

# Position and Problems of Deposit Mobilization in Public Sector Banks of Aspirational Districts of Bihar

Chandan Kumar

Research Scholar, Magadh University, Bodh Gaya

Dr. Sahadeb Bauri

Associate Professor, H.O.D., Department of Economics

Gautam Buddha Mahila College, Gaya

## *ABSTRACT*

The banks and the financial institutions also cater to another important need of the society that is mopping up small savings at reasonable rates with several options. The common man has the option of saving his money under a few alternatives, including the small savings schemes introduced by the government from time to time and in bank deposits in the form of savings accounts, recurring deposits and time deposits. The rate of domestic savings in the country on an average is around 34 percent, out of which domestic house hold savings contribute about 23 percent, which is a major contribution. To increase this rate and to convert the saving as investment to help the country develop and at the same time the mobilisation of deposits decide the role and size of the credit of the banking industry. Even the commercial banks in India are very strong in these two sectors, the evaluation is necessary to plan the future and ensure the current growth. With this background this researcher analyses the deposit and lending performance of the commercial banks in Bihar specially in Patna District. Keeping in view the personal position and future challenge of deposit mobilisation during the period of study

**Keywords: Deposit Mobilisation , Economic Development, Financial Institutions, Performance**

### **Introduction**

Deposits are the lifeblood of banking companies. Mobilisation of deposits for a bank is as essential as oxygen for human being. Mobilisation of Deposits is one of the important functions of banking sector. It is an important source of working fund for the banks. It is an indispensable factor to increase the sources of the banks to serve effectively. The success of the banking sector depends on the extent of funds mobilisation. With help of deposits banks provide satisfactory service to different sectors of the economy. The District cooperative banks and commercial banks must tap deposits from both urban and rural areas. To expand banking operations, they are totally dependent on mobilisation of deposits from rural savings. RBI also encourages the banks to mobilize deposits, by providing subsidy for branch expansion. There are different types of deposits, with different rate of interests carrying different maturity period. Mobilisation of

deposits totally depends on the cost of deposits. Due to globalization, liberalization and privatization, the number of banks has increased considerably which developed competition in banking sector. To enhance profitability, banks take steps to minimize the expenditure and maximize the low cost deposits from the public. The interest paid on deposit forms a bid burden to bank, the mobilisation of low cost deposits, like current account and savings bank deposits is the urgent need for the bank. To undertake lending operations, for profitable operation, the amount of deposits is very important. The banks should introduce various deposits schemes and fix different rate of interest for deposits schemes to attract the public to deposits and the size of the deposits that largely decide the lending operations of a bank. Deposits help to improve the economy of the people as well as the economy of the country.

The Commercial Banks are preparing themselves to fight the competition as they were complacent in the regulated as well as monopolistic market environment. Therefore an attempt has been made, in this research paper, to analyze the deposits mobilisation of a Commercial Bank in Bihar with the consideration aspirational district of the State.

### Reviews Of Literature

A Number of literatures have been reviewed in course of preparing this research paper relating to deposit mobilization and its actual position existing in state of Bihar specially in Patna district. Some of them are very relevant as pointed out below:

P. Amutha (2006) in her study, "Deposit Mobilisation and Lending Performance of scheduled commercial Banks" has analysed the mobilisation of various deposits, various kinds of loans and advances as granted by the same. She has compared the growth rates of various types of deposits and advances of such Banks with growth rates of deposits and advances of old private sector commercial banks<sup>1</sup>.

K. Sathya (2004) in her study titled, "Deposit Mobilisation and Lending Performance of Bharat Overseas Bank Limited, Madurai" has analysed the deposit mobilisation and lending performance and financial performance of Bharat Overseas Bank Limited, Madurai Branch<sup>2</sup>.

S.K. Bhar (2021) in his article "Commercial Bank and its performance in aspirational district in north region" clearly observed that deposit mobilisation needs to be channelised in the Education and health sector which ultimately ensure to develop these districts on priority basis. He further said that a major role of Commercial Bank should be directed to explain and support Education system at least in these areas<sup>3</sup>.

N. Gangharav (2022) Conducted study on the challenges before commercial banks in mobilizing savings and leading in backward area during digital age and observed that awareness and level of literacy need to be promoted for the same. He observed in his study that a very small part of saving is used for leading in these areas. Which is very alarming in the present context<sup>4</sup>.

