

## BANK LENDING SURVEY (Third quarter of 2024)

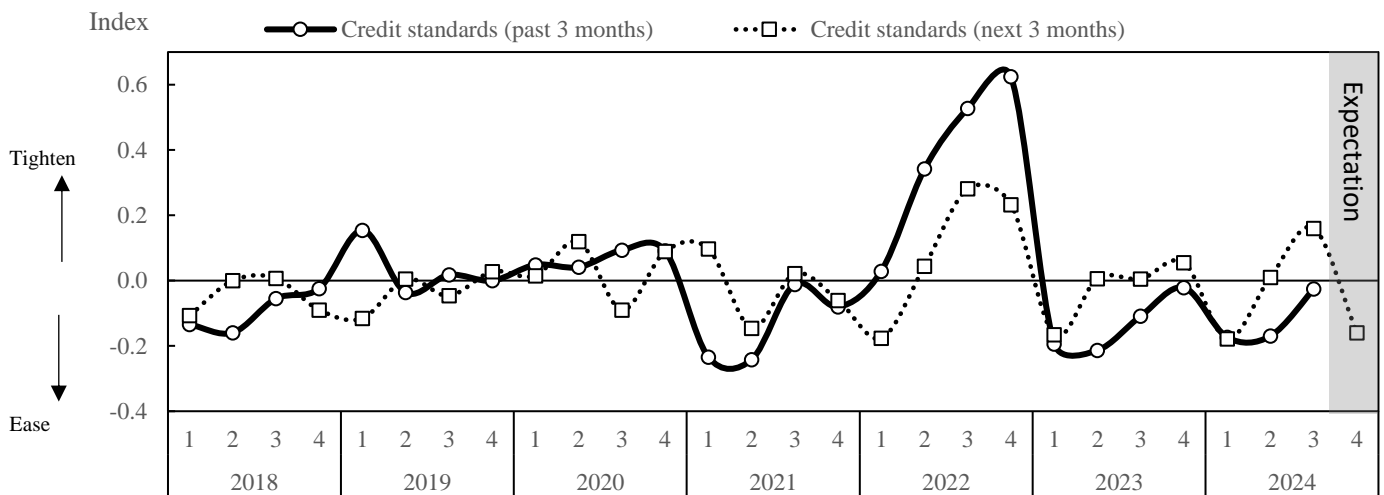
The report covers changes in the standards, terms and conditions, demand, and supply of banks' loans to corporates and households over the past three months, as well as expectations for the next three months. The survey was conducted from 16 October to 23 October 2024, among 12 actively operating commercial banks.

### I. Credit Standards

#### 1.1 Credit Standards for Corporate Loans

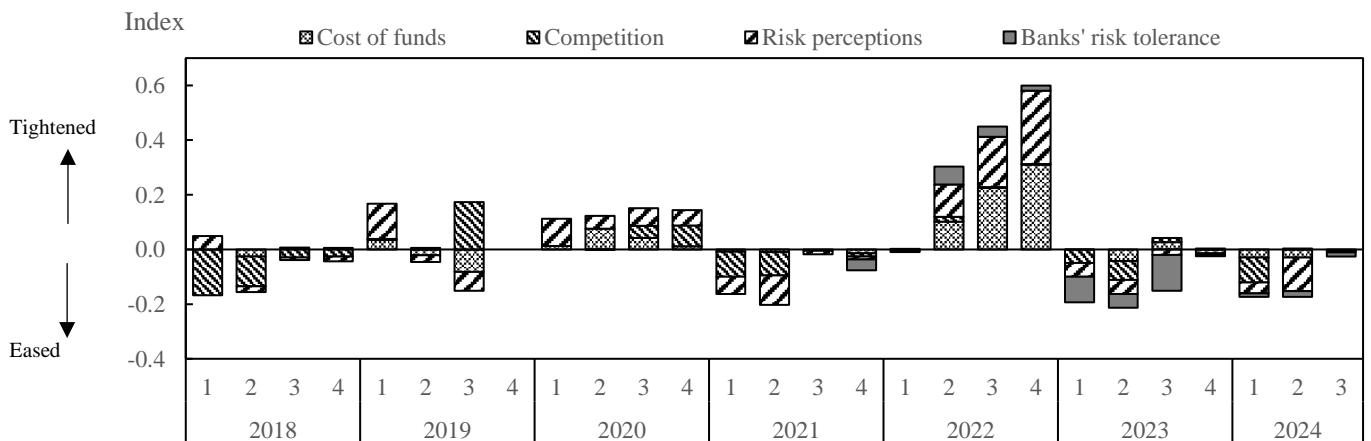
- The diffusion index of credit standards for corporate loans was 0, indicating that banks did not change their credit standards during this survey period. However, credit standards for corporate loans are expected to ease slightly over the next three months (Figure 1).

