

Contemporary Issues and Challenges of Institutional Finance in Bihar: An In-depth Study

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Abstract:- It has been observed that the Public sector banks in Bihar are prominent in institutional credit and deposits. They play a vital role for expansion of the economic activities and filling the credit gaps. The number of customers visiting the banks has come down due to the use of technology in their functioning. Wide spread use of debit cards, credit cards, ATM cards, UPI transactions, services of CSPs, internet and mobile banking services has changed the banking habits of the customers. The network of banks through Grahak Seva Kendras or Customer Service Points is expanding rapidly. Public sector banks lead in deposits and advances in comparison to the private banks, cooperative banks and other small finance banks. Commercial banks have twice non-performing assets vis-a-vis the regional rural banks. The state has enormous constraints due to the prevalence of weak governance, lack of infrastructure, complex social stratification, persistent poverty, etc. High dependence on public sector banks, credit gaps, credible underwriting digital innovations and high non-performing assets are the major challenges before the institutional finances in Bihar.

Keywords:- Bank, Credit, Deposit, Financing Institutions and Non-Performing Asset.

I. INTRODUCTION

Financial institutions are involved in business with monetary and financial transactions. They play a vital role in allocating funds to people who seek resources. They work as an intermediary for savers' or investors' who supply funds and seek funds. It is a key part of the capital markets. Investment dealers, brokerage firms, insurance companies, and banks are major financial institutions in India. They offer direct funds to industrial undertakings for launching new products. They also provide assistance to entrepreneurs through direct subscriptions to shares, underwritings, debentures and guarantees. Small industries and start-ups can start business by seeking medium and long term loans from these institutions. Government regulates and oversee banks and other financial institutions.

The Regional Rural Bank is a ground level financial institution that basically operates in rural areas. It generally provides funds to agricultural labourers, small and marginal farmers. It allocates funds to persons of small means, small entrepreneurs and artisans who are involved in industry, commerce, trade or some other productive activities. The Co-operative banks are operating in both urban and non-urban areas. They provide funds to small borrowers in trade and industrial sector. The National Bank for Agriculture and Rural Development (NABARD) is the apex bank in India dealing with all rural credits. It specially focusses on development of the village industry, small scale industry and cottage industry.

II. LITERATURE REVIEWS

According to Singh (2015), institutional credit is vital for agricultural growth and progress. It boosts agricultural output. Bihar has more prospects in agricultural development. Shortage of fund in such fields can be solved by the financial institutions. Sharma¹ & Shekhar (2015) in their report examined the challenges and opportunities of banking sector in India. They found that institutional credit helps for extension of economy and expansion of the economic sectors. Srivastava (2017) in his report suggested that there should be urgent needs for encouraging the institutional credit in Bihar, especially, the credit facilities of commercial banks. The Government of Bihar implemented Agriculture Road Map in 2008 to allocate more credit to agricultural sector. From the report of Iqbal & Qazi (2017) it has been found that the banking sector of India is vital for social and economic developments and the banking industry is an significant part of the service sector too.

Sweta (2020) in her report discussed the development of microfinance in Bihar. The first Self- Help Group (SHG) was formed in Tilhara village of Ichhak Block of Bihar. Bhatar and Chhatoi, (2023) provide evidence that legislative CSR is a significant moderator that can influence the relationship between financial inclusion and the financial performance of banks. Banking and other government sectors play a vital role for Self-Help Groups in the state. It has been found from Vijaya (2020) report that technological risks, political interferences, government and banking

regulations are the major challenges before the banking sector. According to Kumar (2021), there are multiple constraints and problems before the banking sector in India. Technological innovations and competitions from the global banks are the main opportunities and challenges before the banking sector of the country. Goud (2021), in his report, examined the trend and progress of Indian banking sector. His report concluded that national and international financial environments and regulations influence the financial credibility of banking sector of India. Sah (2024), in his report discussed the opportunities for and challenges before the Indian banking sector. Technological disruptions, competition, and non-performing assets are the major challenges before the Indian banking sector. Micro-credit participation has minimised the influence of patriarchal society and empowered women to take strategic decisions independently (Chhatoi, 2022).

From the above reviews, it has been revealed that a majority of the papers discussed the prospects and challenges of the banking sector in Bihar, and very few articles discussed about the status of institutional finance in the State.