S.N. Kulkarni (2023) Conducted a field survey on Low performance of credit deposit ratio for business growth during 2020-2023 and forced that globalization and digitalization in economic activities has been desired factor in improving CD ratio for business growth during this period<sup>5</sup>.

### Objective of the Study

- To Find out the position of Deposit Mobilisation in the state of Bihar.
- To Highlight the challenges as faceted in the area of deposit mobilisation.
- To identify the contribution of deposit mobilization for the development of aspirational District in Bihar .
- To Offer certain suggestions to make the deposit mobilistion schemes more successful.

### Hypotheses of the Study

- There is no significant difference in the growth of deposits in ICICI and SBI.
- There is no significant difference in the customer's perception towards deposit mobilisation in ICICI and SBI.
- There is no significant difference in the satisfaction level of deposits of ICICI and SBI.
- There is no influence of demographic variable on customer's perception and satisfaction of deposits in ICICI and SBI.
- There is no influence of banking habit on customer's perception and satisfaction of deposits in ICICI and SBI.

### Research Mythology of the Study

This study is based on the information as collected from primary and secondary sources. Primary data has been collected from the Customers of ICICI and State Bank of India in the District of Patna. A survey was also conducted where officers and staffs were consulted to get the information about the position, problems of deposit mobilisation in Bihar especially in Patna district. Secondary data have also been collected from various published and unpublished sources including Journals, Magazines, Publications, Reports, Books, Dailies, Periodicals, Articles, Research Papers, Websites, Bank Publications, Manuals, and Booklets.

### Aspirational District

This study is very exclusive where deposit mobilisation has been analysed in context of aspirational Districts. Aspirational district programme was launched in 2018 which aims to transform districts that have known relatively lesser progress in key social areas. Aspirational district are those district in India, that are affected by poor socio- economic indicators. It covers 112 districts across the country. So far Bihar is concerned 13 district such as Nawada, Araria, Aurangabad, Banka, Begusarai, Gaya, Jamui, Katihar, Khagaria, Muzaffarpur, Purnia, Sheikhpura, Sitamarhi are included under this programme.

The focus in these districts is on key sectors such as health, nutrition, education, agriculture, developing water resources, financial condition and infrastructure, financial enclosure and skill development. The Government has announced 500 aspirational blocks in the country out of which 61 aspirational blocks are also from Bihar. These blocks have been selected to identify the parameters of development in order to make them development which the processed period of time that is from 3 years to 5 years additional funds will also be managed from the centre for these districts. All such blocks will be ranked so that they can increase the competition to more forward. Block if 13 aspirational districts of Bihar have also been selected under this programme Bhagalpur and Kaimur districts have the highest number of 5 blocks each followed by 10 blocks, Begusarai(4), munger (4),jamui (4), aurangabad and gaya (4 blocks each). At the same time, names of three blocks katihar, banka and bhojpur are also included under their programme school education and library facilities infrastructure in schools in which toilets and draining water etc are being given top priority<sup>6</sup>. It is important to mention here that the on February 8, 2023 Niti Ayog released under developed 112 aspirational districts the “Champions” of charge Delta Rankers for the country in which two districts of Bihar, Banka & Katihar ranked first and Katihar second among the five best aspirational districts of the country in the field of the agriculture and water resources.

### Mobilisation of Funds

Banks utilize its funds in suitable area and right sector. Banks cannot achieve its goals until and unless it mobilizes its deposits in right sectors and by performing different activities. Many kind of activities and other thing can origin for the purpose of receiving investment from the bank. But bank should indentify the useful and profitable sector for mobilisation its deposits. Banker being only a financial intermediary, we will not be able to make any profit unless he has to pay interest on deposits, meet establishment expenses, meet liquidity of cash balance, and yet allow him some balance from out of which he can build reserve and pay dividend to the share holder. As commercial bank they are expected to make profit. If there is no profit, there will be adverse criticism against public sector banking, both in and outside the parliament when these banks are asked to open new branches in areas which do not allow profits for years, or asked to grant loan to the priority sectors such as small industries and agriculture with a high incidence of bad debts, there is need for counter balancing profit from elsewhere. Therefore, these banks will have to show an ascending order of profits in order to ensure growth with stability. For this purpose the bank will have to allocate lendable resources to different segments in such a manner these banks can ensure adequate profitability while at the same time responding to policies laid down in accordance with national objectives.

