

Bank Lending Survey for Q2:2023-24

Today, the Reserve Bank released the results of 25th 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 Q2:2023-24, collected senior loan officers' assessment of credit parameters for Q2:2023-24 and their expectations for Q3 & Q4 of 2023-24 and Q1 of 2024-25.

Highlights:

A. Assessment for Q2:2023-24

- Bankers assessed better loan demand conditions in Q2:2023-24, driven by improvement in manufacturing, services, and retail/personal loans (Chart 1 and Table 1).
- Respondents assessed broadly similar loan terms and conditions (Table 2).

B. Expectations for Q3:2023-24

- Bankers remained fairly optimistic on overall loan demand during Q3:2023-24; higher demand for loans is expected from mining, infrastructure and personal/retail sectors.
- Existing loan terms and conditions are expected to prevail during Q3:2023-24, with more easing for retail/ personal loans.

C. Expectations for Q4:2023-24 and Q1:2024-25

- Bankers remain upbeat on loan demand during Q4:2023-24 across the major categories of borrowers with some seasonal moderation in Q1:2024-25 (Table 3).
- Marginal easing of loan terms and conditions are expected in Q4:2023-24 and Q1:2024-25.

¹ The results of 24th round of the BLS with reference period as April-June 2023 were released on the RBI website on [August 10, 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.

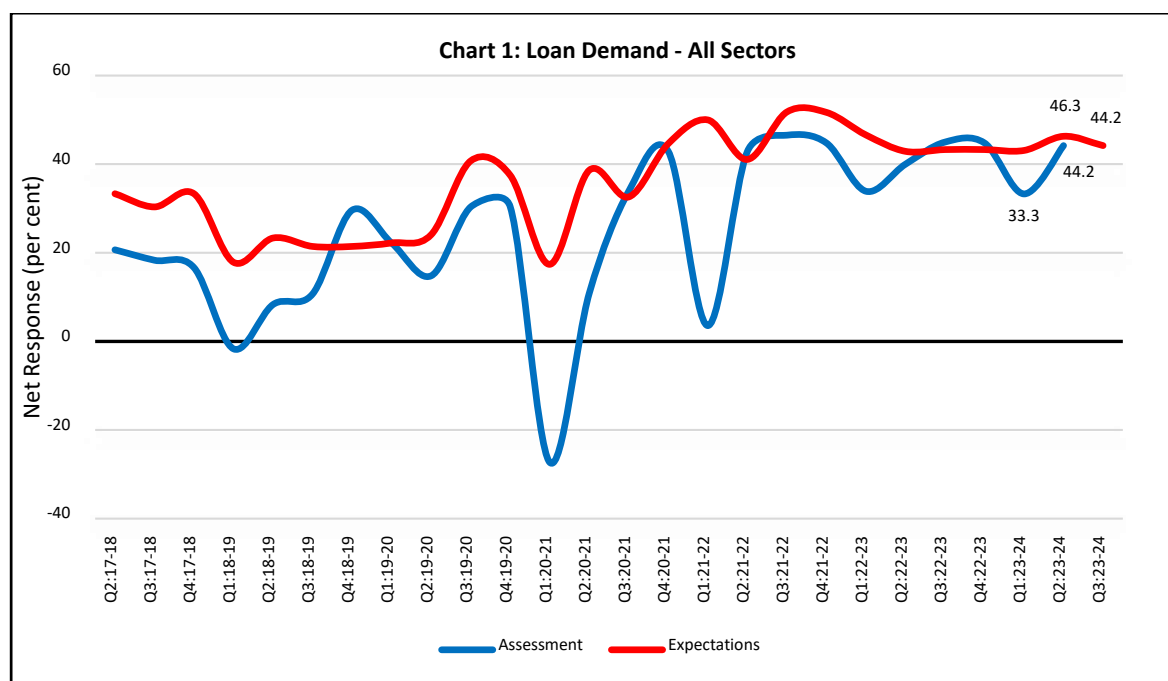


Table 1: Sector-wise Loan Demand - Net response³

(Per cent)

Sectors	Assessment Period		Expectations Period	
	Q1:2023-24	Q2:2023-24	Q2:2023-24	Q3:2023-24
All Sectors	33.3	44.2	46.3	44.2
Agriculture	33.3	29.3	38.3	31.0
Mining and Quarrying Sector	16.1	0.0	8.9	13.0
Manufacturing	38.3	41.4	43.3	39.7
Infrastructure	37.9	29.3	32.8	39.7
Services	37.5	46.2	44.6	44.2
Retail/Personal	36.0	47.8	42.0	54.3

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	
	Q1:2023-24	Q2:2023-24	Q2:2023-24	Q3:2023-24
All Sectors	14.8	13.5	20.4	15.4
Agriculture	16.7	15.5	18.3	17.2
Mining and Quarrying Sector	5.4	5.8	8.9	7.7
Manufacturing	18.3	15.5	24.1	17.2
Infrastructure	9.3	12.5	13.0	12.5
Services	13.0	15.4	18.5	15.4
Retail/Personal	24.0	23.9	26.0	28.3

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

(Per cent)

Sectors	Loan Demand		Loan Terms and Conditions	
	Q4:2023-24	Q1:2024-25	Q4:2023-24	Q1:2024-25
All Sectors	46.3	37.0	14.8	16.7
Agriculture	36.2	36.2	17.2	19.0
Mining and Quarrying Sector	14.3	10.7	0.0	0.0
Manufacturing	39.7	32.8	17.2	12.1
Infrastructure	34.5	31.0	12.5	12.1
Services	39.3	32.1	14.3	16.1
Retail/Personal	44.6	39.3	23.2	23.2

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