



EVALUATIONS OF THE PERFORMANCE OF COMMERCIAL BANK IN RURAL DEVELOPMENT IN JHARKHAND

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Rural development is the process of improving the quality of life and economic well-being of people living in relatively detached and sparsely populated areas. It has been a mandatory part of India's development from the very beginning. The main aim of the institutional credit is to affranchise the rural people from the clutches of the private moneylenders and put them on the line towards development through providing credit at an appropriate rate of interest, subsequently rising them to take off stage in their life and as such there will be prosperity in the rural economy. This paper attempts to analyse the performance of commercial bank in rural development in Jharkhand.

INTRODUCTION

India is a country of villages and its development depends on the development of the people living in rural areas. It is a second most populous country of the world. But a big part of this population has been leading an uncertain economic life due to the non-intuitional credit. India is mainly an agricultural country and farming is their main occupation. In terms of method of production, social organization and political mobilization, rural sector is excessively backward and weak. Moreover, technical developments in field of agriculture have increased the gap between the rich and poor as the better of farmers adopted modern technology to greater extent than the smaller ones. In rural areas most of the people related to small and scale industries. For the development of these industries there is need of credit in an appropriate interest rate. The financial, trained and skilled manpower, and managerial resources devoted to the implementation of rural development programs are quite inadequate. The main problems of rural development are underdeveloped rural infrastructure. It has a big role in development of rural economy. Rural Infrastructure plays a very important role for not just the country's economic growth but also its progress in human development. Rural infrastructure includes road, power, housing, education, health, drinking water and sanitation etc. Rural Infrastructure Development Fund is a program. It was started by the Government in 1995-96 for financing ongoing rural infrastructure projects. The Fund is maintained by the National Bank for Agriculture and Rural Development (NABARD). Domestic Commercial Banks contribute to the Fund for the development of rural infrastructure. Commercial banks may play a big role in rural development by providing credit in appropriate interest rate. But the time period in which loans are given to rural people by commercial banks is very long. The procedure of giving credit is very long they demand security paper for long term loans.

Concept of Rural Development

The term of rural development is used to mean 'organizing things so as to change present conditions in favor of a better state. There may be many factors of development drawing their nomenclature from the sphere of activity where the change is attained. For several decades the term was used, solely, for economic change inclusive of the conditions which affect betterment.

Rural development is the process improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas. Rural development has traditionally

centered on the exploitation of land intensive natural resources such as agriculture and forestry. However, changes in global production networks and increased urbanization have changed the feature of rural areas. Increasingly tourism, niche manufacturer and recreation have replaced resources extraction and agricultures as main economic drivers. The need for rural communities to approach development from a wider perspective has created more focus on a large range of development goals rather than merely creating incentive for agricultural or resource based business. Education, health entrepreneurship, physical infrastructure and social infrastructure all play an important role in developing rural regions. Rural development is also characterized by its emphasis on regional produced economic development strategies. Rural areas are highly distinctive from are another. For this there is a large variety of rural development approaches used globally.

Rural development is a broad term. It essentially focuses on work for the development of areas that are lagging behind in the overall development of the village economy. There are many areas which are challenging and need new initiatives for development rural India. Objectives of rural development are:

- (1) To reform the living standards by providing food, shelter, clothing, health facilities employment and educations to the rural people.
- (2) To increase employment and productivity in rural areas and reduce poverty.
- (3) To involve rural people in planning and development through their participation in decision making and through centralization of administration.
- (4) To ensure distributive Justice and equalization of opportunities in the rural society.

Strategies For Rural Development

A strategy consists of an ordering of several policy parameters to attain the desired goals. Several strategies emphasize and give importance to different mixes of agrarian relations, techniques in order to achieve the goals of rural development. To illustrate some of the rural development strategies followings are different types of rural development strategies giving central importance to agrarian relations for purpose of classifications:

- (1) A strategies based on collectivization of resources.
- (2) A strategies based on regulated capitalist perspective.
- (3) A strategies based on peasant agrarian perspective.
- (4) A strategy based on Laissez fair or un-regulated free market capitalist perspective.

