

Bank Lending Survey for Q4:2021-22

Today, the Reserve Bank released the results of 19th 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 Q4:2021-22 and expectations for Q1:2022-23. 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 Q4:2021-22

- Bankers assessed improvement in loan demand from all major sectors and their appraisal stood fairly close to the level of optimism expressed in the previous survey round (Chart 1 and Table 1).
- Terms & conditions of loans are perceived to have generally eased with further loosening especially for agriculture, manufacturing and infrastructure loan categories (Table 2).

B. Expectations for Q1:2022-23

- Bankers were very positive on loan demand from all major sectors during Q1:2022-23 though the level of optimism was somewhat lower than the previous survey round.
- Continued easy terms and conditions of loans are expected during Q1:2022-23.

C. Expectations for Q2:2022-23 and Q3:2022-23

- Loan demand from the major categories of borrowers is expected to improve sequentially till Q3:2022-23 (Table 3).
- Bankers anticipate easier terms and conditions of loans in the second and third quarter of 2022-23.

¹ The results of 18th round of the BLS with reference period as October-December 2021 were released on the RBI website on [February 10, 2022](#). 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.

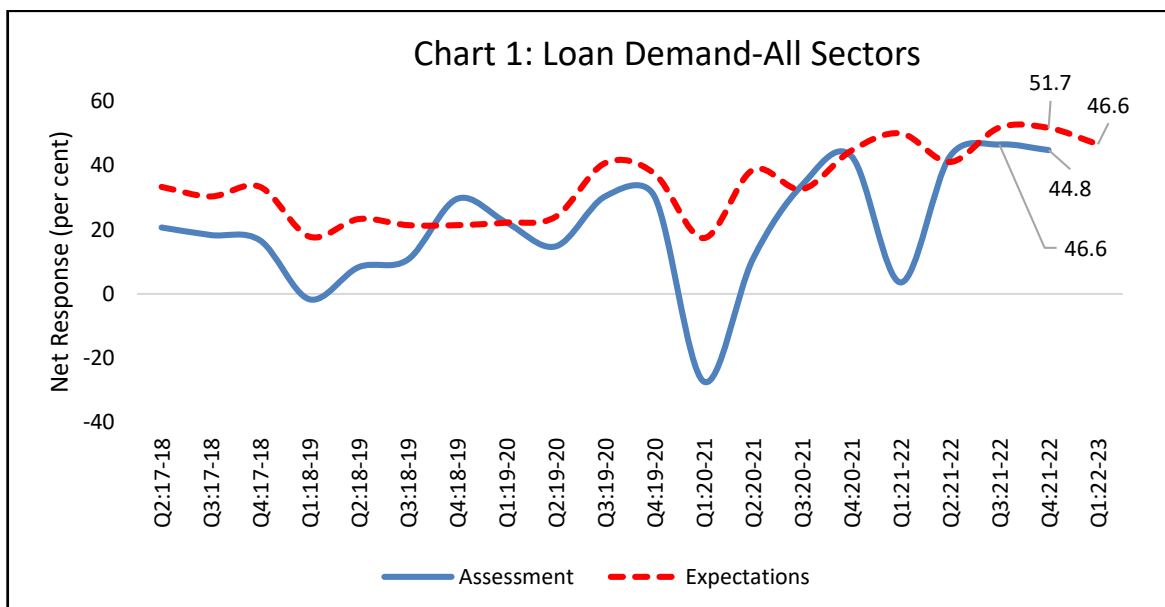


Table 1: Sector-wise Loan Demand - Net responses³

(Per cent)

Sectors	Assessment Period		Expectations Period	
	Q3:2021-22	Q4:2021-22	Q4:2021-22	Q1:2022-23
All Sectors	46.6	44.8	51.7	46.6
Agriculture	36.2	40.0	44.8	38.3
Mining and Quarrying Sector	9.3	5.0	14.8	18.3
Manufacturing	46.6	45.0	44.8	35.0
Infrastructure	41.4	39.7	46.4	44.8
Services	53.6	43.3	48.2	46.7
Retail/Personal	53.8	48.1	57.7	44.4

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	
	Q3:2021-22	Q4:2021-22	Q4:2021-22	Q1:2022-23
All Sectors	18.5	19.0	25.9	22.4
Agriculture	17.9	26.7	28.6	21.7
Mining and Quarrying Sector	12.5	10.0	16.1	16.7
Manufacturing	29.3	33.3	32.8	31.7
Infrastructure	16.1	22.4	21.4	27.6
Services	31.0	26.7	32.8	26.7
Retail/Personal	35.2	33.3	33.3	31.5

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

(Per cent)

Sectors	Loan Demand		Loan Terms and Conditions	
	Q2:2022-23	Q3:2022-23	Q2:2022-23	Q3:2022-23
All Sectors	53.4	53.4	22.4	25.9
Agriculture	51.7	48.3	26.7	26.7
Mining and Quarrying Sector	24.1	27.6	8.6	12.1
Manufacturing	51.7	50.0	23.3	26.7
Infrastructure	48.3	53.3	15.0	20.0
Services	53.3	51.7	25.0	30.0
Retail/Personal	56.7	58.3	28.3	30.0

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