**Figure 1. Credit standards for the corporate loans**



- Banks maintained unchanged credit standards for corporate loans in the third quarter of 2024 (Figure 2).

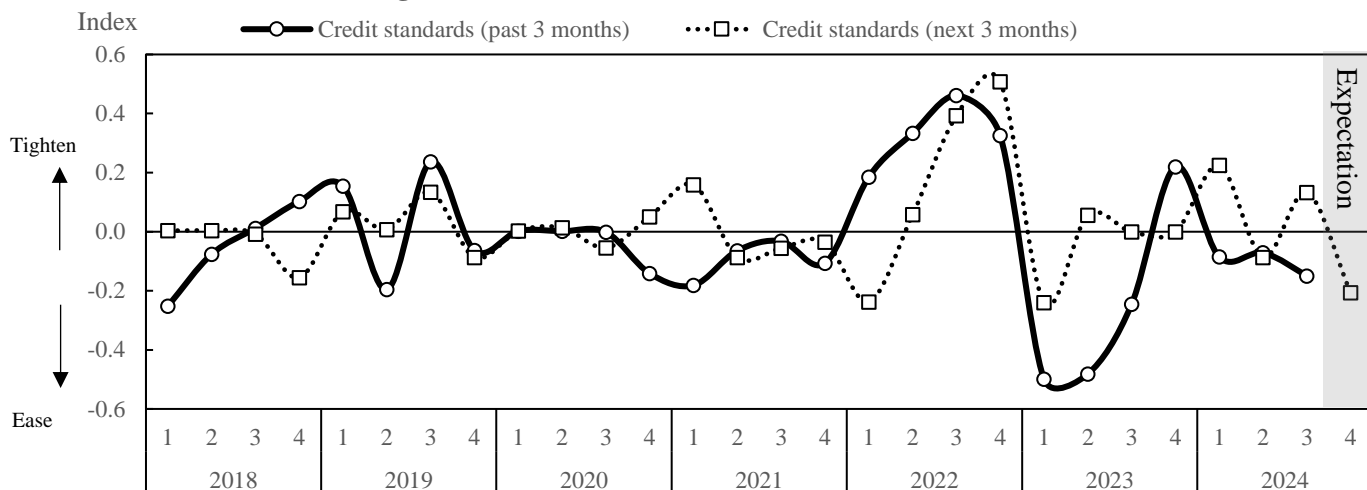
**Figure 2. Factors contributing to credit standards for corporate loans**