Measure of Rural Development

Future policy will beconstructing around the three thematic axes. For each axis a range of measures will be available. In the new Regulation, conditions under which the measures can be implemented have between streamlined and simplified members states establish at national or regional level, their rural development programmes choosing those measures that suit the needs of their rural areas prime and taking into account the priorities and strategies chosen in the national strategy plans on rural development.

Measures Under Axis 1(improving The Competitiveness of Agricultural And Forestry Sector)

Under this axis, measures falls into four groups:

- (i) Human Resources
- (ii) Physical capital
- (iii) Food quality
- (iv) Transitional measures for the new member states

Measures under Axis-2 (Improving the environment of rural areas)

Measures are in the following groups under Axis-2

- (i) Sustainable use of agricultural land
- (ii) Sustainable use of forestry land

Measures under Axis-3 (High standard of life in rural areas and diversification of the rural economy)

There are three groups of measures under Axis 3

- (i) Diversity of the rural economy
- (ii) Development of the quality of life in rural areas
- (iii) Training, skill acquisition and vivacity

Rural Development And Performance Of Commercial Banks In Rural Development

Rural Development has been a mandatory part of India's development from the very begging. According to nutshell, rural development may be viewed as a programme intended for the all-round development of the entire rural population through development of all sectors of rural societies. Different schemes have been initiated to develop agriculture, rural transport, small scale and village industries, and communication, electricity, education, health etc. Rural development has assumed considerable significance through the planning era, the early development plans such as Development programme, Drought-prone area programme and command Area Development Programme, etc., have all aimed at rural development. Commercial banks have played very important role in rural development by providing rural credit in an appropriate rate of interest. Considerable amounts have been spent over these various schemes. No doubt, to some extent, development has taken place in the rural areas because of these various schemes. However, these schemes have not helped to develop significantly all sections of the rural society.

OBJECTIVES OF THE STUDY

1. To analyses the performances of Commercial Banks in Rural Development in India
2. To evaluate the role of Commercial Banks in Rural Development in Jharkhand.

REVIEW OF LITERATURE

H.M. Patel (1977) in his article "Rural development in India" analyses that there is a need to improve both extension services as well as agricultural research services.

Charan D. Wadhwa (1980) in an evaluation study 'Rural banks observes that all loans granted by commercial banks under the Differential Interest Rate (DIR) scheme to the weaker sections of the rural society must be made through the Regional Rural Banks in their areas of operation.

A case study of Panitola block in Dibrugarh District in Assam is included in a book edited by T. Mathew (1984) observes that most of the households preferred loans from moneylenders and traders. The

reason for this preference is that the non-institutional agencies provide loans for all intention including consumption at any time they require. It is further revealed that there is a strong feeling among the rural poor that credit facilities from financial institutions facilities from financial institutions are meant only for the upper strata of the society as they alone can provide the required security.

J JothiPandian(1986) in his rural development advised that the branch manager and staff working at field level need to be fully acquainted with the aims and objectives of the various development programmes and the areas where their participation and involvement is called for.

V. Bala Mohandas and P.HrushiKesarRao (1986) in a study on 'Bank's finance in Rural Developmrt ' suggest that consumption loans should be combined with production loans. This would clutch such borrowers away from moneylender.

Design settee (1991) in his book, ' Rural Development Problem and Prospects' suggest the banks to motivate the individuals and says that to do so, they have a role to educate the community in which they operate. The study educes that the banks have increased paper reports more than tangible actual accomplishment in the field.

In a book " Rural Development in India " edited by T.K. Lakshman and B.K. Narayan ,(1984) Mumtaz Thana advises that the next step in rural development should be to have a single programme and single scheme at the bank level. The plan should consist of area specific, beneficiary-oriented, time bound plans and should follow the concept of integrated area planning.

G. Narayan Reddy (1986) in his study on 'Rural dynamics and Development'previses that the developmentprograms leading to material prosperity without ethical discipline of hard work, thrift, saving and investment tend to cause social distrupution instead of bringing about social development. The ' loan melas ' of commercial banks which create a dole receiving mentality among people who mere want to know what the government will give them , without the simultaneous sharing of responsibilities.