➤ *Objectives of the Study:*

The objective of the paper is to study the status of and challenges before institutional finance in Bihar. The specific objectives of the paper are:

- To study the status of banking facilities in Bihar.
- To examine the Deposits, Advances, and CR Ratios of Bank Groups in Bihar.
- To evaluate the Credit-Deposit (CD) Ratios of Banks in Bihar.
- To observe the Non-Performing Assets of Banks in Bihar.
- To study the sector-wise Refinancing by NABARD in Bihar., and
- To examine the status of Kisan Credit Cards issued by Banks.

➤ *The Study Area:*

Bihar is the third largest populated state in eastern India. It shares its international border with Nepal, and national border with state like Uttar Pradesh, Jharkhand, and West Bengal. Though Hindi and Urdu are its official languages. Bhojpuri, Magahi, and Maithili are also its popular native languages. Total area of the state is 94,163 km² and Patna is the capital of this state. It is the 12th largest state in India. The Density of the population in the state is 1,388/km². The state has divided into Magadh, Munger, Bhagalpur, Purnea, Kosi, Darbhanga, Saran, Tirhut and Patna administration divisions. There are 38 districts in the state. Nalanda Mahavihara and Mahabodhi Temple are the UNESCO World Heritage sites.

III. METHODS AND MATERIALS

This study is descriptive in design and has utilized a qualitative approach. Secondary data for the study has been collected from the Economic Survey of 2023-24, Finance Department, Government of Bihar and Economic Survey 2023-24 Statistical Appendix, Government of India. The method of qualitative analysis comprising of descriptive analysis, content and text analysis have been performed to disclose the status of institutional finances in Bihar in general and challenges vis-a-vis government initiatives in particular.

IV. RESULT AND DISCUSSION

Bihar has a remarkable number of banks and other financial institutions. Public sector banks are the prominent players in institutional credits and deposits. They are playing a pivotal role for the expansion of economic activities and filling the credit gaps. The increasing volume of credits and deposits shows the increasing credit absorption capacity of the state. Internet and mobile phone are useful for facilitating banking services in the rural areas. Automated Teller Machines and Customer Service Points or Bank Mitras are also extending banking facilities in unserved areas. United Payments Interface is a new addition in digital banking system in the state.

Table 1: Deposit and Bank Credit of Eastern Indian States (In crores)

State	Deposit				Credit			
	2019	2021	2023	2024	2019	2021	2023	2024
Bihar	353169	397492	478429	524251	122446	159318	220827	264746
Jharkhand	218585	256070	304044	336724	60470	76371	104090	125014
Odisha	309554	363567	463318	522543	119893	143676	203732	251114
Sikkim	9632	10604	13554	14748	2731	3800	5804	6520
W. Bengal	779291	889011	1056367	1143463	385465	413827	504012	566403
TOTAL	1675417	1922787	2322834	2549474	693179	799786	1042140	1217906
INDIA	12639009	5443510	18742311	21253358	9897595	11078050	14198006	16913694

Source: Economic Survey 2023-24 Statistical Appendix, p. 73. Note: As on end March, website: <https://www.indiabudget.gov.in/economicsurvey/doc/stat/tab33.pdf>,

Table 1 depicts the data of deposits and bank credits of eastern Indian states. It has been found that deposit and bank credits in Bihar is increasing continuously. The total deposits in banks of Bihar was 3.53 lakhs crores and 5.24 lakhs crores in 2019 and 2024 respectively. The total credits by banks of Bihar was 1.22 lakhs crores and 2.64 lakhs crores in 2019 and 2024 respectively. The overall share of Bihar in gross deposit amount in east Indian states was 21.07 percent in 2019 and was 20.56 percent in 2024. On the other hand, the overall share of Bihar in gross credit amount in east Indian states was 17.66 percent in 2019 and was 21.73

percent in 2024. The share of Bihar in national deposit was 2.79 percent in 2019 and was 2.46 percent in 2024. On the other hand, the share of the state in national credit was 1.23 percent in 2019 and was 1.56 percent in 2024.

Table 2: Banking Facilities in Bihar

Bank Facilities	As on March 31 of the Year			Percentage Change	
	2021	2022	2023	2021 to 2022	2022 to 2023
Mobile Banking Users (lakh)	62.0	131.8	119.3	112.5	-9.5
Internet Banking Users (lakh)	72.8	102.3	118.9	40.6	16.2
ATM cards (lakh)	650.0	729.1	720.0	12.2	-1.2
Automated Teller Machine	6608	6744	7124	2.1	5.6
Bank Branches	7676	7713	7883	0.5	2.2
Customer Service Point (CSP)	31095	40482	47083	30.2	16.3
Point of Sale (POS)	58331	86489	82002	48.3	-5.2

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.404.