### 1.2 Credit Standards for Household Loans

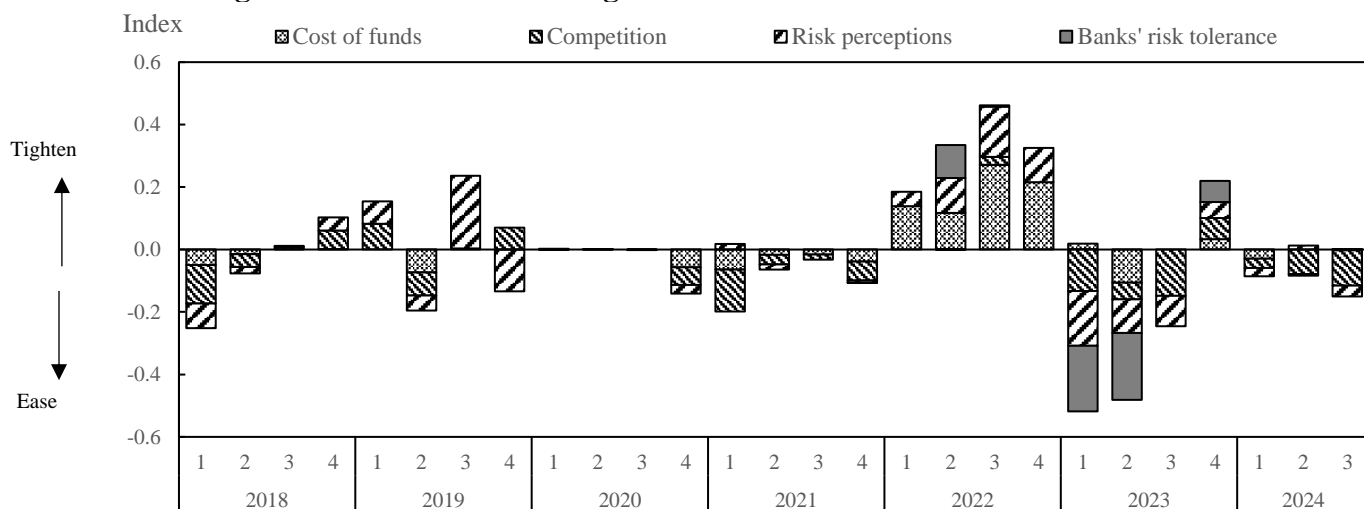
- Banks have been easing credit standards for household loans since the fourth quarter of 2020 but began tightening them in the first quarter of 2022. In this survey, the diffusion index of credit standards for household loans was -0.15, indicating slight easing of credit standards. Over the next three months, banks expect to continue easing credit standards for household loans (Figure 3).

**Figure 3. Credit standards for the household loans**



- Over the past three months, competition and risk perceptions have emerged as key factors contributing to the easing of credit standards for household loans (Figure 4).

