

Bank Lending Survey for Q3:2021-22

Today, the Reserve Bank released the results of 18th 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 Q3:2021-22 and expectations for Q4:2021-22. 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 Q3:2021-22

- Banks assessed sustained improvement in loan demand for all major sectors during Q3:2021-22 (Chart 1 and Table 1).
- Terms and conditions of loans are perceived to have eased further for all categories of borrowers (Table 2).

B. Expectations for Q4:2021-22

- Bankers reflected high optimism on loan demand from all major sectors during Q4:2021-22.
- Terms and conditions of loans are expected to ease further across the board during Q4:2021-22.

C. Expectations for Q1:2022-23 and Q2:2022-23

- The momentum in loan demand from all the categories of borrowers is likely to be maintained till Q2:2022-23 (Table 3).
- Bankers expect easier terms and conditions of loans in the first half of 2022-23.

¹ The results of 17th round of the BLS with reference period as July-September 2021 were released on the RBI website on [October 8, 2021](#). 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.

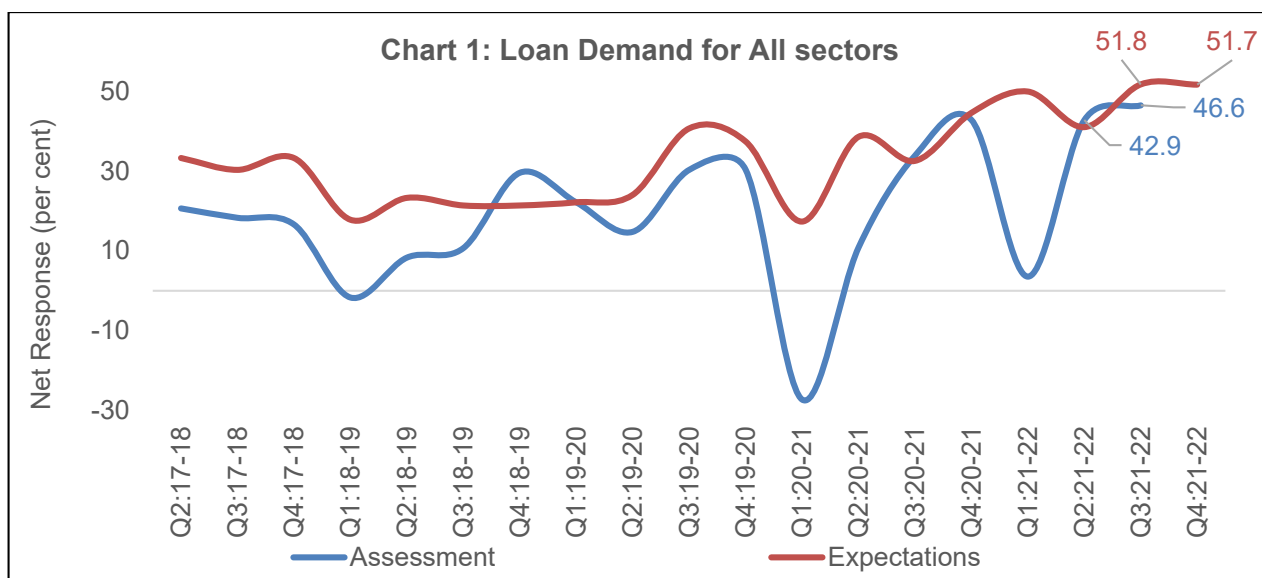


Table 1: Sector-wise Loan Demand - Net responses³

(per cent)

Sectors	Assessment Period		Expectations Period	
	Q2:2021-22	Q3:2021-22	Q3:2021-22	Q4:2021-22
All Sectors	42.9	46.6	51.8	51.7
Agriculture	37.9	36.2	36.2	44.8
Mining and Quarrying Sector	7.1	9.3	23.2	14.8
Manufacturing	41.1	46.6	42.9	44.8
Infrastructure	42.9	41.4	37.5	46.4
Services	42.9	53.6	48.2	48.2
Retail/Personal	44.0	53.8	58.0	57.7

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	
	Q2:2021-22	Q3:2021-22	Q3:2021-22	Q4:2021-22
All Sectors	16.1	18.5	17.9	25.9
Agriculture	17.9	17.9	17.9	28.6
Mining and Quarrying Sector	10.7	12.5	12.5	16.1
Manufacturing	19.0	29.3	20.7	32.8
Infrastructure	12.5	16.1	14.3	21.4
Services	19.6	31.0	17.9	32.8
Retail/Personal	17.3	35.2	25.0	33.3

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

(per cent)

Sectors	Loan Demand		Loan Terms and Conditions	
	Q1:2022-23	Q2:2022-23	Q1:2022-23	Q2:2022-23
All Sectors	56.9	53.4	29.3	25.9
Agriculture	48.3	50.0	31.0	31.0
Mining and Quarrying Sector	22.4	22.4	15.5	13.8
Manufacturing	55.0	50.0	26.7	26.7
Infrastructure	48.3	41.7	18.3	20.0
Services	55.0	53.3	30.0	31.7
Retail/Personal	48.3	53.3	31.7	33.3

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