Table 2 discusses the banking facilities available in Bihar. It has been found that except a few facilities, overall banking facilities were increased during 2021-2023. The number of mobile banking users were 62 lakhs in 2021 and 131.8 lakhs in 2022. The percentage of users was 112.5 percent, declined by 9.5 percent in 2022 and finally reaching to 119.3 lakhs in 2023. Internet banking users, number of automated teller machine, bank branches, and customer service point were increased during the periods. Number of ATM cards was 650 lakhs in 2021 and was 729.1 lakhs in 2011, but was declined and reached 720 lakhs in 2023. The number of Point of Sale was 58331 in 2021 and was 86489 in 2022 and was declined and reached 82002 in 2023.

Table 3: Deposits, Advances, and CD Ratios of Bank Groups in Bihar

Banks	Public Sector Bank	Private Sector Bank	Cooperative Bank	Region Rural Bank	Small Finance Bank	Total
Advance*	151977	69372	3447	24670	7727	257193
Deposits (Rs. crore)	359014	67931	5215	41188	1888	475237
CD Ratio (%)	42.3	102.1	66.1	59.9	409.3	54.1
Total advances (Rs. crore)	154300	69372	3447	24670	7727	259516
Credit from outside Bihar*	2323	0	0	0	0	2323
CD Ratio adding outside credit^	43.0	102.1	66.1	59.9	409.3	54.6

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.419. Note: * Rs. crore, in percentage.

Table 3 discusses the deposits, advances, and CD Ratios of bank groups in Bihar. It has been found that public sector banks provided the highest amount of loans followed by the private sector banks, regional rural banks, small finance banks and cooperative banks. Public sector bank received highest amount of deposits which followed by private sector bank, regional rural bank, cooperative bank and small finance bank. Small finance banks have the highest CD ratio followed by the private sector banks, cooperative banks, regional rural banks and public sector banks. Public sector banks were the only banks who were able to receive credit outside Bihar.

Table 4: Bank Group-wise Percentage Share in Deposit and Advances in Bihar

Bank Groups	Percentage Share in Deposit	Percentage Share in Advances
Private Sector Bank	14.3	26.7
Public Sector Bank	75.5	59.5
Small Finance Bank	0.4	3.0
Regional Rural Bank	8.7	9.5
Cooperative Bank	1.1	1.3
TOTAL	100.0	100.0

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.419.

Table 4 discusses group-wise percentage of bank shares in deposits and advances in Bihar. It has been found that public sector bank record the highest percentage of shares in deposits followed by private sector banks, regional rural banks, cooperative banks, and small finance banks. Public sector banks contribute two-third of the total deposit. These Banks have the highest percentage of shares in advances followed by private sector banks, regional rural banks, small finance banks, and cooperative banks. The Private Sector Banks contribute nearly 85 percent of the total advances.

Table 5: Deposits, Advances, and CR Ratios of Public Sector Banks in Bihar

Banks	Deposit*	Advance*	CR Ratio (%)	Credit from branches outside Bihar *	Total Advances*	CD Ratio including **
Bank of Baroda	18862.4	10641.1	56.4	0.0	10641.1	56.4
Bank of India	26898.6	10488.3	39.0	0.0	10488.3	39.0
Bank of Maharashtra	883.1	2753.3	311.8	0.0	2753.3	311.8
Canara Bank	26632.6	14348.9	53.9	0.0	14348.9	53.9
Central Bank of India	25291.9	11001.8	43.5	0.0	11001.8	43.5
Indian Bank	20414.7	10671.4	52.3	0.0	10671.4	52.3
Indian Overseas Bank	3308.6	1838.0	55.6	128.9	1967.0	59.5
Punjab and Sind	679.5	304.8	44.9	0.0	304.8	44.9
Punjab National Bank	52259.0	21880.3	41.9	4.3	21884.6	41.9
State Bank of India	156123.7	57678.9	36.9	2190.1	59869.1	38.4
UCO Bank	10584.9	4393.0	41.5	0.0	4393.0	41.5
Union Bank of India	17075.6	5977.2	35.0	0.0	5977.2	35.0
TOTAL	359014.4	151977.0	42.3	2323.3	154300.3	43.0

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.420. Note: * in crores, and ** credit from outside state branches (%).

