

STATUS OF INSTITUTIONAL FINANCE IN JHARKHAND WITH SPECIAL STUDY ON NON-PERFORMING ASSETS: CHALLENGES AND GOVERNMENT INITIATIVES

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Abstract

The paper discussed the status of institutional finance in Jharkhand. It has found that the number of bank branches were increased during 2015-16 to 2022-23. Share of ATMs in Jharkhand is lower than the national figure. Urban branches have more deposits than the branches in semi-urban or rural areas. The share of advances allocated by scheduled commercial banks is lower than the national figures. Compared to non-priority areas, priority areas have a higher percentage share of advances to total advances in Jharkhand. Scheduled Commercial Banks distribute highest amount of funds followed by Lead Banks. Percentage advances in urban areas are higher than the semi-urban and rural areas. Credit-deposit ratio is not the same in different categories of banks in the state. Small Finance Banks have the highest credit-deposit ratio, followed by Private sector banks, and Regional Rural Banks. Credit-deposit ratio of banks in districts of Jharkhand are not the same. Percentage of non-performing assets under different Government sponsored schemes varies. Non-performing assets are higher in the PMEGP scheme, then the MUDRA Loans and Self-help Group schemes. Non-performing assets in percentage of gross credit have increased since 2018-19. Therefore, there should be proper implementation of policies for reducing non-performing assets in financial institutions in Jharkhand.

Keywords: Banks, Credit, Institutional Finance, Loans, and Non-Performing Assets

INTRODUCTION

Banks are essential parts of the entire financial system. This affects the national economy and improves infrastructure facilities. The bank industry is the basis of the world economy. The banking sector plays an important role in the economic growth and development of all countries. The recent banking sector is continuously changing. The banking sector provides credit to poor farmers in developing countries. The banking sector has also been criticized for not providing people with proper approaches, and lack of transparency. Financial transactions have become easier due to technological development. Credit from banks is the vital source of funds for entrepreneurs. Banks are essential parts of the entire financial sector. This affects the economy of the nation. In India, the banking industry started its journey from 1916. Indian banking sector is expanding rapidly.

The banking sector in India plays an important role in the economic development. The Indian banking sector is continuously changing. Technology, financial services and products are upgrading frequently. The Indian government established the NARASIMHAM Committee in 1991 to manage the banking sector's reforms to stabilize the nationalization bank in the public sector. Satisfaction of the customer is the key motive of the financial institutions. Online banking services, mobile banking, and net banking simplify the banking system. Small financial banks offer services among the poor and marginalised class people who live in rural areas. Regional rural banks have a strong base in rural areas. Commercial Banks comply with legislation on the banks of 1949. People deposit money in commercial banks and they issue loans for profits. Private sector banks, public banks, local rural banks and foreign banks are examples of commercial banks.

LITERATURE REVIEWS

Pandey & Singh (2016) discussed the role of financial institutions for national development. Banks can better understand customers changing segment requirements and behaviour. This will affect market services to meet expectations. Singh (2017) demonstrates the importance of financial institutions to the development of the Jharkhand economy. The monetary system is important for the country's long-term sustainable growth. Economic growth is related to the stability of the financial system. Banks and other financial institutions can increase the market employment for lending. Rajak (2018) recommended development program for free enterprise in rural areas. Rural banking is important for marginalised and poor people. Additional distributors must be designated to quickly participate in rural industrialization. Singh (2019) highlights local rural banks and its role for rural development. The study highlights benefits of integrating people into local rural banks, particularly in rural groups of populations. This is an important need to change the credit and financial services system to achieve more inclusion.

Alam (2021) found that the growth and financial stability of the state depends on the banking division's financial effectiveness. The Indian bank division works in an open and globalized environment for a year and a half from the day of liberalization. Due

to the liberalization of the economy, the banks of the private sector have been able to increase the branches in the banking sector. Sanju (2021) found that financial exclusion was used to explain lack of access to loans. Accordingly, Vijayalakshmi & Alam (2022,) financial institutions increase economic growth and help for poverty eradication. Without appropriate access to official financial services, individuals and companies must rely on their own limited resources or to meet their financial demands and realise their growth capacity. Prakash et. al. (2022) concluded that financial institutions work for increasing customer's satisfaction and awareness. It decided that such institutions should continue to improve using new programs and politicians to achieve eternity in their services and commercial growth. The country's demographic state requires a smooth, beneficial and satisfactory small financial service for comprehensive growth. This study aims to analyse the role of small financial institutions in providing high-quality services to satisfy customers and to raise awareness among customers.