**Figure 4. Factors contributing to credit standards for the household loans**

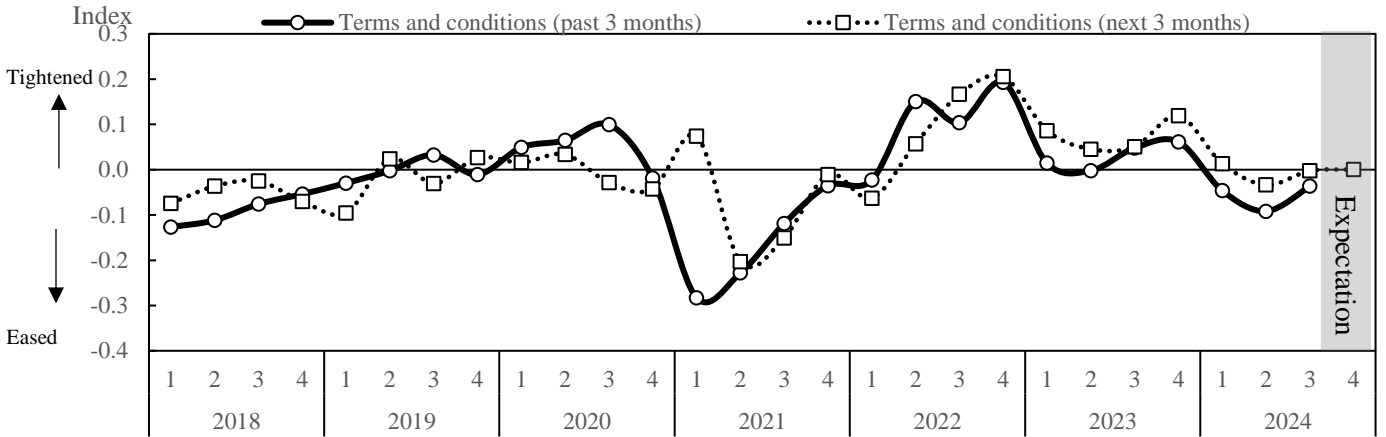


## II. Terms and Conditions

### 2.1 Terms and Conditions for Corporate Loans

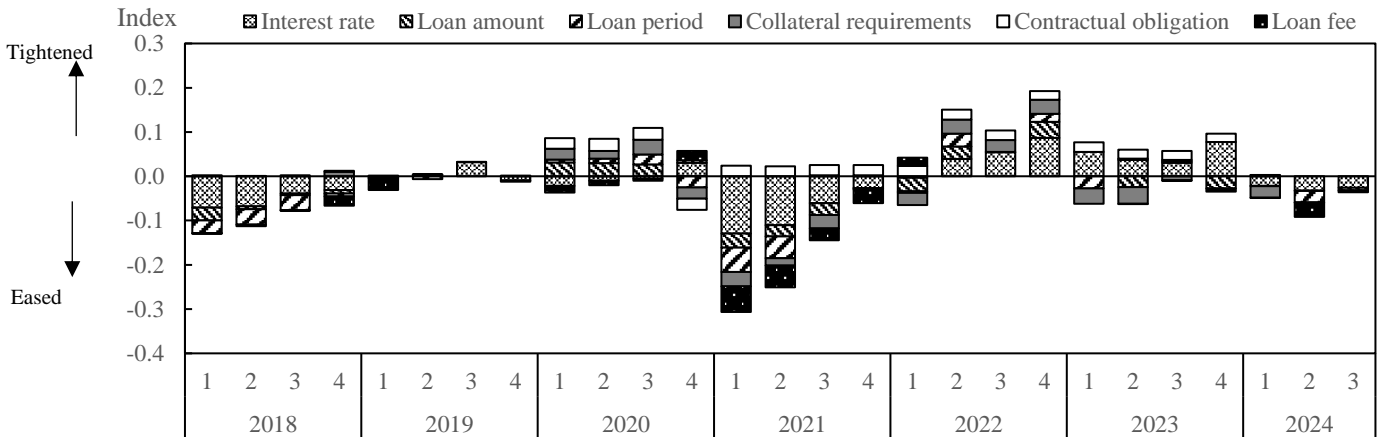
- Since the first quarter of 2024, banks have been easing terms and conditions for corporate loans. In the third quarter of 2024, some terms and conditions for corporate loans were eased. However, terms and conditions are expected to remain unchanged for corporate loans over the next three months (Figure 5).

**Figure 5. Overall terms and conditions for the corporate loans**



- In the third quarter of 2024, banks eased terms and conditions for corporate loans by lowering interest rates (Figure 6).

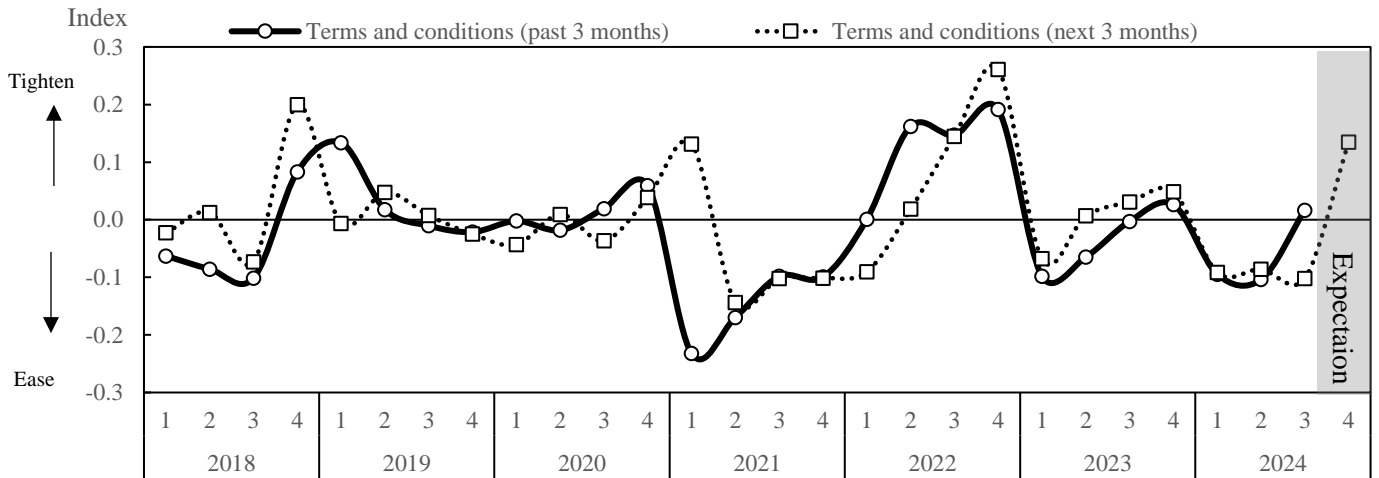
**Figure 6. Contribution of terms and conditions for the corporate loans**