Vyasa Krishna(1993) in his study 'Rural Development Through Financial Services, revealsthat in the present scenario, instead of an exclusive Rural Insurances, set up in the country with a large capital base, a separate bancassurances' set up bringing banking and rural finance sectors under one.

METHODOLOGY

The present study based on secondary data. The information has been collected from the Annual Report of RBI, NABARD Jharkhand Survey, various research articles and SLBC of Jharkhand.

Commercial Banks Provide Credit As A Level of Development

After nationalization of banks, the main objective of the bank to provide credit as a level of development, it means provide large credit to rural population. More credit was given to rural population in minimum rate of interest. Intensive area approach concludes (i) village adoption scheme, the area falling under the operation of the bank meant for intensive coverage for planned and supervised credit. There have been formulations of credit schemes suitable to the needs of borrowers and provision of credit advice and extension support. It is facilitated micro-planning at the farm level.

Project Landings were activity oriented in specific area, technical feasibility and financial Project lending was activity oriented area, technical feasibility and financial viability of the activity were carefully examined and presence of backward forward linkage was ensured.

Commercial banks have prepared such activity based projects and got them approved by the NABARD which provided refinance facilities to them. Agricultural Finance Corporation also prepared large projects covering areas specific or activity specific credit operations in which, more than one bank will participate.

The SBI development Agricultural Development Branches in early seventies with a view to concentrating on the formulation of agricultural purposes in their area of operation, and thus contributing to agricultural development in area. Projects like irrigation, farm mechanization technological changes in agriculture and allied activities. It was covering a cluster of villages and also command area of 100 to 120 villages. The instruments of such an effect were carefully evolved credit project, refinanced by ARDC/NABARD. It was allowed to finance Cottage and Small Agro-based industries, artisans, small units devoted to improve of rural trade.

Table-1 : Deposit and Lending Rate of SCBs in India (Percent)

End- Month Repo Rate		Term Deposit Rates		Lending Rates			
	Repo rate	Median Term Deposit rate	WAD-TDR	Median Base Rate	WALR Out-standing Rupee Loans	WALR-Fresh Rupee Loans MCLR	1-Yr Median
1	2	3	4	5	6	7	8
Dec-2014	8.00	7.53	8.64	10.25	11.84	11.45	-
Mar-2015	7.50	7.49	8.57	10.20	11.76	11.07	-
Mar-2016	6.75	6.81	7.73	9.65	11.20	10.47	-
Apr-2016	6.50	6.65	7.64	9.65	11.23	10.59	9.45
June-2016	6.50	6.63	7.59	9.65	11.19	10.43	9.45
Sep-2016	6.50	6.52	7.41	9.65	11.13	10.35	9.35
Oct-2016	6.25	6.54	7.38	9.64	11.09	10.48	9.30
Dec-2016	6.25	6.22	7.19	9.64	11.07	10.12	9.15
Mar-2017	6.25	6.15	6.97	9.55	10.80	9.74	8.60
May-2017	6.25	6.08	6.86	9.50	10.66	9.84	8.55
June-2017	6.25	5.98	6.81	9.50	10.67	9.50	8.53
Variation (Percentage Points)							
Oct-16 over Dec-14	-1.75	-0.99	-1.26	-0.61	-0.75	-0.97	-
Oct-16 over Mar-16	-0.50	-0.27	-0.35	-0.01	-0.11	0.01	0.15
June-2017 over Ovt-16	0.00	-0.56	-0.57	-0.14	-0.42	-0.98	-0.77

Source: Annual Report of Notes: Bank Rate was aligned to MSF rate with effect from February 13, 2012.

WADTDR: Weighted Average Domestic Term Deposit Rate. WALR: Weighted Average Lending Rate. MCLR was introduced on April 1, 2016. For MCLR, the period pertains to October 2016 over 2016.

Source: Special Monthly Return VIAB, RBI and bank websites.

Table 1 shows the deposit and lending rate of SCBs from Dec 2014 to June 2017. In Dec. 2014 repo rate was 8% which decreased from 8 % to 6.25 % in June 2017. It reveals decreasing variation in repo rate from Dec-2014 to June- 2017. The Decreasing variation from Dec-2014 to Oct-2016 is -1.75 point. Similarly the variation in repo rate from Mar-2016 to Oct-2016 was -0.50 point. In Dec 2014 Median base rate was 10.25 which decreased from 10.25 to 9.25 in June 2017. It also reveals decreasing variation in base rate from Dec-2014 to June 2017. It shows that when RBI reduced repo rate then banks also reduced base rate.