Table 5 depicts the deposits, advances, and CR Ratios of public sector banks in Bihar. It has been found that State Bank of India has the highest amount of deposits followed by Punjab National Bank, Bank of India, Canara Bank and Central Bank of India. Punjab and Sind Bank has the least quantity of deposits preceded by the Bank of Maharashtra, Indian Overseas Bank, UCO Bank and Union Bank of India. The highest amount of advances have been distributed by the State Bank of India followed by Punjab National Bank, Canara Bank, Central Bank of India, Bank of Baroda and Bank of India. The least amount of advances have been distributed by Punjab and Sind bank preceded by Indian Overseas Bank, Bank of Maharashtra, UCO Bank and Union Bank of India.

Bank of Maharashtra has the highest percentage of CD Ratio followed by the Bank of Baroda, Indian Overseas Bank, Canara Bank, and Punjab and Sind bank. The Union Bank of India has the least CD Ratio preceded by the State Bank of India, Bank of India, Punjab National Bank and Central Bank of India. The State Bank of India recorded the highest credit through its branches outside Bihar followed by Indian Overseas Bank and Punjab National Bank. Other public sector banks did not receive any credit from their branches outside Bihar.

Table 6: Deposits, Advances, and CD Ratios of Private Banks in Bihar

Banks	September 2022			September 2023		
	Deposits*	Advances*	CD Ratio^	Deposits*	Advances*	CD Ratio^
AXIS Bank	12616.0	5614.8	44.5	13651.0	9082.8	66.5
Bandhan Bank	3503.4	7330.9	209.3	4619.2	8312.1	180.0
Federal Bank	599.6	246.1	41	690.5	451.5	65.4
HDFC Bank	16849.4	12746.3	75.7	20457.2	18463.8	90.3
ICICI Bank	12746.2	10948.1	85.9	16554.7	14972.6	90.4
IDBI Bank	5618.5	2262.8	40.3	4775.7	2377.7	49.8
IDFC Bank	411.7	249.6	60.6	878.8	735.7	83.7
IndusInd Bank	2476.3	7404.4	299	3331.6	9373.7	281.4
J. and K. Bank	112.2	18.5	16.5	142.8	22.5	15.8
Kotak Mahindra Bank	1328.5	1571.6	118.3	1755.0	2617.5	149.1
Karur Vysya Bank	13.8	10.6	77	14.8	13.1	88.2
Karnataka Bank	26.7	21.3	79.9	29.3	25.2	86.0
RBL Bank	199.6	1215.3	608.9	142.9	2332.6	1631.9
South Indian Bank	268.1	10.8	4	285.7	14.7	5.1
Yes Bank	551.9	349.9	63.4	602.3	576.4	95.7
TOTAL	57321.1	50000.9	87.2	67931.5	69371.9	102.1

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.422. Note: * in crores INR, in percentage.

Table 6 depicts the deposits, advances, and CD Ratios of private banks in Bihar. It has been found that deposits, advances, and CD Ratios of majority of private banks have increased in Bihar. HDFC Bank has the highest deposit of fund followed by the ICICI Bank, AXIS Bank, IDBI Bank, Bandhan Bank, and IndusInd Bank. Karur Vysya Bank has the least deposits preceded by Karnataka Bank, Jammu and Kashmir Bank, RBL Bank, South Indian Bank and IDFC Bank. HDFC Bank has distributed the

highest amount of advances followed by the ICICI Bank, IndusInd Bank, AXIS Bank, while Bandhan Bank and Karur Vysya Bank have allocated the least amount of advances preceded by the South Indian Bank, Jammu and Kashmir Bank, Karnataka Bank, Federal Bank and Yes Bank. RBL Bank has highest CD ratio followed by IndusInd Bank, Bandhan Bank, Kotak Mahindra Bank, and Yes Bank. South Indian Bank has the least CD ratio preceded by Jammu and Kashmir Bank, IDBI Bank, Federal Bank, IDFC Bank and Karnataka Bank.

Table 7: Deposits, Advances, and CD Ratios of Regional Rural Banks in Bihar

Banks	September 2022			September 2023		
	Deposits*	Advances*	CD Ratio [^]	Deposits*	Advances*	CD Ratio [^]
Dakshin Bihar Gramin Bank	22218.4	10605	47.7	23289.5	11637.8	50.0
Uttar Bihar Gramin Bank	17160	11229.4	65.4	17898.5	13032.4	72.8
TOTAL	39378.5	21834.4	55.5	41188.0	24670.2	59.9

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.422. Note: * in crores INR, in percentage.