Therefore, banks should mobilize its deposits in suitable and profitable banking activities and right sector. Generally, bank has mobilized its deposits in different forms such as Liquid Funds Investment, Loan and Advances, Fixed Assets, Administrative and Miscellaneous Expenses

#### Present Position of Deposit Mobilisation

The study has been conducted to highlight the position of deposit mobilisation at national level as well as at the state level keeping in view the aspirational districts of Bihar.

**Table: 1**  
**Growth of Total Deposits of SCBs in India<sup>7</sup>**  
**(Rs. in Crores)**

Year	Total Deposits	Increase/ Decrease	Growth of Rate (%)
2017-18	773875	—	—
2018-19	1007042	233167	30.13
2019-20	1255213	248171	24.64
2020-21	1507359	252146	20.09
2021-22	1690408	183049	25.47
2022-23	1850830	160422	31.02

Compound Growth Rate = 16.91 per cent

Source: Consolidated RBI Reports on Trend and Progress of Banking in India, 2017- 2023.

The deposits of SBCs has increased from Rs.773875 crores in 2017-18 to Rs.1850830.00 crores in 2022-23. The growth rate varied between 30.13 per cent

and 31.02 per cent during the study period. The compound growth rate of deposits of SCBs Group was 16.91 per cent.

**Table-2**  
**Growth of Total Deposits of Pvt.SCBs in India<sup>8</sup>**  
**(Rs. in Crores)**

Year	Total Deposits	Increase / Decrease	Rate (%) Growth
2017-18	675033	123045.93	22.29
2018-19	736379	61346	9.09
2019-20	822801	86422	11.74
2020-21	1002759	179958	21.87
2021-22	1228090	225331	12.31
2022-23	1357080	128990	16.66

Compound Growth Rate = 22.69 per cent

Source: Consolidated RBI Reports on Trend and Progress of Banking in India, 2017- 2023.

**Table-3**

**Overall Positive Of Deposit Mobilization In Bihar And Other Neighboring States<sup>9</sup> \*(In Crores)**  
**Overall Deposit Mobilisation In Bihar & The Neighbouring States**

Period	Bihar	Jharkhand	Uttar Pradesh	West Bengal
2022-23	1331044	859472	4283575	3007487
2021-22	1667464.509	1077968.957	5347963.177	3783884.235
2020-21	1559197.064	984699.2791	4881126.218	3510397.228
2019-20	1443677.678	908506.1177	4389371.895	3213703.18
2018-19	1328037.002	838611.7319	3963968.796	2990569.434
2017-18	1214228.053	773584.1516	3652970.904	2809462.27
<b>TOTAL</b>	<b>8543648.306</b>	<b>5442842.237</b>	<b>26518975.99</b>	<b>19315503.35</b>

Source: Annual reports of RBI

**Table-4**

**Overall Deposit Mobilisation in Aspirational Districts Of Bihar<sup>10</sup>**

District	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Araria	14668	18041.74526	17685.5316	16924.29844	15437.17505	14109.46951
Aurangabad	25240	31575.23237	30521.16087	28320.66367	24966.70511	23427.4369
Banka	12384	14967.97026	14237.09758	12837.41855	11622.10218	10786.38125
Begusarai	29237	35994.54599	34031.92962	31126.27821	27901.40986	25381.52073

District	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Gaya	56100	69006.8087	64515.72388	59432.70975	54300.73372	50923.15473
Jamui	14038	17249.66815	16375.33795	14670.20935	13197.13604	12097.14253
Katihar	21268	26267.52909	24726.72251	23090.41214	20667.01439	19499.00374
Khagaria	11457	13851.50759	13018.97914	12077.92063	10668.14391	9944.07843
Muzaffarpur	62810	77908.58795	73898.05867	66529.54166	59171.81545	54014.24804
Nawada	17751	21522.87816	20539.2047	18852.23312	17160.40662	15772.42887
Purnia	23290	28567.66558	26367.04379	24437.28056	21567.31771	20494.75691
Sheikhpura	35436	7891.869857	7438.201293	6595.509671	6118.53118	5587.35009
Sitamarhi	21058	25601.60521	24594.0966	23243.70605	20819.09626	18851.97006
<b>Total</b>	<b>344737</b>	<b>388447.6142</b>	<b>367949.0882</b>	<b>338138.1818</b>	<b>303597.5875</b>	<b>280888.9418</b>