Kumar (2024) provides a comprehensive study of the difficulties of financial integration in Indian banks, reflecting light on the problems and opportunities of the local financial environment. This study emphasises the importance non-governmental organizations, financial institutions, and government agencies, for stable financial institutions. Laguri & Nanda (2025) discussions the significance of financial development for sustainable economic development. The results emphasise the decisive needs of pilot research on financial products and services specially designed to meet indigenous demands. Roy et al. (2025) discussed the significance of artificial intelligence to ensure a fair approach to rural bank loans. Strengthening the legal framework, raising the responsibilities of artificial intelligence, and overcoming the digital gap is important for achieving financial integration in the Indian rural banking sector.

From the above studies it has found that financial institutions play a vital role in the economic development of a country. It is very important for the economy. They support economic growth and stability by providing basic services such as lending, investment, and risk management. Majority of articles and reports discussed role, significance and status of financial institutions in Jharkhand. Very few were discussed the non-performing assets of the financial institutions of the state.

OBJECTIVES

The main objective of the paper is to study the financial institutions in Jharkhand. The specific objectives of the article are:

- (a) To study the number of bank branches, and automated teller machines of banks in Jharkhand.
- (b) To examine the deposits of scheduled commercial banks (with respect to area-wise) in Jharkhand.
- (c) To identify the advances allocated by scheduled commercial banks (with respect to category of banks) in Jharkhand.
- (d) To examine the credit-deposit ratio and pattern of non-performing assets under schemes in Jharkhand.
- (e) To examine the relation between advances and non-performing assets of banking sector of Jharkhand, and
- (f) To study the causes and government policies for controlling non-performing assets in Jharkhand.

STUDY AREA

Jharkhand is a landlocked state in eastern India. It has land borders with Odisha, Bihar, Uttar Pradesh, Chhattisgarh, and West Bengal. Hindi, Bhojpuri and Bengali, are popular languages. Ranchi and Jamshedpur are the popular cities. The state has 24 districts. Jharkhand was formed on November 15, 2000. It was formed from the Southern part of Bihar. It is known for its dense forest. It is the 15 largest state (in area) in India. Rajrappa, Dewri, Parasnath, and Baidyanath Dham are the important religious sites. Based on the 2011 census, the state's population density is 414 km² and its total population is 32,988.134. The population distribution in rural and urban areas is 75.95% and 24.05%. The state's HDI value is 0.60 (medium development). Almost 74.30% are state literacy rates, with gender assignments of 948/1000.

METHODS AND MATERIALS

- *Design and Approach:* This study has utilised a qualitative approach. It is a descriptive study. Secondary data has been received from the govt. reports, research papers, published or unpublished theses, articles, etc. Jharkhand Economic Survey 2022-23 report has been used for data or information. Jharkhand has been selected as the target for this study due to socio-economic condition and contribution to the Indian economy.

- *Hypothesis:*

H₀₁: There is no relation between advances and non-performing assets of the banking sector of Jharkhand.

H_{0a}: There is a relation between advances and non-performing assets of the banking sector of Jharkhand.

- *Method of Analysis:* Qualitative study comprising text analysis, descriptive analysis and content analysis has been used to reveal the institutional finance in Jharkhand in general and the prospects and challenges in particular. Simple regression analysis has two variables. Amount of advances is the dependent variable, and the amount of non-performance assets is the interdependent variable.

RESULTS AND DISCUSSION

(a) **Growth of financial Institutions in Jharkhand**

The Indian banking sector is the foundation of the state's financial system. This includes numerous private banks, nationalised banks, cooperative banks, small financial banks and local rural banks. India, which prepares banks, manages the activities and functions of the Indian banking sector. The services and products of the Indian banking sector are constantly growing. The Indian banking sector needs to address challenges such as Non-Performing Assets and cyber threats, but it is a dynamic, developed landscape focused on the introduction of strong financial foundations, financial integration and technological innovation. At the end of March 2024, there are two LABs, 43 Regional Rural Banks, 12 Small Finance Banks, 45 foreign banks, 21 banks from the private sector and 12 public banks in India.

Table 1: Branches of Banks in Jharkhand

Banks	2015-16	2016-17	2017-18	2018-19	2020-21	2021-22	2022-23*
Lead Banks	1186	1230	1210	1200	1218	1214	1212
Other Public	940	959	977	1025	910	852	851
Cooperative	113	117	117	117	117	117	117
Private Sector	227	246	257	404	425	470	472
Regional Rural	442	443	443	443	443	443	443
Sch. Commercial	2353	2435	2444	2629	2553	2536	2535
Small Finance	-	-	-	86	115	115	115
TOTAL	2908	2995	3004	3189	3203	3211	3210

Source: Jharkhand Economic Survey 2022-23, p.56. Note: * upto June.