Table 7 discusses the deposits, advances, and CD ratios of regional rural banks in Bihar. It has been found that deposits, advances, and CD ratios of regional rural banks have increased in Bihar. The Dakshin Bihar Gramin Bank has the higher deposits aggregate than the Uttar Bihar Gramin Bank. Uttar Bihar Gramin Bank has the higher advances and CD ratios compared to the Dakshin Bihar Gramin Bank. The total deposits of funds in regional rural banks in Bihar was 39.37 thousand crores in September 2022 which increased to 41.18 thousand crores in September 2023. On the other hand, the total advances of funds in regional rural banks in Bihar was 21.83 thousand crores in September 2022 which increased to 24.67 thousand crores in September 2023. The average CD ratios in the regional rural banks in Bihar was 55.5 in September 2022 and 59.9 in September 2023.

Table 8: Deposits, Advances, and CD Ratios of Small Finance Banks in Bihar

Banks	September 2022			September 2023		
	Deposits*	Advances*	CD Ratio [^]	Deposits*	Advances*	CD Ratio [^]
ESAF SFB	24.8	125.4	505.6	44.7	146.3	328.8
Jana SFB	316.6	607.2	191.8	396.8	1084.5	273.3
Ujjivan SFB	522.9	1444.0	276.1	649.8	1868.3	287.5
Utkarsh SFB	731.2	3818.1	522.2	796.7	4345.3	545.5
TOTAL	1595.5	5994.7	375.7	1887.9	7726.9	409.3

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.423.

Table 8 depicts the deposits, advances, and CD ratio of small finance banks in Bihar. It has been found that deposits, advances, and CD ratios of small finance banks have increased in Bihar. Utkarsh SFB has the highest deposited fund followed by Ujjivan Bank, Jana bank and ESAF bank. The highest fund has been advanced by the Utkarsh bank followed by the Ujjivan bank, Jana bank and ESAF bank. The Utkarsh bank has the highest CD ratio followed by the ESAF bank, Ujjivan Bank and Jana Bank.

Table 9: Credit-Deposit (CD) Ratios of Banks in Bihar

Area	Deposit*		Advance*		CD Ratio*	
	Sep-22	Sep-23	Sep-22	Sep-23	Sep-22	Sep-23
Urban	215.6	243.5	102.8	127.8	47.7	52.5
Semi-rural	111.0	123.3	52.3	64.1	47.1	52.0
Rural	102.0	108.5	57.8	65.3	56.6	60.2
All	428.8	475.2	213.0	257.2	49.7	54.1

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.423. Note: Rs.'000 crores.

Table 9 depicts credit-deposit ratio of banks in Bihar. It has been found that the deposits, advances and CD ratios of rural, semi-urban and urban areas have increased during 2022-2023. The highest amount of fund was deposited by the customers of urban areas followed by the semi-urban and rural areas. The highest amount of fund was allocated as advances in urban areas followed by the rural and semi-rural areas. The CD ratio of the banks situated in the rural areas are the highest followed by urban and semi-urban areas.

Table 10: Credit-Deposit Ratio in Bihar by Bank-Group and Area

Bank Group	Area	Deposits	Credits	CD Ratio
Commercial Bank	Urban	232.1	110.4	47.6
	Semi-urban	107.8	51.1	47.4
	Rural	77.9	43.5	55.8
	Total	417.9	205.0	49.1

Cooperative banks	Urban	1.3	2.7	202.2
	Semi-urban	1.8	4.0	220.7
	Rural	2.4	5.2	218.5
	Total	5.5	11.9	215.3
Regional Rural Bank	Urban	5.1	1.7	33.9
	Semi-urban	8.7	4.4	51.1
	Rural	27.5	17.2	62.5
	Total	41.3	23.4	56.6
Small Finance Bank	Urban	1.5	2.3	153.6
	Semi-urban	0.3	2.7	854.3
	Rural	0.1	2.1	2933.0
	Total	1.9	7.1	379.8
All Banks	Urban	240.0	117.1	48.8
	Semi-urban	118.6	62.2	52.4
	Rural	107.9	68.0	63.0
	Total	466.6	247.4	53.0

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p. 424.