Table-2 : Revision in Policy Rates of Commercial Banks in India

Effective Date	Bank rate/ MSF Rate* (Percent)	Repo Rate (Percent)	Reverse repo Rate (percent)	Cash Reserve Ratio(percent of NDTL)	Statutory Liquidity Ratio(percent of NDTL)
05/04/16	7	6.5	6	4	21.25
09/08/16	7	6.5	6	4	21
04/10/16	6.75	6.25	5.75	4	20.75
08/02/17	6.75	6.25	5.75	4	20.5
06/04/17	6.5	6.25	6	4	20.5
07/06/17	6.5	6.25	6	4	20
02/08/17	6.25	6	5.75	4	19.5
14/08/17	6.25	6	5.75	4	19.5
04/10/17	6.25	6	5.75	4	19.5
06/12/17	6.25	6	5.75	4	19.5

Source: Annual Report of Notes: Bank Rate was aligned to MSF rate with effect from February 13, 2012.

NDTL is Net Demand and Time Liabilities RBI 2016-17

Table -2 shows the revision in policy rates from Apr-2016 to Dec- 2017. Monetary policy during 2017-18 was conducted under the revised statutory framework, which became effective from August 5, 2016.

In the third bi-monthly monetary policy Statement for 2017-18 in August 2017, the MPC reduced the policy Repo Rate by 25 basis points to 6.0 per cent. It kept the rates unchanged in both October and the latest meeting held in December. Accordingly, the Reverse Repo Rates under the Liquidity Adjustment Facility (LAF) stands at 5.75 per cent, and the Marginal Standing Facility (MSF) rate and the Bank Rate at 6.25 per cent. The bank rate which is 7% in Apr 2016 has decreased 0.75 % August 2017. There is no change in bank rate from August 2017 to December 2017. There is also no change in Cash Reserve Ratio from April 2016 to December 2017. It is presented in the above table.

Table-3 : Year-on-Year Growth in Monetary Aggregates in India (end March, %)

Sl. No.	Items	2011	2012	2013	2014	2015	2016	Dec 2016 #	2017	Dec 2017*
1	Currency in Circulation	18.8	12.4	11.6	9.2	11.3	14.9	-40.2	-19.7	80.4
2	Cash with Banks	18	15.2	14.6	10.7	12.4	6.6	124.3	4.2	-48.3
3	Currency with the Public	18.8	12.3	11.5	9.2	11.3	15.2	-47.6	-20.8	105.6
4	Banker's Deposit with the RBI	20.2	-15.9	-10	34	8.3	7.8	10.8	8.4	8.1
5	Demand Deposits	0.7	-1.7	6	7.8	9.8	11	26.4	18.4	6.4
6	Time Deposits	18.7	16.1	15	14.9	10.7	9.2	13.2	10.2	3.5
7	Reserve Money (Mo)	19.1	3.6	6.2	14.4	11.3	13.1	-28.9	-12.9	55.9
8	Narrow Money(M1)	10	6	9.2	8.5	11.3	13.5	-18.9	-3.9	45.8
9	Broad Money(M3)	16.1	13.5	13.6	13.4	10.9	10.1	6.2	6.9	10.5

Source: Economic Survey 2017-18

Demand deposit has increased from 0.7% in 2011 to 6.4% in Dec 2017. Banker's deposit was 20.2 % in 2011 but it has decreased from 20.2 % to -15.9% in 2012. It has increased 34% in 2014 from -10% in 2013. Time deposit was 18.7% in 2011 which has decreased from 18.7% to 3.5% in Dec 2017. It shows decreasing rate of time deposit from 2011 to 2016. Reserve Money was 19.1% in 2011 which has decreased from 19.1% to 13.1% in 2016. It has negative increase Dec 2016 to 2017. But it increased 55.9 in Dec 2017.