Source: Annual reports of RBI

The above table clearly indicates that deposit mobilisation has been seriously addressed at the national level but the desired goal has not been achieved. However, the recent initiative shows the positive result. It has also been observed that deposit mobilisations initiative in the state of Bihar in comparison to other states is also not upto the mark specially in aspirational districts of Bihar.

### Factors Affecting Deposit Mobilisation

An important indicator of the success and efficiency of any credit agency, which is also a banking institution is, the extent to which it is able to mobilise the savings of the community in the form of deposits. But deposit mobilisation is a very difficult task. It depends upon various factors, exogenous as well as endogenous, to the banking system. Exogenous factors are the general economic environment of the region, the volume of business transaction of the region, the confidence of the people on the banking system, the banking habit of the people and most important of all, the savings potential of the region. These factors differ from region to region. The differences are also distinct between the urban and rural areas.

Even when exogenous factors are more conducive to deposit mobilisation, banks may fail because of unfavorable endogenous factors such as location (after selecting the region), type of building and window-dressing (furniture, cheque books, vouchers, pay slips, etc), which assure the customer about the physical fitness of a bank. But this is only half the story. The other factor is how enthusiastic he is to serve the customer is the factor that counts the most. In addition, the newly introduced 'safety locker system' and the ever increasing list of 'services to customers' are also very important factors. In fact, these endogenous factors are so important that, if a bank fails to observe them, it just ails in its business. The study goes to highlight the deposit mobilisation strategy of SBI and the suggestions of this study will be helpful to the management of State Bank of India & ICICI to take necessary steps to increase their deposits.

### Contribution of deposit Mobilisations:

An attempt has been made to find out the allocations of deposits in priority and non-priority sector which ultimately decides the growth and development of the economy.



**Table-5**  
**Contribution of Deposit Mobilisation in Providing Priority Sector Advances<sup>11</sup>**  
**(Rs. in Crores)**

Year	State Bank Group	Nationalised Banks	Pvt.SCBs	SCBs
2010-11	50515.54(30.05)	96030.42(57.13)	21550(12.82)	168095.96(100)
2011-12	57491.70(29.20)	113693.56(57.74)	25709(24.06)	196894.26(100)
2012-13	64547.11(26.96)	138547.81(57.87)	36332(15.17)	239426.92(100)
2013-14	78008.28(26.48)	167663.47(56.91)	48920(16.61)	294591.75(100)
2014-15	96490.60(25.45)	213602.70(56.34)	69025(18.21)	379118.30(100)
2015-16	128469.37(25.27)	275037.39(54.10)	104910(20.63)	508416.76(100)
2016-17	166769.54(25.14)	354410.70(53.43)	142089(21.42)	663269.24(100)
2017-18	199571.46(27.93)	409391.43(57.30)	105479(14.76)	714441.89(100)
2018-19	232061.00(27.51)	487436.00(57.79)	123978(14.70)	843475.00(100)
2019-20	270947.00(25.09)	593615.00(54.96)	215551.00(19.95)	1080113.00(100)
2020-21	329936.00(25.83)	698820.00(54.69)	248827(19.48)	1277583(100)

**Source: Consolidated RBI Reports on Trend and Progress of Banking in India, 2010- 2021.**

**Note: Figures in brackets indicates the percentage to total.**

**Table-6**  
**Contribution of Deposit Mobilisation in Non-priority Sector Advances<sup>12</sup>**  
**(Rs. in Crores)**