Table 10 discusses the credit deposit ratio of banks in Bihar on the basis of their types and areas. It has been found that small finance banks have the highest CD ratio followed by the cooperative bank, regional rural banks and commercial banks. The overall views show that rural branches of banks have the highest CD ratio followed by the branches of semi-urban and urban areas. For commercial banks, the CD ratio of banks in rural areas are the highest followed by urban and semi-urban branches. The CD ratio of cooperative banks, cooperative banks and small finance banks in rural area are the highest followed by semi-urban and urban areas.

Table 11: Non-Performing Assets of Banks in Bihar

Banks	2021-22				2022-23			
	Total Advances*	Total NPA's*	NPA ^	Writing off*	Total Advances*	Total NPA's*	NPA ^	Writing off*
Commercial Banks	172876	15207	8.8	513	204999	15364	7.5	612
RRB's	21127	8018	38.0	0	23396	7124	30.4	-
Co-operative Banks	11691	332	2.8	0	11908	324	2.7	-
S. F. Banks	5450	313	5.8	0	7052	132	1.9	-
TOTAL	211144	23870	11.3	513	247355	22944	9.3	612

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.430. Note: * Rs. crore, ^ in percentage. S.F. Banks = Small Finance Banks

Table 11 discusses the non-performing assets of banks in Bihar. It has been found that total and percentage of non-performing assets of overall banks had declined during 2021-2023. The total non-performing assets of the commercial banks had slightly increased in 2022-23, but the percentage of the NPA had declined. The total value of the non-performing assets and percentage of the assets of regional rural banks, cooperative banks and small finance banks had declined during the period. The commercial banks had twice non-performing assets than the regional rural banks. The highest amount of funds as advances by commercial banks followed by the regional rural banks, cooperative banks and small finance banks. The commercial had banks has only writing off facilities. The amount of writing off of commercial banks had increased during the period.

Table 12: Sector-wise Non-Performing Assets of Banks in Bihar

Sectors	2021-22			2022-23		
	Total Outstanding Advances*	Total NPA*	% of NPA	Total Outstanding Advances*	Total NPA*	% of NPA
MSME	40191.9	5220.7	13.0	49385.0	4872.2	9.9
Agriculture	57248.8	16331.6	28.5	74533.4	16026.2	21.5
Other Priority Sectors	20964.1	965.7	4.6	22066.5	934.2	4.2
Total Priority Sectors	118404.8	22517.9	19.0	145984.8	21832.5	15.0
Non- Priority Sectors	92737.0	1351.8	1.5	101369.9	1111.8	1.1
TOTAL	211143.8	23869.7	11.3	247354.7	22944.4	9.3

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.430

Table 12 discusses the sector-wise non-performing assets of the banks in Bihar. It has been seen that banks have the highest non-performing assets on advances in agricultural sector followed by micro, small and medium enterprises (MSME) and other priority sectors. The total total volume and percentage of the non-performing assets had declined during the period. The non-performing assets of the priority sectors were higher than the non-priority sectors. The non-performing assets of the priority sector was nearly 15 times higher than the non-priority sectors.

Table 13: Sector-wise Refinancing by NABARD in Bihar (Rs. crores)

Year	Crop Loan	Investment Credit Refinance	RIDF Disbursement	Total Financial Support
2018-19	971	1517	1659	4147
2019-20	56	1102	1834	2992
2020-21	859	2424	2116	5399
2021-22	1161	3784	2400	7345
2022-23	1240	3647	1329	6216
CAGR	42.2	34.8	-1.7	18.6

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.430

Table 13 discusses the sector-wise refinancing by the NABARD in Bihar. It has been found that the total financial support of the NABARD had increased during 2018-19 to 2021-22 and had slightly declined in 2022-23. The crop loan allocated by NABARD has been in rise since 2019-20. The total crop loan was 971 crores in 2018-19, 1161 crores in 2021-22 and finally it was 1240 crores in 2022-23. Refinancing by the NABARD in Investment Credit Refinance was 1517 crores in 2018-19, 3784 crores in 2021-22 and finally it was 3647 crores in 2023-24. Refinancing by NABARD in RIDF was 1659 crores in 2018-19, 2400 crores in 2021-22 and finally it was 1329 crores in 2023-24.