Table 1 discussed the branches of banks in Jharkhand. It has found that scheduled commercial banks and lead banks have more branches. Number of branches are comparatively less Small finance banks and private banks. In 2015-16, the number of branches was 2353, and was 2444 in 2017-18, and 2535 in 2022-23. Number of lead bank branches was 1186 in 2015-16, and was 1210 in 2017-18, and 1212 in 2022-23. Number of other public sector branches was 940 in 2015-16, and was 977 in 2017-18, and 851 in 2022-23. Number of cooperative bank branches was 113 in 2015-16, and was 117 in 2017-18, and 117 in 2022-23. Number of private bank branches was 227 in 2015-16, and was 257 in 2017-18, and 472 in 2022-23. Number of regional rural bank branches was 442 in 2015-16, and was 443 in 2017-18, and 443 in 2022-23. Number of total bank branches was 2908 in 2015-15, and 3004 in 2017-18, and finally 3210 in 2022-23. Therefore, finally it can be concluded that the number of bank branches increased during 2015-16 -2022-23 in Jharkhand.

Table 2: Number of Automated Teller Machine (ATMs) in Jharkhand

Year	ATM- Jharkhand	ATM- India	Year	ATM in Jharkhand	ATM in India
2014-15	2608	181252	2018-19	3402	202196
2015-16	2780	198952	2019-20	3318	210760
2016-17	3469	208197	2021-22	3308	220241
2017-18	3517	206871	2022-23*	3398	220077

Source: Jharkhand Economic Survey 2022-23, p. 58. Note: * upto September.

Table 2 discussed the number of Automated Teller Machines in Jharkhand. Automated Teller Machine is useful for cash withdrawal, balance check, fund transfer, or cash deposit. The demand and uses of such machines is increasing in both urban and rural areas, but uses in rural areas are comparatively low. Customers can have 24/7 access to banking services through it. Advanced ATMs can be used for other services, such as applying for loans, making bill payments, and opening fixed deposits. It found that the number of ATMs in the state was 2608 in 2014-15 and 3402 in 2018-19, and 3398 in 2022-23. Number of ATMs in India was 181252 in 2014-15, and 202196 in 2018-19, and 220077 in 2022-23. The share of ATMs in Jharkhand was only 1.44% of national figures in 2014-15, and 1.68% in 2018-19, and finally 1.54% in 2022-23. Therefore, the share of ATMs in Jharkhand is comparatively lower than the national figures.

Table 3: Comparison of White level ATMs in Jharkhand

Year	Jharkhand	India	Year	Jharkhand	India
2014-15	116	7881	2018-19	263	19507
2015-16	198	12962	2019-20	316	23597
2016-17	205	14121	2021-22	449	31499
2017-18	245	15195	2022-23*	498	34641

Source: Jharkhand Economic Survey 2022-23, p.60. Note: * upto September.

Table 3 represented white label ATMs in Jharkhand and India. White label ATMs are operated and owned by the on-bank entities. The Reserve Bank of India 91uthorizes such ATMs. Its main focus is to expand ATM services in underserved areas. Customers can use it for mini-statement generation, bill payments, cash deposits, PIN changes, balance inquiries, and cash

withdrawals. It offers more convenience and flexible services. It has found that the number of white label ATMs in Jharkhand was 116 in 2014-15, and 263 in 2018-19, and 498 in 2022-23. The number of white label ATMs in Jharkhand was 7881 in 2014-15, and 19507 in 2018-19, and 34641 in 2022-23. The share of white ATMs in Jharkhand was only 1.47% of national figures in 2014-15, and 1.34% in 2018-19, and finally 1.43% in 2022-23. Therefore, the share of white ATMs is also lower compared to national figures.

Table 4: Total Deposits of Scheduled Commercial Banks in Jharkhand

Year	Jharkhand	India	Year	Jharkhand	India
2017-18	189572	44212120	2020-21	247512.50	58811256
2018-19	209120	47997772	2021-22	270269.87	64682274
2019-20	214440	52755843	2022-23*	269420.69	17009268

Source: Jharkhand Economic Survey 2022-23, p.62. Note: Figure in crores. * Figure upto June.

Table 4 discussed the total deposits of Scheduled Commercial Banks in Jharkhand. Deposits are vital for any financial institution. It increases liquidity, investment and fund mobility, which ultimately drives economic stability and growth. Banks always keep certain portions of deposits in cash to meet immediate withdrawal demands. It has found that the amount of deposits in banks of Jharkhand was 189572 crores in 2017-18, and 247512.50 crores in 2020-21, and 270269.87 crores in 2021-22. The amount of deposits in banks of India was 44212120 crores in 2017-18, and 58811256 crores in 2020-21, and 64682274 crores in 2021-22. The share of deposits in Jharkhand was only 0.428% of national figure in 2017-18, and 0.420% in 2020-21, and finally 0.417% in 2021-22. Therefore, the share of deposits in Jharkhand is lower than the national figures.