## 2.2 Terms and Conditions for Household Loans

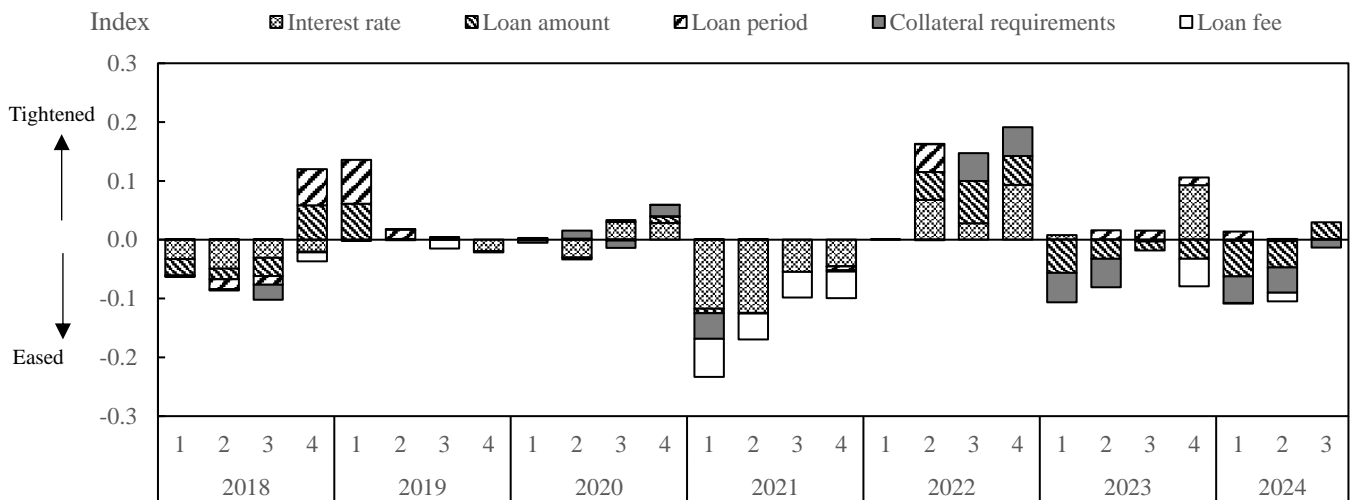
- While banks have been easing terms and conditions for household loans since the first quarter of 2024, they began to slightly tighten them in the third quarter of 2024. Terms and conditions for household loans are expected to tighten further over the next three months (Figure 7).

**Figure 7. Overall terms and conditions for the household loans**



- In the third quarter of 2024, banks tightened terms and conditions for household loans by reducing the amount of newly issued loans to households (Figure 8).