Year	State Bank Group	Nationalised Banks	Pvt.SCBs	SCBs
2010-11	99872.28(31.71)	168571.12(53.51)	46560.71(14.78)	315004.11(100)
2011-12	107045.56(26.76)	201887.14(50.46)	91131.79(22.78)	400064.49(100)
2012-13	124656.77(27.83)	220684.93(49.26)	102616.68(22.91)	447958.38(100)
2013-14	142507.52(27.99)	244856.22(48.09)	121807.76(23.92)	509171.00(100)
2014-15	188263.37(28.92)	310444.47(47.69)	152278.30(23.39)	650986.14(100)
2015-16	243209.96(28.34)	406831.92(47.41)	208051.77(24.25)	858093.65(100)
2016-17	315500.13(27.94)	540995.29(47.91)	272662.28(24.15)	129157.70(100)
2017-18	394150.54(25.95)	712074.57(46.78)	412923.00(27.18)	519148.11(100)
2018-19	507545.00(26.87)	929685.00(49.23)	451358.00(23.90)	1888588(100)
2019-20	647180.00(28.72)	1189558.00(52.87)	416943.00(18.50)	253681.00(100)
2020-21	815668.00(28.87)	1461208.00(51.71)	548707.00(19.42)	825583.00(100)

**Source: Consolidated RBI Reports on Trend and Progress of Banking in India, 2010- 2021.**

**Note: Figures in brackets indicates the percentage to total.**

The study clearly shows that deposit has been used mostly in the priority sector which has improved the contribution to the growth of the Indian economy to the greater extent. However, non-priority sector has also been benefitted but the ratio of allocation has been lower.

### **Role of Deposit Mobilisation in the Economic Development Of Bihar**

This study has been made to highlight the allocation of credit by SBCs working in public and private Sector in the state of Bihar which have contributed to the agriculture sector and other infrastructural development in Bihar. The study finds that Commercial banks account for the largest share of the total credit disbursed to agriculture in Bihar as well as in Country, though this share has fallen moderately in recent years, from 70.30 percent in 2017-18 to 68.51 percent in 2022-23<sup>13</sup>. Total outstanding credit as on March 2015 of all scheduled commercial banks to agriculture stood at Rs.2973.52 crore, out of which direct credit was Rs.2634.49 crore and indirect credit was Rs.339.03 crore. The share of regional rural banks in total agricultural credit has fluctuated around 20 percent, although it registered a sharp fall in 2023-23 to 13 percent. Similarly, the share of cooperative banks in total agricultural credit is found to be about 12 percent, although it was suddenly high at 36 percent in 2022-23<sup>14</sup>. The agricultural credit need was estimated to be Rs. 11341.22 crore for Bihar in 2022-23. An amount of Rs. 10042 crore for crop loans, Rs. 78.22 crore for the Macro mode / ISOPAM plan, Rs. 60 crore for micro-irrigation, Rs. 18.50 crore for agri-clinics and Rs. 1142 crore for horticulture mission etc. would be needed as loan from the banking sector. However, the credit target for agriculture set by banks for 2023-24 was only Rs 3732 crore which was much lower than the requirement. A target of 6 lakh more KCCs have been fixed by the banks for 2022-23<sup>15</sup>. But even this target is grossly inadequate to measure up to the total credit demand in the current year. In the area of micro-finance, more than 17,000 Self-Help Groups had been financed by banks upto 2015 through their priority lending schemes in 38 districts. The target for 2024-25 is to raise the number to 30,000 SHGs and advance Rs. 48 crore through the scheme. Agricultural credit is disbursed through a multiagency network consisting

of Commercial Banks (CBs), Regional Rural Banks (RRBs) and Cooperatives. There are approximately 100,000 village-level Primary Agricultural Credit Societies (PACS), District Central Cooperative Banks (DCCBs) with 12,858 branches and 30 State Cooperative Banks (SCBs) with 953 branches providing primarily short-term and medium-term agricultural credit in India<sup>16</sup>. The long-term cooperative structure consists of 19 State Cooperative Agricultural and Rural Development Banks (SCARDBs), with 2609 operational units as on 31 March 2005 comprising 788 branches and 772 Primary Agricultural and Rural Development Banks with 1049 branches. Government has increasingly begun to tap institutional finance from banks and other term lending institutions for financing various developmental programmes in Bihar as well as in State in view of the need to supplement plan financing. Banks in the State have also played a pivotal role in this regard. It also helps in improvising efficiency of resource allocation & identifying infrastructural gaps<sup>17</sup>. The State Level Bankers' Committee, constituted by the Reserve Bank of India under the Lead Bank Scheme periodically takes up their view performance and monitors progress under special schemes. At the district level the District Consultative Committee with the Chief Executive Officer of Zilla Panchayat as chairperson and representatives of financial institutions and Heads of Government departments at the district level as members monitors the implementation of government sponsored schemes & Service Area Credit Plans. At the block level, Block Level Bankers' Committee chaired by Lead District Manager with bank managers and departmental heads of government at block level as members periodically reviews the implementation of government sponsored schemes & Service Area Credit Plans and sorts out problems encountered in the implementation of various programmes. In order to select & priorities the works for loan assistance from National Bank for Agriculture and Rural Development under Rural Infrastructure Development Fund (RIDF) Scheme, launched in 1995-96, Cabinet Sub-Committee on RIDF has been constituted under the chairmanship of the Minister for Public Works<sup>18</sup>.