Table 5: Total Deposits in Banks of Urban, Semi-rural and Rural Areas

Year	Urban	Semi-rural	Rural	Year	Urban	Semi-rural	Rural
2015-16	78.0	16.5	5.4	2019-20	59.5	28.4	12.0
2016-17	45.7	32.2	22.1	2020-21	52.6	37.6	09.8
2017-18	69.2	26.7	4.1	2021-22	54.2	28.2	17.6
2018-19	54.9	35.8	9.3	2022-23*	53.0	29.0	18.0

Source: Jharkhand Economic Survey 2022-23, p.64. Note: Figure in percent (%), * upto June.

Table 5 depicted total deposits in banks of rural, semi-urban, and urban areas. It has found that urban areas banks are leading in cash deposits, followed by semi-urban and rural areas. Nearly 78.0% cash was deposited in urban area banks in 2015-16, which was 59.5% in 2019-20, and finally 53.0% in 2022-23. Nearly 16.5% cash was deposited in semi-urban area banks in 2015-16, which was 28.4% in 2019-20, and finally 29.0% in 2022-23. Nearly 5.4% cash was deposited in semi-urban area banks in 2015-16, which was 12.0% in 2019-20, and finally 18.0% in 2022-23. Therefore, branches located in urban areas have more deposits than the branches situated in semi-urban or rural areas.

Table 6: Total Advances allocated by Scheduled Commercial Banks in Jharkhand

Year	Jharkhand	India	Year	Jharkhand	India
2017-18	82713	32815480	2020-21	77578.45	42497555
2018-19	91962	36949074	2021-22	88358.57	45933466
2019-20	91677	40095285	2022-23*	90228.43	12502765

Source: Jharkhand Economic Survey 2022-23, p.65. Note: Figure in crores (INR). * upto June.

Table 6 depicted the total advances allocated by scheduled commercial banks in Jharkhand. It has found that total advances allocated by scheduled commercial banks in Jharkhand was 82713 crores in 2017-18, and 77578.45 crores in 2020-21, and 88358.57 in 2021-22. Total advances allocated by scheduled commercial banks in India was 32815480 crores in 2017-18, and 42497555 crores in 2020-21, and 45933466 in 2021-22. The share of advances allocated by scheduled commercial banks in Jharkhand was only 0.252% of national figure in 2017-18, and 0.182% in 2020-21, and finally 0.192% in 2021-22. Therefore, the share of advances allocated by scheduled commercial banks in Jharkhand is lower than the of national figures.

Table 7: Total Advances Disbursed by Different categories of Banks in Jharkhand

Types of Banks	2018-19	2019-20	2020-21	2021-22	2022-23*
Lead Banks	50989	51336	35455.9	41653.17	42635.29
Other Public Sector Banks	25548	21051	19407.9	20642.28	21005.02
Private Sector Banks	15425	19290	22714.65	26063.12	26588.12
Scheduled Commercial Banks	91962	91677	77578.45	88358.57	90228.43
Regional Rural Banks	2745	3042	3450.11	4007.11	4152.21
Cooperative Banks	275	319	269.54	577.44	786.17

Small Finance Banks	579	1071	1262.3	1579.23	1593.64
TOTAL	95561	96109	82560.4	94522.35	96760.45

Source: Jharkhand Economic Survey 2022-23, p. 66. Note: Figure in crores (INR). * upto June.

Table 7 depicted total advances disbursed by different categories of banks in Jharkhand. It has found that Scheduled Commercial Banks distributed the highest amount of funds followed by Lead Banks, Other Public Sector Banks, Private Sector Banks, Regional Rural Banks, Small Finance Banks, and Cooperative Banks. Scheduled Commercial Banks disbursed 91962 crores in 2018-19, and 77578.45 crores in 2020-21, and 90228.43 crores in 2022-23. Lead banks disbursed 50989 crores in 2018-19, and 35455.9 crores in 2020-21, and 42635.29 crores in 2022-23. Other Public Sector Banks disbursed 25548 crores in 2018-19, and 19407.9 crores in 2020-21, and 21005.02 crores in 2022-23. Private Sector Banks distributed 15425 crores in 2018-19, and 22714.65 crores in 2020-21, and 26588.12 crores in 2022-23. Regional Rural Banks distributed 2745 crores in 2018-19, and 3450.11 crores in 2020-21, and 4152.21 crores in 2022-23. Small Finance Banks distributed 579 crores in 2018-19, and 1262.3 crores in 2020-21, and 1593.64 crores in 2022-23. Cooperative Banks distributed 275 crores in 2018-19, and 269.54 crores in 2020-21, and 786.17 crores in 2022-23. The total advances disbursed by different categories of banks in Jharkhand was 95561 crores in 2018-19, and 82560.4 crores in 2020-21, and 96760.45 crores in 2022-23. Therefore, total advances disbursed by different categories of banks in Jharkhand was increased during 2018-19 to 2022-23.