**Figure 8. Contribution of terms and conditions for the household loans**

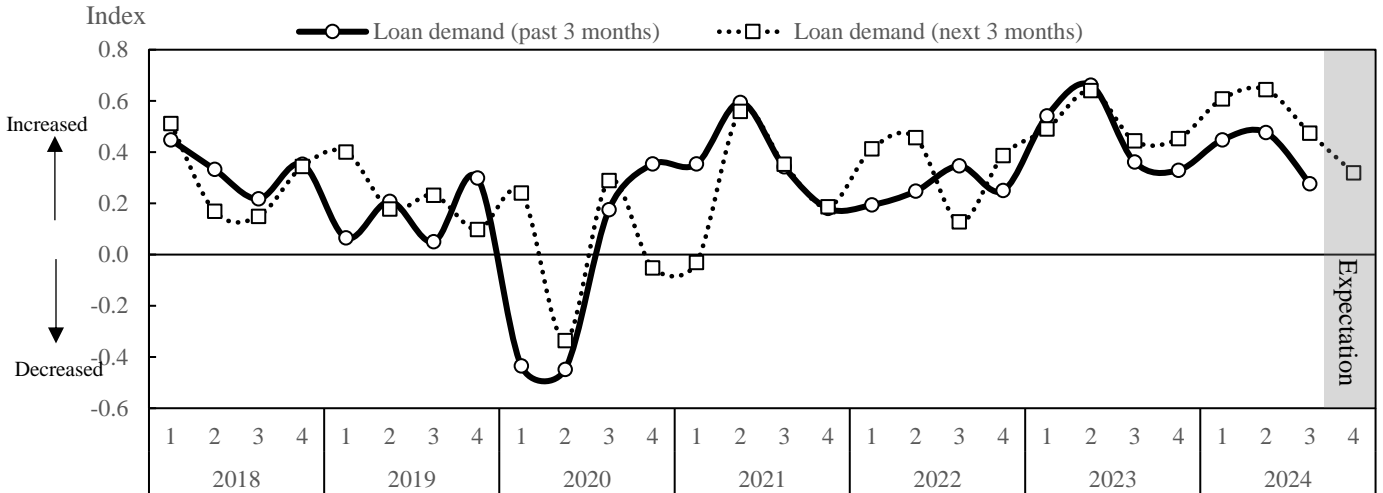


### III. Loan Demand

#### 3.1 Corporate Loan Demand

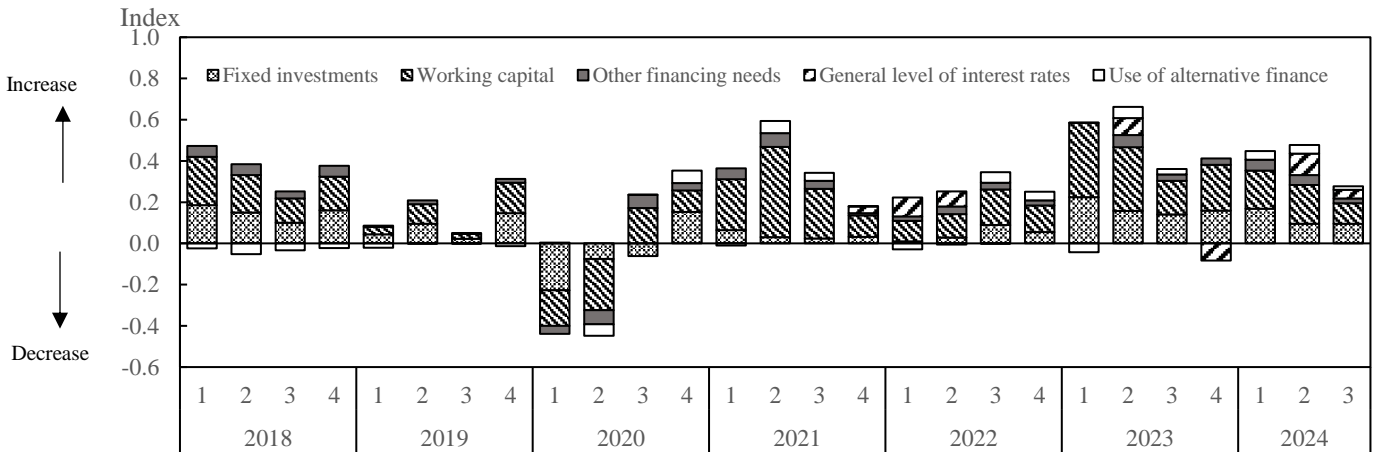
- In the third quarter of 2024, the diffusion index of corporate loan demand was 0.28, indicating a moderate increase in loan demand from corporates. Demand is expected to continue increasing in the next quarter (Figure 9).

