Sectors	42.6	46.3	16.7	16.7
Agriculture	37.9	41.4	17.2	20.7
Mining and Quarrying Sector	17.9	19.6	3.6	3.6
Manufacturing	44.8	53.4	20.7	22.4
Infrastructure	37.5	41.1	8.9	12.5
Services	42.9	53.6	19.6	19.6
Retail/Personal	37.5	42.9	25.0	23.2

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