Table 8: Sectoral Deployment of Advances in Jharkhand

Types	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23*
MSMEs	23569	26623	27700	25203.6	22969.08	23056.03
Agriculture	13486	14865	16230	11306.1	13748.44	13605.16
Other Priority Area	9473	11437	19271	8688.4	11774.55	11772.09
Total Priority Area	46528	52925	63201	45198.1	48492.07	48433.28
Total Non-priority Area	38991	42637	32906	37361.9	46029.93	48326.72
Total Advances	85519	95562	96107	82560	94522	96760

Source: Jharkhand Economic Survey 2022-23, p. 66. Note: Figure in crores (INR). * upto June.

Table 8 discussed the sectoral deployment of advances in Jharkhand. It has found that the highest amount of funds was deployed in MSMEs. Total amount of funds deployed in MSMEs was 23569 crores in 2017-18, and 25203.6 crores in 2020-21, and 23056.03 crores in 2022-23. Total amount of funds deployed in the agriculture sector was 13486 crores in 2017-18, and 11306.1 crores in 2020-21, and 13605.16 crores in 2022-23. Total amount of funds distributed in other priority areas was 9473 crores in 2017-18, and 8688.4 crores in 2020-21, and 11772.09 crores in 2022-23. Amount of funds distributed in all priority areas was 46528 crores in 2017-18, and 45198.1 crores in 2020-21, and 48433.28 crores in 2022-23. Amount of funds distributed in all non-priority areas was 38991 crores in 2017-18, and 37361.9 crores in 2020-21, and 48326.72 crores in 2022-23. Total advances in all sectors was 85519 crores in 2017-18, and 82560 crores in 2020-21, and 96760 crores in 2022-23. Advances in sectors decline in 2020-21, corona pandemic is one of the vital reason.

Table 9: Percentage share of sectoral advances to total advances deployed in Jharkhand

Types	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23*
MSMEs	27.6	27.9	28.8	30.5	24.3	23.8
Agriculture	15.8	15.6	16.9	13.7	14.5	14.1
Other Priority Area	11.1	12.0	20.1	10.5	12.5	12.2
Total Priority Area	54.4	55.4	65.8	54.7	51.3	50.1
Total Non-priority Area	45.6	44.6	34.2	45.3	48.7	49.9

Source: Jharkhand Economic Survey 2022-23, p. 67. Note: Figure in percentage (%) * upto June.

Table 9 discussed the percentage share of sectoral advances to total advances deployed in Jharkhand. It has found that compared to non-priority areas, priority areas have higher percentage share of advances in Jharkhand. The percentage share of priority area advances to total advances was 54.4% in 2017-18, and 54.7% in 2020-21, and 50.1% in 2022-23. The percentage share of non-priority area advances to total advances was 45.6% in 2017-18, and 45.3% in 2020-21, and 49.9% in 2022-23. Percentage share of advances in MSMEs is higher than the agriculture sector. The percentage share of advances in MSMEs to priority sector advances was 27.6% in 2017-18, and 30.5% in 2020-21, and 23.8% in 2022-23. The percentage share of advances in agriculture to priority sector advances was 15.8% in 2017-18, and 13.7% in 2020-21, and 14.1% in 2022-23. The percentage share of advances in other priority area advances was 11.1% in 2017-18, and 10.5% in 2020-21, and 12.2% in 2022-23.

Table 10: Percentage Advances to Rural, Semi-urban and Urban areas of Jharkhand

Year	Urban	Semi-urban	Rural	Year	Urban	Semi-urban	Rural
2015-16	58.49	24.03	17.47	2019-20	61.36	22.76	15.87

2016-17	58.80	25.00	16.20	2020-21	61.90	19.00	19.10
2017-18	62.12	24.24	13.64	2021-22	61.85	19.09	19.04
2018-19	58.95	26.45	14.00	2022-23*	61.83	19.31	17.86

Source: Jharkhand Economic Survey 2022-23, p.68. Note: Figure in percent (%), * upto June.

Table 10 discussed the percentage advances to rural, semi-urban and urban areas of Jharkhand. It has found that percentage advances in urban areas are higher than the semi-urban and rural areas. Percentage advances in urban areas was 58.49% in 2015-16, and 61.36% in 2019-20, and 61.83% in 2022-23. Percentage advances in semi-urban areas was 24.03% in 2015-16, and 22.76% in 2019-20, and 19.31% in 2022-23. Percentage advances in rural areas was 17.47% in 2015-16, and 15.87% in 2019-20, and 17.86% in 2022-23. Therefore, percentage advances to urban, and rural areas increased during 2015-16 - 2022-23, but decreased in semi-urban areas.