**Figure 9. Corporate loan demand**



- In the third quarter of 2024, the growth in corporate loan demand was driven by increased needs for working capital and fixed investments (Figure 10).

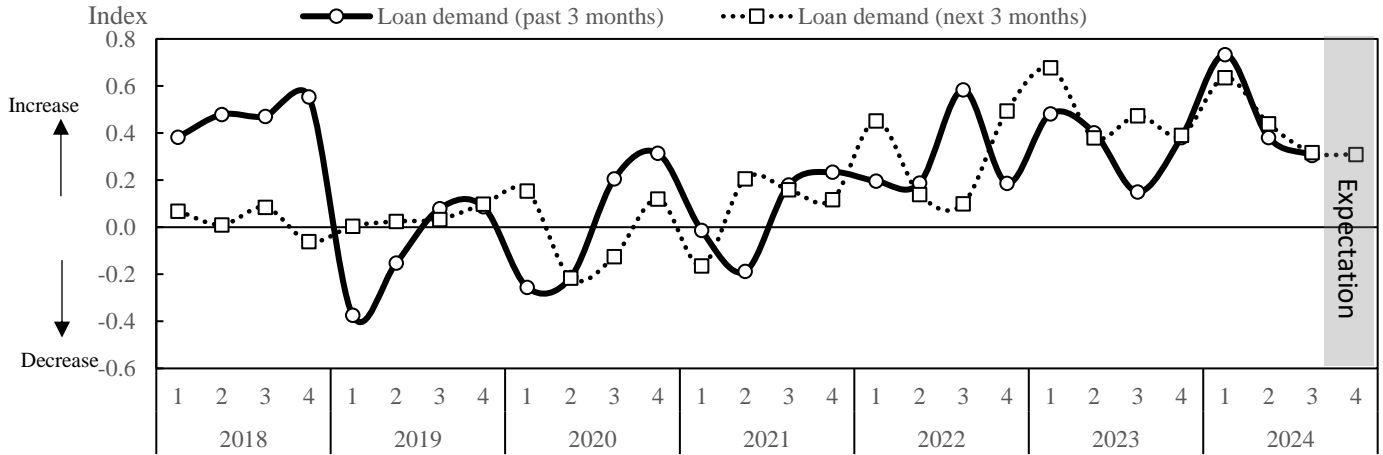
**Figure 10. Factors contributing to loan demand from corporates**



### 3.2 Household Loan Demand

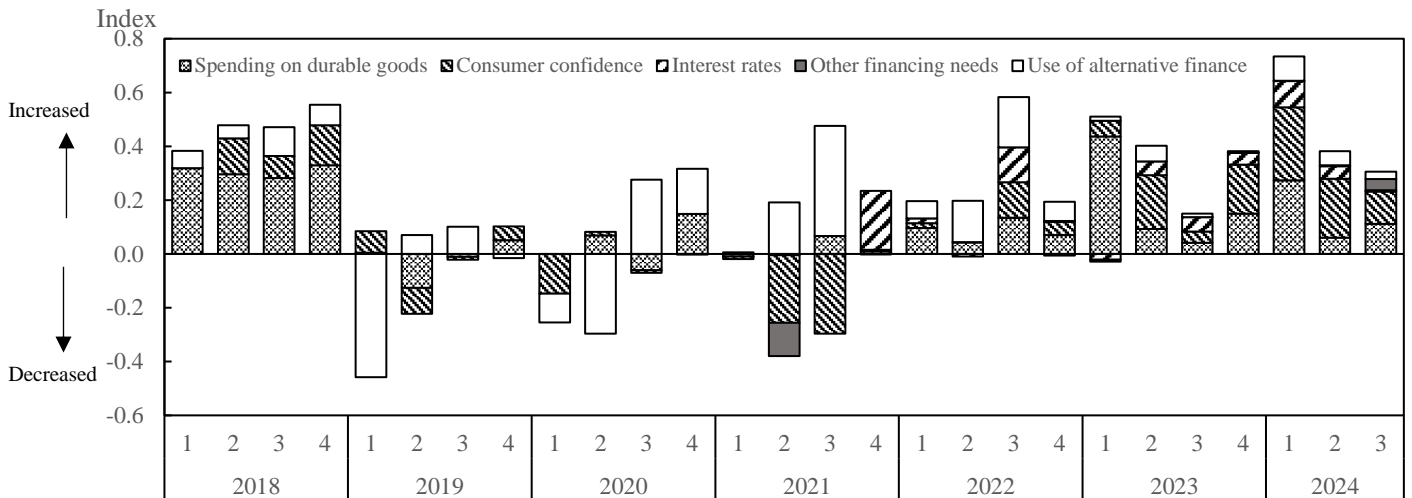
- In the third quarter of 2024, the diffusion index of household loan demand was 0.31, reflecting a moderate increase in household loan demand. Demand is expected to increase in the following quarter (Figure 11).