### **Problems & Challenges**

The Indian banking sector continues to face some structural challenges. We have relatively large

number of banks, some of which are sub-optimal in size and scale of operations. The new international capital norms require a high level of sophistication in risk management, information systems, and technology which would pose a challenge for many participants in the Indian banking sector. The deep and often painful process of restructuring in the Indian economy and Indian industry has resulted in asset quality issues for the banking sector; while significant progress is being made in this area, a great deal of work towards resolution of these legacy issues still needs to be done. The Indian banking sector is thus at an exciting point in its evolution. The opportunities are immense – to enter new businesses and new markets, to develop new ways of working, to improve efficiency, and to deliver higher levels of customer service. The process of change and restructuring that must be undergone to capitalize on these opportunities poses a challenge for many banks. However even it is of difficult in the sate Bihar specially in aspirational district which have been identified in the course of conductional study . all such major challenges have been explained here.

### 1. Intense Competition

The RBI and Government of India kept banking industry open for the participants of private sector banks and foreign banks. The foreign banks were also permitted to set up shop on India either as branches or as subsidiaries. Due to this lowered entry barriers many new players have entered the market such as private banks, foreign banks, nonbanking finance companies, etc<sup>20</sup>. The foreign banks and new private sector banks have spearhead the hi-tech revolution. For survival and growth in highly competitive environment banks have to follow the prompt and efficient customer service, which calls for appropriate customer centric policies and customer friendly procedures.

### 2. Employees' Retention

The banking industry has transformed rapidly in the last ten years, shifting from transactional and customer service-oriented to an increasingly aggressive environment, where competition for revenue is on top priority. Long-time banking employees are becoming disenchanted with the industry and are often resistant to perform up to new expectations. The diminishing employee morale results in decreased revenue<sup>21</sup>. Due to the intrinsically close ties between staff and clients, losing those employees completely can mean the loss of valuable customer relationships. There tail banking industry is concerned

about employee retention from all levels: from tellers to executives to customer service representatives because competition is always moving in to hire them away.

### 3. Financial inclusion

Financial inclusion has become a necessity in today's business environment. Whatever is produced by business houses that have to be under the check from various perspectives like environmental concerns, corporate governance, social and ethical issues. Apart from it to bridge the gap between rich and poor, the poor people of the country should be given proper attention to improve their economic condition. In India, RBI has initiated several measures to achieve greater financial inclusion, such as facilitating no-frills accounts and GCCs for small deposits and credit<sup>22</sup>.

### 4. High Transaction Costs

A major concern before the banking industry is the high transaction cost of carrying non-performing assets in their books. The growth led to strains in the operational efficiency of banks and the accumulation of non-performing assets (NPA's) in their loan portfolios<sup>23</sup>.

### 5. Social and Ethical Aspects

There are some banks, which proactively undertake the responsibility to bear the social and ethical aspects of banking. This is a challenge for commercial banks to consider these aspects in their working. Apart from profit maximization, commercial banks are supposed to support those organizations, which have some social concerns.

### 6. Timely Technological up gradation

Already electronic transfers, clearings, settlements have reduced translation times. To face competition it is necessary for banks to absorb the technology and upgrade their services.

### 7. Global banking

The impact of globalization becomes challenges for the domestic enterprises as they are bound to compete with global players. If we look at the Indian Banking Industry, then we find that there are 36 foreign banks operating in India, which becomes a major challenge for Nationalized and private sector banks<sup>24</sup>.

