Bank Lending Survey for Q2:2025-26

Today, the Reserve Bank released the results of 33rd round of its quarterly Bank Lending Survey (BLS)[1], 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 sectors[2]. The latest round of the survey, which was conducted during Q2:2025-26, collected senior loan officers' assessment of credit parameters for Q2:2025-26 and their expectations for Q3, Q4 of 2025-26 and Q1 of 2026-27.

Highlights:

A. Assessment for Q2:2025-26

- Bankers assessed an improvement in loan demand across major sectors during Q2:2025-26 (Chart 1 and Table 1).
- Majority of the responding bankers indicated "no change" in loan terms and conditions (Table 2).

B. Expectations for Q3:2025-26

- Bankers remained optimistic about overall loan demand in Q3:2025-26, driven by higher loan demand expected from agriculture, mining & quarrying, manufacturing, infrastructure, and services sectors (Table 1).
- Overall, easy terms and conditions for loans are expected to prevail during the quarter (Table 2).

C. Expectations for Q4:2025-26 and Q1:2026-27

- Bankers remain upbeat on loan demand during Q4:2025-26 and Q1:2026-27 (Table 3) and they continue to anticipate easy loan terms and conditions in Q4:2025-26 and Q1:2026-27.

---

[1] The results of 32nd round of the BLS with reference period as April-June 2025 were released on the RBI website on August 06, 2025. 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.
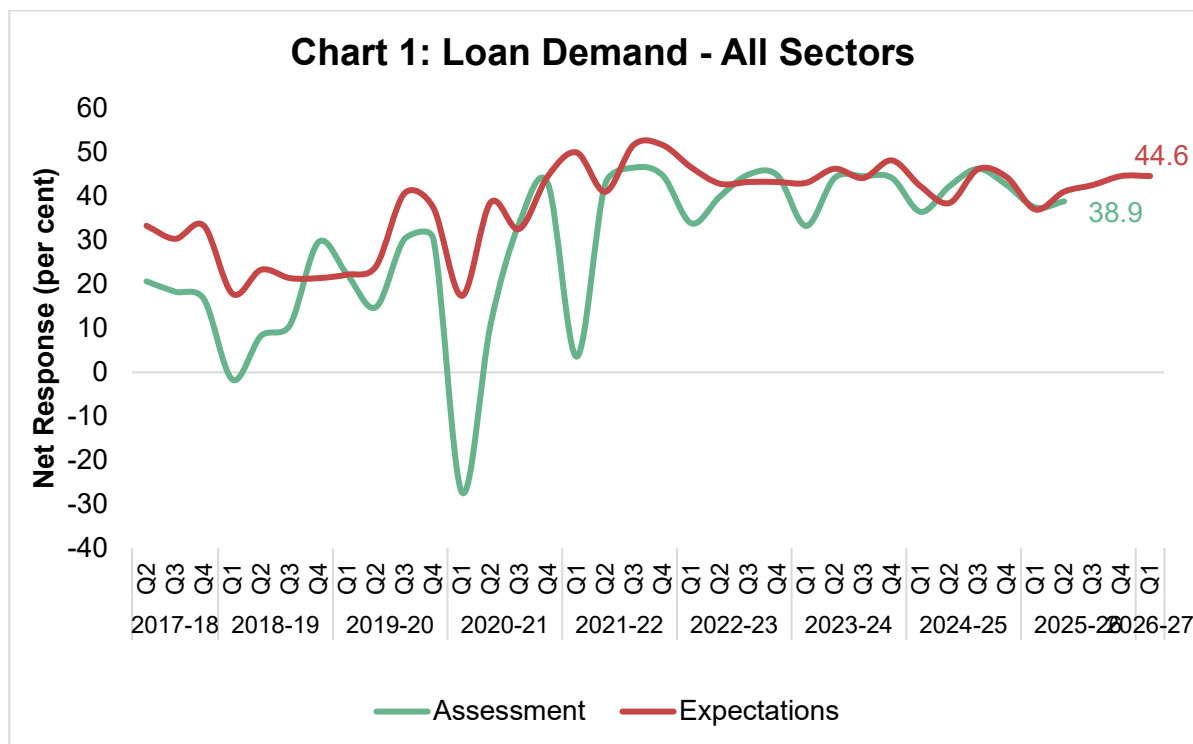
Chart 1: Loan Demand - All Sectors

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

(per cent)

Sector	Assessment Period		Expectations Period	
	Q1:2025-26*	Q2:2025-26	Q2:2025-26*	Q3:2025-26
All Sectors	**37.5**	**38.9**	**41.1**	**42.6**
Agriculture	30.0	39.7	36.7	44.8
Mining and Quarrying	12.1	1.9	8.6	14.8
Manufacturing	36.2	37.5	43.1	44.6
Infrastructure	22.4	20.7	25.9	34.5
Services	33.9	35.2	33.9	37.0
Retail/Personal	27.8	37.5	42.6	39.3

* Based on the previous round's response.

---

[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 (Table 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)

Sector	Assessment Period		Expectations Period	
	Q1:2025-26*	Q2:2025-26	Q2:2025-26*	Q3:2025-26
All Sectors	**12.5**	**9.3**	**16.1**	**18.5**
Agriculture	11.7	15.5	15.0	19.0
Mining and Quarrying	-1.7	0.0	-1.7	3.7
Manufacturing	17.9	12.5	21.4	21.4
Infrastructure	10.0	6.9	13.3	10.3
Services	16.1	18.5	23.2	22.2
Retail/Personal	22.9	18.5	22.0	22.2

* Based on the previous round's response.

Table 3: Sector-wise Expectations for Extended Period - Net Response

(per cent)

Sector	Loan Demand		Loan Terms and Conditions	
	Q4:2025-26	Q1:2026-27	Q4:2025-26	Q1:2026-27
All Sectors	**44.6**	**44.6**	**20.4**	**24.1**
Agriculture	45.0	41.7	17.2	19.0
Mining and Quarrying	12.5	19.6	3.7	3.7
Manufacturing	39.7	43.1	26.8	26.8
Infrastructure	35.0	38.3	19.0	17.2
Services	42.9	46.4	18.5	18.5
Retail/Personal	41.7	32.8	20.7	21.4

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