Table- 4 : Industry -Wise expansion of Bank Credit by Major Sectors in India (Y-o-Y, %)

Sector	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	November 2018
Industry	20.7	15.1	12.8	5.6	2.6	-1.9	0.1
(i) Micro & Small	12.6	20.2	23.6	8.2	-2.3	-0.5	4.6
(ii) Medium	7.1	-0.1	-2.7	2.6	-7.8	-8.7	-8.3
(iii) Textiles	9.9	15.1	10.2	-0.2	1.9	-4.6	4.6
(iv) Infrastructure	20.8	15.9	14.6	10.5	4.4	-6.1	-2.3

Source: Economic Survey 2017-18

Table-4 shows Industry-Wise deployment of Bank Credit. The credit provided by bank to Industry is 20.7% in March 2012 which has decreased from 20.7% to 0.1% in November 2017. It has negative increase in March 2017. The bank credit provided by bank to Micro & Small Industries is 12.6% in March 2012 which increased from 12.6% to 23.6% in March 2014. It has also negative increase in March 2016 to March 2017. The credit provided to Textiles and Infrastructure sector are 9.9% and 20.8% in March 2012 respectively. Both sectors have negative increase in credit provided by bank in March 2017.

RURAL DEVELOPMENT IN JHARKHAND

As nearly 76% of the population of Jharkhand reside in the rural areas, obtained their livelihood in a direct and indirect manner from agriculture and allied activities. Although, Jharkhand has 40% of the country's mineral resources, 37% of the population is poor. There are needs of rural development to solve the problems of Poverty and unemployment in Jharkhand. For the development of economy of Jharkhand rural development is necessary. Commercial banks have played very important role for the development of priority sector, Agriculture, and small scale industries by providing loans.

Table- 5 : Performance of Commercial Banks in Jharkhand
(Amt. in Lacs.)

Year		Deposit	Advance	Priority Sector Adv.	% of PS to Adv.	Agriculture Sector	% of agri to Adv.	MSME Adv.	% of MSME
Lead Banks									
Till March 2018	A	11212701	5049206.7	2885760.22	57.15	915229.77	18.13	1281604	25.38
Public Sector Banks									
Till March 2018	B	4773601.8	1582964.5	883477.21	55.81	199693.77	12.62	528403.8	33.38
New Public Sector Banks									
Till March 2018	C	1107819.5	270738.91	173369.97	64.04	20962.69	7.74	123477.4	45.61
New Public Sector Banks(IDBI)									
Till March 2018	D	424023	140472.59	97312.1	69.27	9163	6.52	48159	34.28
Private Sector Banks									
Till March 2018	E	14391111.36	1227884.3	398917.6	32.49	53354.64	4.35	318660.8	25.95
Total Commercial Banks									
Till March 2018	A+B+C+D+E	18957256.7	8271267.1	4438837.1	53.67	1198403.87	14.49	2300305	27.81

Source: SLBC of Jharkhand

State level Bankers' Committee- Jharkhand
Convenor: Bank of India
As on 31st March 2018

Table-5 shows Deposit and Advance of Commercial Banks in Various sectors in Jharkhand till Mar-31 March 2018. The Lead Bank of Jharkhand is SBI, Bank of India and Allahabad Bank. The performance of commercial banks is presented in the above table. Table-5 shows the performance of commercial bank in Jharkhand till March 2018. The total deposit in lead bank is Rs 11212701 lacs till March 2018. The total advance provided by lead bank is Rs 5049206.7 lacs in the same period.

The priority sector advance by commercial bank was 4438837.1 lacs till Mar-2018 which was 53.67 %. Agriculture sector advance by commercial bank was 1198403.87 lacs which were 14.49% of total advance. Similarly MSME advance was by commercial bank was 2300305 lacs which were 27.81%.