Table 11: Credit-Deposit Ratio in Banks of Jharkhand

Year	Jharkhand	India	Year	Jharkhand	India
2015-16	60.61	78.2	2019-20	55.33	76.0
2016-17	57.57	73.0	2020-21	55.63	71.5
2017-18	60.31	75.6	2021-22	42.37	71.9
2018-19	57.33	78.2	2022-23*	42.90	73.5

Source: Jharkhand Economic Survey 2022-23, p. 68. Note: *upto June.

Table 11 discussed credit-deposit ratio in banks of Jharkhand. Credit-Deposit Ratio shows the relation between total loans and total deposits in banks. A high CD Ratio shows amount of loans > amount of deposit. It increases the risk and reduces the liquidity in banks. Credit-deposit ratio in banks of Jharkhand is lower than the national figure. Credit-deposit ratio in banks of Jharkhand was 60.61 in 2015-16, and 55.33 in 2019-20, and 42.90 in 2022-23. Credit-deposit ratio in banks of India was 78.2 in 2015-16, and 76.0 in 2019-20, and 73.5 in 2022-23. The low credit-deposit ratio in banks of Jharkhand shows that banks are unable to utilise the deposits properly. It indicates underutilised funds, cautious lending, and missed revenue opportunities.

Table 12: Credit-Deposit Ratio in different categories of Banks in Jharkhand

Types of Banks	2018-19	2019-20	2020-21	2021-22	2022-23*
Lead Banks	43.1	41.0	25.09	28.26	28.74
Other Public Sector Banks	35.1	33.4	25.75	24.86	25.33
Private Sector Banks	85.6	74.1	31.34	65.47	69.75
Small Finance Banks	275.3	250.8	151.77	157.12	151.99
Cooperative Banks	16.2	16.7	12.48	23.84	33.24
Regional Rural Banks	38.8	40.1	40.97	45.45	48.18

Source: Jharkhand Economic Survey 2022-23, p. 70. Note: *upto June.

Table 12 discussed the credit-deposit ratio in different categories of banks in Jharkhand. It has found that the credit-deposit ratio is not the same in different categories of banks. Small Finance Banks have the highest credit-deposit ratio, followed by Private sector banks, and Regional Rural Banks. The credit-deposit ratio of Small Finance Banks was 275.3 in 2018-19, and 151.77 in 2020-21, and 151.99 in 2022-23. The credit-deposit ratio of Private Sector Banks was 85.6 in 2018-19, and 31.34 in 2020-21, and 69.75 in 2022-23. The credit-deposit ratio of Regional Rural Banks was 38.8 in 2018-19, and 40.97 in 2020-21, and 48.18 in 2022-23. The credit-deposit ratio of Lead banks was 43.1 in 2018-19, and 25.09 in 2020-21, and 28.74 in 2022-23. The credit-deposit ratio of Cooperative banks was 16.2 in 2018-19, and 12.48 in 2020-21, and 33.24 in 2022-23. Therefore, Small Finance Banks, and Private Sector Banks have the higher credit-deposit ratio, while cooperative banks have the least credit-deposit ratio.

Table 13: Credit-Deposit Ratio of Banks in Districts of Jharkhand

District	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23*
West Singhbhum	30.91	43.14	43.45	9.58	7.59	7.89
Simdega	24.79	24.44	21.59	20.83	24.97	26.06
Sahibganj	39.09	29.44	30.51	31.74	34.53	33.31
Ranchi	39.52	40.00	41.62	35.49	37.45	40.04
Ramgarh	39.52	36.50	35.60	33.04	37.95	37.45
Palamu	79.27	74.81	56.33	45.12	47.07	48.91
Pakur	41.48	41.01	44.66	47.36	51.44	51.16
Lohardaga	20.05	39.96	38.57	38.85	43.34	43.48
Latehar	55.24	53.60	39.11	29.31	34.55	36.96
Khunti	29.54	30.48	28.86	33.15	36.92	37.47

Hazaribagh	37.42	37.72	37.08	37.44	39.52	39.61
Gumla	21.39	26.77	23.72	24.19	27.68	27.72
Godda	25.31	24.55	26.45	30.18	32.92	33.21
Giridih	31.31	31.13	31.46	31.72	34.99	35.95
Garwah	37.13	36.98	35.46	34.89	39.08	42.24
East Singhbhum	83.34	80.69	73.92	40.12	40.95	42.76
Dumka	30.27	29.94	30.82	29.33	31.86	32.08
Chatra	26.50	27.69	26.39	25.17	26.61	26.74
Bokaro	43.79	42.14	40.34	28.68	31.44	32.03

Source: Jharkhand Economic Survey 2022-23, p. 71.

