Bank Lending Survey for Q1:2025-26

Today, the Reserve Bank released the results of 32nd 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 Q1:2025-26, collected senior loan officers' assessment of credit parameters for Q1:2025-26 and their expectations for Q2, Q3 and Q4 of 2025-26.

Highlights:

A. Assessment for Q1:2025-26

- Bankers' assessment on loan demand recorded a seasonal moderation across major sectors during Q1:2025-26 (Chart 1 and Table 1).

- Majority of the responding banks assessed continuation of easy terms and conditions for loans (Table 2).

B. Expectations for Q2:2025-26

- Bankers' outlook on loan demand improved for Q2:2025-26, they expect more loan demand particularly from agriculture, mining and quarrying, manufacturing, and retail/personal loan segments (Table 1).

- Bankers expect some easing of loan terms and conditions, especially for the manufacturing and services sectors (Table 2).

C. Expectations for Q3:2025-26 and Q4:2025-26

- Across major sectors, bankers' sentiments on loan demand remained upbeat till Q4:2025-26 (Table 3).

- The current easy loan terms and conditions are expected to continue in the second half of 2025-26.

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[1] The results of 31st round of the BLS with reference period as January-March 2025 were released on the RBI website on April 09, 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.
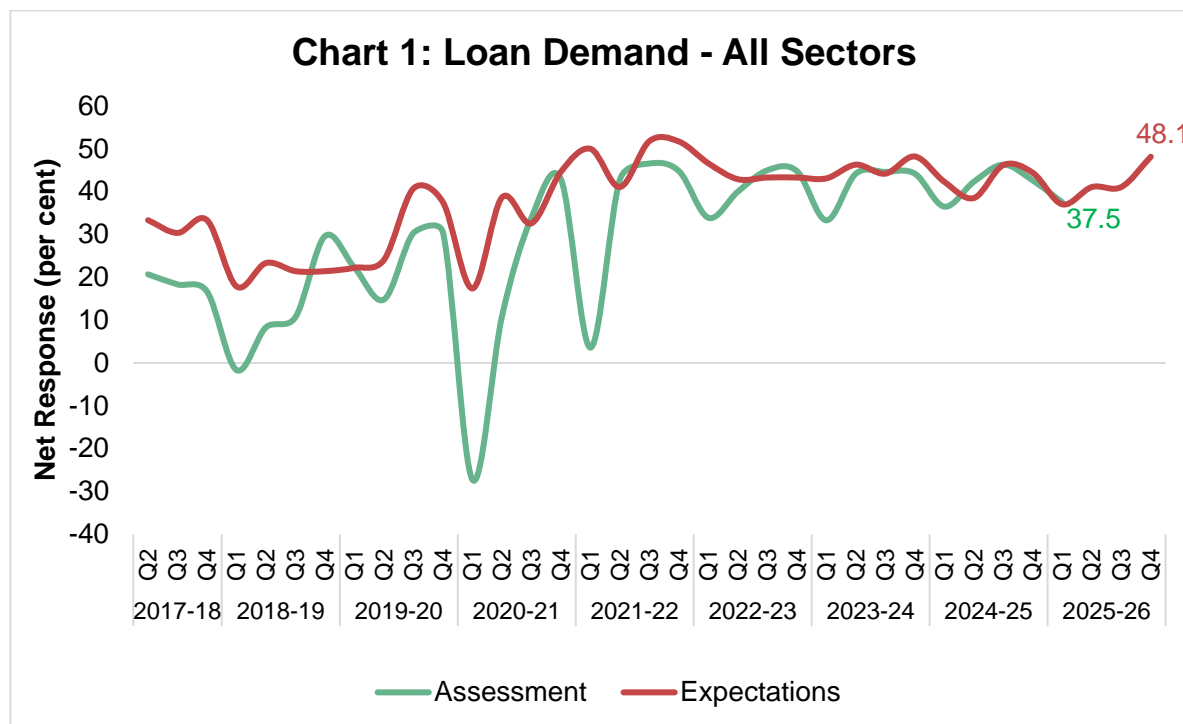
Chart 1: Loan Demand - All Sectors

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

(per cent)

Sector	Assessment Period		Expectations Period	
	Q4:2024-25*	Q1:2025-26	Q1:2025-26*	Q2:2025-26
All Sectors	**42.6**	**37.5**	**37.0**	**41.1**
Agriculture	41.7	30.0	25.0	36.7
Mining and Quarrying	10.0	12.1	6.7	8.6
Manufacturing	42.9	36.2	41.1	43.1
Infrastructure	36.7	22.4	35.0	25.9
Services	41.1	33.9	41.1	33.9
Retail/Personal	52.0	27.8	38.0	42.6

* Based on the previous round's response.

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[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	
	Q4:2024-25*	Q1:2025-26	Q1:2025-26*	Q2:2025-26
All Sectors	**16.1**	**12.5**	**17.9**	**16.1**
Agriculture	15.0	11.7	20.0	15.0
Mining and Quarrying	-1.7	-1.7	-1.7	-1.7
Manufacturing	19.0	17.9	17.2	21.4
Infrastructure	10.0	10.0	13.3	13.3
Services	16.7	16.1	18.5	23.2
Retail/Personal	22.9	22.9	22.9	22.0

* 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	
	Q3:2025-26	Q4:2025-26	Q3:2025-26	Q4:2025-26
All Sectors	**41.1**	**48.1**	**19.6**	**23.2**
Agriculture	43.3	45.0	16.7	20.0
Mining and Quarrying	15.5	15.5	3.4	3.4
Manufacturing	43.3	43.3	21.7	21.7
Infrastructure	31.7	38.3	16.7	15.0
Services	39.3	42.9	17.9	21.4
Retail/Personal	38.3	33.3	21.7	20.0

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