**Table -6 : Branch Network Bank Wise in Jharkhand
As on 31st March 2018**

Sl. NO.		Rural		Semi Urban		Urban		Total		ATM Installed	
	Banks	31st March of last financial year	Opened during the current financial year	31st March of last financial year	Opened during the current financial year	31st March of last financial year	Opened during the current financial year	31st March of last financial year	Opened during the current financial year	On site	Of site
Banks With Lead Bank											
1	SBI	308	-4	132	-1	151	-9	591	-14	549	624
2	Bank of India	318	0	88	0	86	1	492	1	352	199
3	Allahabad bank	73	0	44	0	30	0	147	0	32	6
A	Sub Total	699	-4	264	-1	267	-8	1230	-13	933	829
Other Public Sectors Banks											
4	Central bank of India	29	0	35	0	24	0	88	0	76	23
5	Punjab National Bank	49	3	30	1	30	1	109	5	102	95
6	United Bank of India	33	0	28	0	15	0	76	0	31	14
7	Canara bank	61	1	42	0	35	3	138	4	130	50
8	Union bank of India	36	0	25	0	26	0	87	0	60	30

9	UCO bank	24	0	31	0	18	0	73	0	49	4
10	Bank of Baroda	25	1	39	0	30	0	94	1	97	76
B	Sub Total	257	5	230	1	178	4	665	10	545	292
Other Public Sector Banks New											
11	Indian over seas Bank	12	0	12	0	17	0	41	0	25	15
12	Syndicate Bank	14	0	8	0	23	1	45	1	34	4
13	Oriental Bank of Commerce	1	0	20	0	15	0	36	0	31	0
14	Dena Bank	7	0	8	0	7	0	22	0	13	4
15	Indian Bank	4	0	6	0	13	0	23	0	19	4
16	Punjab and Sindh Bank	3	0	4	0	9	0	16	0	16	0
17	Vijaya Bank	1	0	5	0	8	0	14	0	15	0
18	Andhra Bank	4	0	11	0	8	0	23	0	20	2
19	Corporation Bank	0	1	3	0	10	0	13	1	14	2
20	Bank of Maharashtra	0	0	1	0	6	0	7	0	5	1
C	Sub Total	46	1	78	0	116	1	240	2	192	32
Other Public Sector banks New											
21	IDBI	13	0	23	0	18	1	54	1	53	39
D	Sub Total	13	0	23	0	18	1	54	1	53	39
Private Sector banks											
22	Federal bank	3	0	2	0	5	0	10	0	9	0
23	HDFC bank	2	0	26	0	33	0	61	0	66	76
24	ICICI bank	4	0	25	0	26	0	55	0	59	104
25	Karnataka Bank Ltd.	0	0	0	0	3	0	3	0	3	0
26	AXIS Bank	4	1	28	7	16	2		48	10	49
27	Indus Ind Bank	4	0	4	0	9	2	17	2	15	20

28	Jmmu and Kashmir Bank Ltd.	0	0	0	0	1	0	1	0	1	0
29	Yes bank	0	0	1	0	4	0	5	0	4	5
30	Kotak MahindraBank	1	0	7	0	6	0	14	0	9	1
31	South Indian Bank	0	0	0	0	2	0	2	0	3	0
32	Laxmi Vilash Bank	0	0	0	0	2	0	2	0	2	4
33	KarurVasya Bank	0	0	0	0	2	0	2	0	2	0
34	Bandhan Bank	5	0	15	0	6	1	26	1	10	0
E	Sub Total	23	1	108	7	115	5	246	13	232	370
Comc. Banks(A+ B+C+D+E)		1038	3	703	7	694	3	2435	13	1955	1562

Source: Banks (SLBC of Jharkhand) Branch opened during current financial year-27 Branched closed:-14(SBI)

Table-6 shows branch network of commercial bank till March 2018 in Jharkhand. The total branches of lead bank till 2018 are 699 in rural areas of Jharkhand. The total branches of commercial bank in the same period in rural areas of Jharkhand are 1038. The total branches of commercial bank in the same period are 703 in semi urban areas of Jharkhand. The total branches of commercial bank in the same period are 2435 in Jharkhand. The total ATM installed in the same period in onsite and of site of Jharkhand are 1955 and 1562 respectively.

PERFORMANCE OF BANKING SECTOR IN JHARKHAND

Deposit And Credit Situation of Banks

The deposit and credit, which are the core performances of the banking business, have expanded gradually in Jharkhand. It is presented in table-7.