Table 13 discussed the credit-deposit ratio of banks in districts of Jharkhand. It has found that credit-deposit ratio of banks in districts of Jharkhand are not the same. Pakur, Palamu, Garwah, East Singhbhum, Lohardaga, and Ranchi districts have higher credit-deposit ratio of banks. On the other hand, West Singhbhum, Chatra, Simdega, and Gumla districts have lower credit-deposit ratio of banks. The credit-deposit ratio of banks in Pakur district was 41.48 in 2017-18, and 47.36 in 2020-21, and 51.16 in 2022-23. The credit-deposit ratio of banks in Palamu district was 79.27 in 2017-18, and 45.12 in 2020-21, and 48.91 in 2022-23. The credit-deposit ratio of banks in Garwah district was 37.13 in 2017-18, and 34.89 in 2020-21, and 42.24 in 2022-23. The credit-deposit ratio of banks in East Singhbhum district was 83.34 in 2017-18, and 40.12 in 2020-21, and 42.76 in 2022-23. The credit-deposit ratio of banks in Lohardaga district was 20.05 in 2017-18, and 38.85 in 2020-21, and 43.48 in 2022-23. The credit-deposit ratio of banks in West Singhbhum district was 30.91 in 2017-18, and 9.58 in 2020-21, and 7.89 in 2022-23.

Table 14: The pattern of NPA under Schemes of Jharkhand

Year	Self-help Group	MUDRA Loans	PMEGP
2018-19	76.70	56.95	55.37
2019-20	15.73	18.29	32.45
2020-21	11.57	8.53	36.45
2021-22	2.64	13.22	27.40
2022-23*	2.96	12.43	29.65

Source: Jharkhand Economic Survey 2022-23, p. 75. Note: Figure in percentage (%). * upto June. Note: PMEGP: Prime Minister's Employment Generation Program; MUDRA: Micro Units Development & Refinance Agency Ltd.

Table 14 discussed the status of non-performing assets under schemes of Jharkhand. It has found that the percentage of non-performing assets under different Government sponsored schemes varies. The non-performing assets are loans or leads that have not reached the financial institution's income. This happens when the borrower makes interest or capital payments for at least 90 days. As soon as the loan becomes an NPA, lenders start with managing poor assets. This means that lenders will take certain measures to collect outstanding debts. It has found that non-performing assets are higher in the PMEGP scheme, then the MUDRA Loans and Self-help Group schemes. Non-performing assets in the PMEGP scheme was 55.37% in 2018-19, and 36.45% in 2020-21, and 29.65% in 2022-23. Non-performing assets in the MUDRA loans scheme was 56.95% in 2018-19, and 8.53% in 2020-21, and 12.43% in 2022-23. Such assets in the Self-help Group scheme was 76.70% in 2018-19, and 11.57% in 2020-21, and 2.96% in 2022-23.

Table 15: Advances Disbursed and Non-Performing Assets in Jharkhand

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23*
Recovery (% to Gross Credit)	94.0	92.8	91.8	91.8	91.90
NPA (% to Gross Credit)	6.0	7.2	8.2	8.2	8.10
Recovery of loans and advances	89850.3	89142.7	75783.5	86724.4	88919.15
Gross NPA	5711.86	6964.39	6776.88	7777.15	7841.32
Advances	95562.1	96107.1	82560.4	94501.5	96760.47

Source: Jharkhand Economic Survey 2022-23, p. 75. *upto June.

Table 15 discussed the advances in disbursed and non-performing assets in Jharkhand. It has found that non-performing assets in percentage of gross credit have increased since 2018-19. It was 6.0% in 2018-19, and 7.2% in 2019-20, and 8.1% in 2022-23. Recovery of such assets as % to Gross Credit was declining since 2018-19. Gross NPA and advances have also been increasing trend since 2018-19. Gross non-performing assets were 5711.86 crores in 2018-19, and 6776.88 crores in 2020-21, and 7841.32 crores in 2022-23. Total advances were 95562.1 crores in 2018-19, and 82560.4 crores in 2022-23. On the basis of the above data, we did a simple regression analysis, where total non-performing assets are independent variables and total advances are dependent variables. The result of simple regression analysis is given below:

Table 16 (a): Summary Output

Regression Statistics	
Multiple R	0.156769163
R Square	(-) 0.024576571
Adjusted R Square	0.300564573
Standard Error	6784.10264
Observations	5

Source: Author calculated.