**Figure 11. Household loan demand**



- In the third quarter of 2024, the increase in household loan demand was attributed to higher consumer confidence in banks and increased spending on durable goods (Figure 12).

**Figure 12. Factors contributing to loan demand from households**

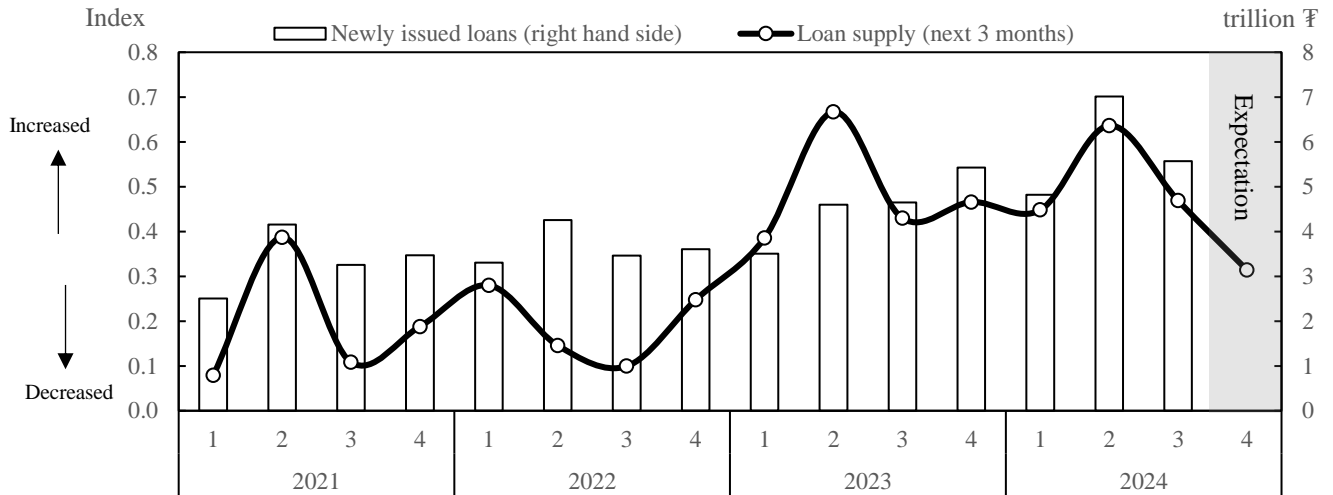


## IV. Loan Supply

### 4.1 Corporate loan supply

- Since 2021, banks have steadily increased their supply of corporate loans. In the third quarter of 2024, banks issued ₹5.57 trillion in loans to corporates. A moderate increase in corporate loan supply is expected in the fourth quarter of 2024 (Figure 13).

**Figure 13. Corporate loan supply**



### 4.2 Household loan supply

- Banks have been increasing their supply of household loans since 2021, with the exception of the third quarter of 2022. In the third quarter of 2024, banks issued ₹6.79 trillion in loans to households. A moderate increase is expected in household loan supply in the fourth quarter of 2024 (Figure 14).

**Figure 14. Household loan supply**