Table -7 : Key Indicators of Banking in Jharkhand (as at September -end)

Sl. No	Key Indicators	2014	2015	2016	2017
1	Deposit	128163.93	146956.73	168852.39	189992.80
2	Credit	61540.98	68449.93	77152.36	81599.81
3	Credit as per Place of Utilization & RIDF	11238.65	20773.20	26120.12	30084.34
4	Total Credit	72779.63	89223.13	103272.48	111684.15

5	Cd Ratio (%)	56.78	60.71	61.16	58.78
6	Priority Sector Advances (PAS)	56.78	34853.71	42316.26	42282.95
7	Share of PSA to Total Advances (%)	50.45	50.91	54.84	51.82
8	Agricultural Advances	10848.88	12198.61	13164.08	12860.29
9	Share of agriculture to Total Advances (%)	17.62	17.82	17.06	15.76
10	(i) Micro & Small Enterprises Advance	11665.60	15476.32	19170.47	19582.90
	(ii) Share of Micro & Small Enterprises to total Advances (%)	18.95	19.68	24.84	24.00
11	Advances to Weaker Section	10305.35	13644.32	14916.92	14308.20
12	Share of Weaker Section Advances to Total Advances of Last March (%)	16.75	19.93	19.33	17.53
13	DRI Advances	27.88	34.23	48.40	36.72
14	Share of DRI Advances to Total Advances of Last March (%)	140.04	0.05	0.06	0.05
15	Advances to Women	11834.09	13958.90	12707.59	10309.18
16	Share of Advances to women in Total Advances (ANBC) (%)	19.23	20.39	16.47	12.63
17	Advances to Minorities	4446.21	6184.61	5600.30	5454.28
18	Share of Advances to Minorities under PSA (%)	14.32	17.74	13.23	12.90
19	N.P.A. Percentage to Gross-Credit	3639.21 5.91	4253.88 6.21	4532.51 5.87	4929.06 6.04
20	Branch Network (in no.) - Rural Semi-Urban Urban Total	1373 691 633 2697	1449 724 673 2846	1493 759 701 2953	1497 780 726 3003
21	ATM installed in Jharkhand	2485	2665	3054	3507

Source: 61st SLBC, Jharkhand

There has been an increase in deposit during the past one year by about 12.5 per cent between 2016 and 2017(i.e. from Rs. 1, 68852.39 crore as in the end of September 2016 to Rs. 1, 89992.80 crore as at September 2017). Total credit has increased marginally by 3.3 per cent. CD ratio of the scheduled commercial banks has declined from 46.11 per cent as at September end 2016 to 43.56 per cent as at September 2017. For the private banks, the increase has been around 5 per cent. According to latest available data, CD ratio has declined from 61.16 per cent in 2016 to 58.78 per cent in 2017. In spite of various measures trend since 2015 which is clearly presented in table 7.

The share of priority sector advances (PSA) to total advance decreased from 54.84 as at end - September 2016 to 51.82 as at end -September 2016 to 51.82 as at end-September 2017 and the PSA also decreased marginally during the same period. The share of agricultural advance to total advances has decreased from 17.06 % to 15.76% during the same period. Advance to weaker section as well as advances to women has also decreased during this period.

Non-Performing Assets (NPAs) In Jharkhand

Non- performing Assets (NPAs), another indicator of the health of the banking sector, It is recorded an increase from Rs.4, 532.51 crore at September-end 2016 to Rs. 4,929.06 crore as at September-end 2017. The ratio of NPA to the total advances increased from 5.87 to 6.04% during the same period.

In the priority sector advances , the share of Micro and Small Enterprise(MSE) in total NPAs constituted around 50.70% followed by the agricultural sector(19.09%) advances to non-priority sector (NPS) around 15.37 % of the total NPAs(as at September-end 2017) . Bank wise NPAs data shows that Bank of India has the highest amount of NPAs (Rs. 1,193.10 crores), followed by Punjab National Bank (Rs. 1,076.63 crore). Sector wise NPA status is shown in Table 8.