Table 16 (b): ANOVA Analysis

	df	SS	MS	F	Significance F
Regression	1	3478837.731	3478837.731	0.07558739	0.801215943
Residual	3	138072145.9	46024048.64		
Total	4	141550983.6			

Source: Author calculated.

	Coefficients	Standard Error	t Stat	P-value
Intercept	85571.35952	27545.1478	3.106585601	0.053022425
Gross NPA	1.073083988	3.903094252	0.27493161	0.801215943

Source: Author calculated.

The table (16-a) shows that R square is found to be -0.024576571, showing that there is no degree of relation between the independent variable X, i.e. total non-performing assets, and the dependent variable Y, i.e. total advances. Table (16-b) shows that p value (0.80121) is higher than critical value at 5% level of significance ($p > 0.05$), therefore we will accept the null hypothesis hypothesis-1. So, it is concluded that there is no relation between advances and non-performing assets of the banking sector of Jharkhand.

(b) Challenges and Government Initiatives for Non-Performing Assets

NPAs are loans or progress issued by banks or financial institutions that no longer bring money to creditors. This is because the borrowers could not pay for more than 90 days and the loan stake. The NPA ratio of the bank lending portfolio increases, the income and profitability are inadequate, the ability to borrow to the fall, basically the possibility of default value-and write-off. To solve this problem, the government introduced various policies and methods to manage and reduce the amount of non -working assets in the banking sector. High NPA is not good for banks. This is because it is an asset that does not work. It means that banks do not have too many loans or do not cause banks' income.

Some of the reasons are a variety of macroeconomic factors, such as high levels of fraud, clan capitalism, exports due to economic downturn, and falling commodity prices. The main problem of the NPA occurred during the global financial crisis, and it was impossible to repay loans. Another cause of non -working assets, which may be due to internal reasons, was a defect in the manager's deficiency and loan procedures, and the loan evaluation system was bad, the lack of regular observation and wrong/ incomplete documentation. It affects profitability, credit opportunities and general financial health until working assets raise serious problems with banks. These problems include capital erosion, reduction in profitability, and less availability of loans. In addition, growth of NPA can weaken investors' trust and the stability of the banking sector.

It is important to focus on prevention and early identification in order to reduce banks' non -working assets. This includes the use of technology for early detection and NPA faster resolution. The decrease in NPA is a continuous process that requires a combination of reasonable loan practices, effective risk management and adaptability for changes in economic conditions. Banks need effective strategies to restore loans. The bank should recommend that the borrower will work with the bank to find a mutually beneficial solution. Banks must support provisions for the potential loss of loans based on careful management. The bank must inform the borrowers about the importance of financial obligations and timely payment. The bank must use extended technology and data analysis to identify the initial signs of potential defaults. Banks must follow all rules and guidelines related to the quality of loans and assets.

CONCLUSION

Financial institutions and their services are steadily increasing in Jharkhand. The number of bank branches increased during 2015-16 -2022-23 in Jharkhand. The share of ATMs, white ATMs, and deposits are comparatively lower in Jharkhand than the national figures. Urban branches in the state have more deposits than the branches in semi-urban or rural areas. The share of advances allocated by scheduled commercial banks in Jharkhand is lower than the of national figures. Total advances disbursed

by different categories of banks was increased during 2018-19 to 2022-23. Advances in sectors decline in 2020-21, due to the corona pandemic. Compared to non-priority areas, priority areas have a higher percentage share of advances in Jharkhand. Percentage advances in urban areas are higher than the semi-urban and rural areas. Credit-deposit ratio in banks is lower than the national figure. Small Finance Banks, and Private Sector Banks have the higher credit-deposit ratio, while cooperative banks have the least credit-deposit ratio. Credit-deposit ratio of banks in districts of Jharkhand are not the same. Pakur, Palamu, Garwah, East Singhbhum, Lohardaga, and Ranchi districts have higher credit-deposit ratio of banks, while West Singhbhum, Chatra, Simdega, and Gumla districts have lower credit-deposit ratio of banks.

The percentage of non-performing assets varies under different Government sponsored schemes. Non-performing assets are higher in the PHEMEG scheme, then the MUDRA Loans and Self-help Group schemes. Non-performing assets in percentage of gross credit have increased since 2018-19. There is no relation between advances and non-performing assets of the banking sector of Jharkhand. NPA affects profitability, credit opportunities and general financial health until working assets raise serious problems with banks. The bank should recommend that the borrower will work with the bank to find a mutually beneficial solution. Banks must support provisions for the potential loss of loans based on careful management. Reserve bank of India implemented guidelines for banks for minimising the non-performing assets. Therefore, non-performing assets in financial institutions of Jharkhand is a challenge before the Reserve bank of India. So, proper monitoring and implementation of policies are more important for mitigating the challenge.

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