### Conclusion:

The whole study clearly indicates that agriculture credit flow in Bihar has increased over the last few years. The achievement under the annual



credit plan in agriculture and the total agricultural loan outstanding by the institutional agencies have registered positive growth. The more significant presence of non-institutional sources for delivering agricultural credit indicates that institutional agencies need to expand their presence in agricultural credit so that farmers get credit at a cost-effective rate. Credit co-operatives have fared poorly in the state. The positive relationship between the states' production and agricultural credit indicates the importance of credit for enhancing agricultural growth. Since agriculture plays a dominating role in Bihar, most of its people depend on agriculture for their livelihood, income, and food. Therefore the credit delivery system in Bihar needs to be improved so that the desired growth in agriculture and allied sector may be achieved.

There is many rural infrastructure projects which have been started in Bihar but are lying incomplete for want of resources. They represent a major loss of potential income and employment to rural population.” Rural Infrastructure Development Fund was set up in NABARD. Since then, 11 tranches of allocations have been made towards the Fund. Commercial banks make contributions towards the Fund on account of the shortfalls in their priority/agriculture sector lending. The scope of RIDF has been widened to enable utilisation of loan by Panchayati Raj Institutions, Self-Help Groups, Non-Government Organisations etc., since 1999-2000. In Bihar two innovations, viz., micro-finance and Kisan Credit Card Scheme have emerged as the major policy developments in addressing the infirmities associated with the distributional aspects of credit in the recent years. The KCCS has emerged as the most effective mode of credit delivery to agriculture in terms of the timeliness, hassle-free operations as also adequacy of credit with minimum of transaction costs and documentation. Around 59.09million KCCs were issued till end-March 2016. The cooperative banks (51.5 percent) had a major share followed by commercial banks (36.9percent) and RRBsm.

### References:

1. amutha, p., “deposit mobilisation and lending performance of karur vysya bank
2. Sathya , K., “Deposit Mobilisation and Lending Performance of Bharat Overseas Bank Limited, Madurai”
3. Bhar,S.K.“Commercial Bank and its performance is aspirational district in north region”.
4. Gangharav , N., Conducted study on the challenges before commercial banks in mobilizing
5. Kulkarni,S.N. survey on Low performance of credit deposit ration for business growth during 2020-2023
6. Bhar,S.K.“Commercial Bank and its performance is aspirational district in north region”.
7. RBI Reports on Trend and Progress of Banking in India, 2017- 2023
8. RBI Reports on Trend and Progress of Banking in India, 2017- 2023
9. RBI, annual report 2017-2023
10. RBI, annual report 2017-2023
11. Consolidated RBI Reports on Trend and Progress of Banking in India, 2010- 2021.
12. Consolidated RBI Reports on Trend and Progress of Banking in India, 2010- 2021 (Ibid)
13. Agunuwa, e.v., inaya, l. and proso, t. 2015. impact of commercial banks' credit on agricultural productivity in nigeria (time series analysis 1980-2013).
14. bah\_i, n. and çetin, e. 2020. determining of agricultural credit impact on agricultural production value in turkey. *cienc. rural*, 50(11): 1-13.
15. limited”, m.phil., dissertation submitted to madurai kamaraj university, Madurai 2006
16. baffoe, g., matsuda, h., nagao, m. and akiyama, t. 2014. the dynamics of rural credit and its impacts on agricultural productivity: an empirical study in rural ghana. *oida int. j. sust. dev.*, 7(5): 19-34.
17. thesis submitted to university of agra, 1980.
18. bah\_i, n. and çetin, e. 2020. determining of agricultural credit impact on agricultural production value in turkey. *cienc. rural*, 50(11): 1-13.
19. Bah\_i, n. and çetin, e. 2020. determining of agricultural credit impact on agricultural production value in turkey. *cienc. rural*, 50(11): 1-13.
20. education foundation, new Delhi, 2005.
21. gupta, a.k., “progress of nationalised commercial banks in india”, unpublished ph.d.
22. gupta, a.k., “progress of nationalised commercial banks in india”, unpublished ph.d.
23. RBI. report on currency and finance, various issues.
24. RBI, report on trend and progress of banking in India, various issues