Table 14: Number of New Kisan Credit Cards issued by Banks

Year		2018-19	2019-20	2020-21	2021-22	2022-23
Regional Rural Banks	Target	367350	321351	294873	258012	110577
	Achievement	62311	32140	24990	18239	21602
	Achievement rate	17.0	10.0	8.5	7.1	19.5
Commercial banks	Target	599660	599011	576631	504599	216246
	Achievement	154825	1333077	224360	158566	177785
	Achievement rate	25.8	22.2	38.9	31.4	82.2
Cooperative banks	Target	32990	39573	62066	54306	23279
	Achievement	2049	1217	1921	2632	2146
	Achievement rate	6.2	3.1	3.1	4.8	9.2
Total	Target	1000000	1000000	1000048	875084	375035
	Achievement	219185	166434	251271	179437	201533
	Achievement rate	21.9	16.6	25.1	20.5	53.7

Source: Economic Survey 2023-24, Finance Department, Government of Bihar, p.428

Table 14 discusses the number of new Kisan Credit Cards issued by the banks. It has been found that banks were unable to issue the target number of Kisan Credit Cards during 2018-2023. The commercial banks had the highest achievement rate of issuing Kisan Credit Cards followed by the Regional Rural Banks and Cooperative Banks. The achievement rate of issuing Kisan Credit Cards of the Regional Rural Banks were 17.0 in 2018-19, 8.5 in 2020-21 and finally it was 19.5 in 2022-23. The achievement rate of issuing Kisan Credit Cards of Commercial banks were 25.8 in 2018-19 and 38.9 in 2020-21 and finally 82.2 in 2022-23. The achievement rate of issuing Kisan Credit Cards of Cooperative banks were 6.2 in 2018-19 and 3.1 in 2020-21 and finally 9.2 in 2022-23. The overall achievement rate of issuing Kisan Credit Cards by the banks had increased during 2018-23. The achievement rate of issuing Kisan Credit Cards by the banks were 21.9 in 2018-19 and 25.1 in 2020-21 and finally 53.7 in 2022-23.

Bridging the credit gap, high dependence on public sector banks, credible underwriting digital innovation and high non-performing assets are the major challenges before the institutional finance in Bihar. Enhancing access to credit for businesses is useful for job creation and economic development. Promoting transparency, and protecting consumer rights will increase the consumer confidence. Everything-as-a-service adoption, meeting growing customer expectations, cyber threats, more security and sustainability are the other challenges before the banking sector.

V. CONCLUSION

The public sector banks are commanding in banking facilities in the state. Regional rural banks and cooperative banks are expanding their bases in the banking sector. The number of rural branches of banks are noticeable present in the state. The public sector banks have more branches in rural areas, where private sector banks have significantly more branches in semi-urban and urban areas. The State

Bank of India, Punjab National Bank, Bank of India, Canara Bank and Central Bank of India has higher number of branches and credit disbursement than the other public sector banks. HDFC Bank, ICICI Bank, AXIS Bank, and IDBI Bank are the leading private sector banks in the state.

The public sector banks received the highest amount of deposits followed by the private sector banks, and regional rural banks. Small finance bank has the highest CD ratio followed by private sector bank and cooperative bank. The private Sector Banks contribute nearly 85 percent of the total advances. The deposits, advances, and CD ratio of the regional rural banks and small finance banks are increasing in Bihar. The Dakshin Bihar Gramin Bank has higher deposits and advance amounts than the Uttar Bihar Gramin Bank. The Utkarsh SFB has the highest deposits and advance funds than the Ujjivan Bank, Jana Bank and ESAF Bank. The deposits, advances and CD ratio of rural, semi-urban and urban areas has an increasing trend in the state. The small finance banks have the highest CD ratio followed by the cooperative bank, regional rural bank and commercial bank. The overall views show that the rural branches of banks have the highest CD ratio.

The total non-performing assets of commercial banks had slightly increased in 2022-23, but the percentage of the NPA had declined. The commercial banks have twice non-performing assets than the Regional Rural Banks. Banks have the highest non-performing assets on advances in agricultural sector followed by the micro, small and medium enterprises (MSME) and other priority sectors. The non-performing assets of the priority sectors is nearly 15 times higher than the non-priority sectors. The total financial support of the NABARD have increased in last five years. Banks are unable to issue the target number of Kisan Credit Cards in the last five years. Bridging the credit gap, high dependence on public sector banks, credible underwriting, digital innovation and high non-performing assets are the major challenges before the institutional finance in Bihar. Technological risks, political interference, government and banking regulations are the additional challenges.

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