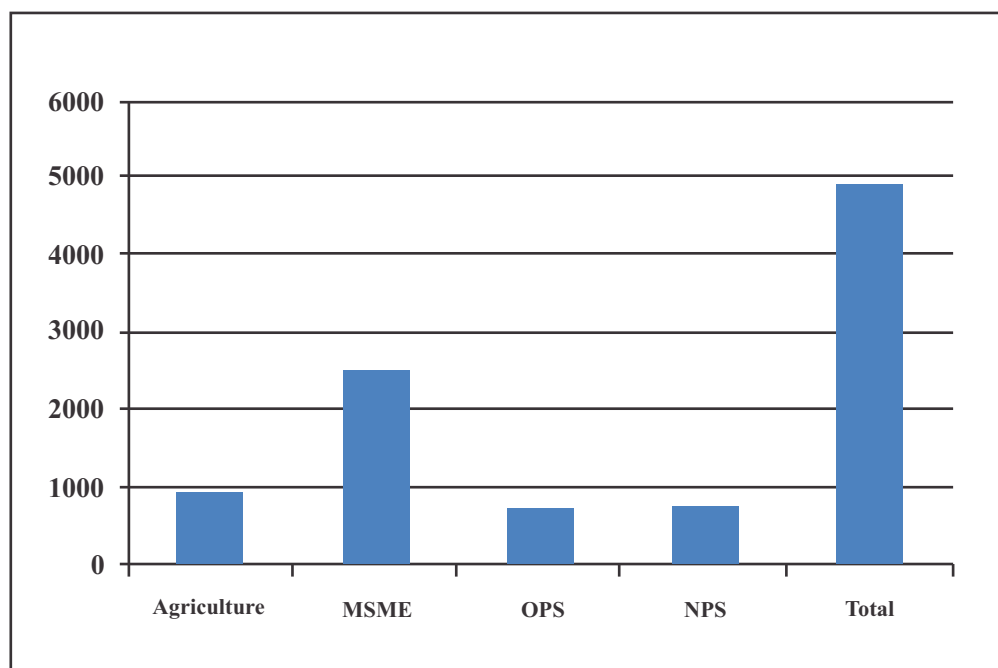
Table -8 : Sector wise Status of Gross and net NPAs (Rs in Crores)

Sector	Gross NPA	Net NPA
Agriculture	940.99	575.64
MSME	2499.18	1249.94
OPS	733.47	457.73
NPS	755.42	354.35
Total	4929.06	2637.66

Source: Economic Survey of Jharkhand 2017-18

Table-8 shows sector-wise status of gross and net NPA in Jharkhand. The share of agriculture in gross and net NPA is Rs 940.99 and 575.64 crores respectively. The share of MSME in gross and net NPA is Rs 2499.18 and 1249.94 crore respectively. The total gross and net NPA is Rs 429.06 and Rs 2637.66 crore. The maximum Gross and Net NPA are in the MSME (Marginal, Small and Medium Enterprise) sector. The minimum Gross NPA is in the OPS sector and Minimum Net NPA is in the NPS sector.

Figure -1 : Position of Non-performing Assets, Sector-wise (2017-18) (Rs. in crores)



Source: Economic Survey of Jharkhand 2017-18

Figure-1 shows sector-wise position of NPAs in Jharkhand during 2017-18. The maximum increase in Gross NPA is in MSME (Micro small and medium enterprises) sector and minimum is in the OPS sector.

CONCLUSION

Commercial banks have played very important role in rural development in India. Before nationalization of commercial banks, the share of commercial banks in rural credit was very low. But after nationalization its share in rural credit has increased rapidly. They have also played very important role in rural development to providing loan in minimum rate of interest to the rural people.

Commercial banks also have decreased lending rates and medium base rate for providing more loans. Commercial bank have decreased base rate from Dec. 2014, to June 2017. They have also decreased bank rate, repo rate and SLR from Apr. 2016 to Dec. 2017 for providing more credit. Numbers of branches have been opened in rural areas and new ATMs have been also installed in on site and of site areas of Jharkhand. Advance provided by commercial bank to priority sector, agriculture and Micro and Small Enterprises have increased rapidly in Jharkhand. It has played very important role in rural development. On the other hand NPAs of banking sector have increased rapidly. NPAs are the indicator of health of banking sector. Its increase is not good for the banking sector and Indian Economy.

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