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Impact of priority sector lending in Jharkhand A case study of 24 districts in Jharkhand

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Abstract

It is very important to pay attention to the priority sector for the overall development of any country. The development of the priority sector in India depends on priority loan. This is the sector which is considered very important by the Government of India and RBI for the development of the basic needs of the country. But the development of these areas is going on It is not possible because the loan is not available to them from the bank on time.

The area of study has been taken to be 24 districts under the state of Jharkhand, under which it will be seen how the state of Jharkhand is cooperating for the development of priority sector lending in 24 districts of Jharkhand.

In the study, necessary steps are being taken from time to time by the state government for the development of priority areas of Jharkhand state, and Under Priority Sector Lending, adoption study has been done about agriculture loan, MSMEs, education loan, housing loan etc. and how much loan the bank has given to the priority sector in 24 districts of Jharkhand state and the district wise annual credit plan achievement has also been shown.

Keyword: Agriculture, MSMEs, education loan, housing loan, social infrastructure, renewable energy, others, total priority sector lending

Introduction

On 15 November 2000, a new state Jharkhand was separated from the Indian state of Bihar and brought into existence. This state is surrounded by hills and forests. Jharkhand is famous for its rich resources like coal, iron, copper, graphite, bauxite; gold, silver etc. 32% of India's coal and 25% of copper is to be found in Jharkhand.

This state is a land blessed with its mineral wealth and other natural resources. This state is spread over an area of 79714 square kilometers and 29.61% of the area is covered with forests.

Jharkhand has about 40% of India's total mineral resources. SLBC banks have made progress in PSL by providing timely loans for development works of priority sectors in Jharkhand.

About 75.95% of the total population of Jharkhand state lives in rural areas. These areas have not yet been developed. These areas need the attention of the state government and banks. Jharkhand state is rich in mineral wealth and natural resources. Even after this, the people of the priority areas here are unable to meet even their basic needs.

The biggest problem of the people of priority areas like farmers in Jharkhand is that there is no water for agriculture. The land here is not fertile due to being surrounded by stones and rocks, due to which farmers do not get good crops. This is due to lack of irrigation facilities. Rice is the primary crop in Jharkhand and 3000 liters of water is required to produce 1 kg rice, this is a big challenge, the government has ordered the banks for the farmers to focus on priority sector lending so that these sectors can be developed.

Development of the priority sector in Jharkhand is possible only when time loans are available to the poor and priority sector people.

MSMEs are not able to get timely loan facilities due to which the development of the priority sector is not possible. It is known that even if a loan is available, it is at a high cost and farmers are not able to repay it. Lack of modern technology, lack of research and innovations, inadequate training and skills Development this is a complex problem of all MSMEs.

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People in the priority areas lack both money and knowledge. For development here, not only banks but also domestic and external investors are needed. The condition of education in Jharkhand is also very bad. Children living in remote areas are unable to go to school. Adequate transport facilities are not available.

In the study, it will be seen how the state government, RBI and banks are contributing and how much attention is being paid to the development of the priority sector of the state.

Priority sector lending

Under the priority sector, such people are included who are not able to fulfill even their basic needs. Development of such sectors is very important for the development of any country, in India, there is special provision for priority sector by the government and RBI. Attention is given to these Areas therefore; efforts are made to ensure timely availability of loans for the development of such areas.

Categories under priority sector lending

1. Agriculture
2. MSMEs
3. Export credit
4. Education
5. Housing
6. Social Infrastructure
7. Renewable energy
8. Others

These areas have been described in the study, how much and how loans are being given to the priority areas under 24 districts of Jharkhand and how it is helpful in their development. How the government is participating in the development of these areas by providing loans.

Review of literature

- **Kumar and Francisco (2005):** In their study, they have found that the banks want to give loans only to big companies and do not want to give loans to small and middle class people. Banks believe that if the bank gives loans to small and middle class people then Their NPA will increase due to which banks will incur losses, hence banks in these areas do not want to give loans ^[1].
- **D.D. Kulkarni, (2015):** It has been observed in the study that issues like high interest rate, increasing profits and NPA are the main problems for the rural sector. A lot of work is being done by the government for the development of the rural sector, yet there is enough available on time for the farmers and primary sector It is not possible ^[2].
- **Dr. Y. V. Rao, (2016):** In their study, they have examined the relationship between loan giving and repayment performance of the borrowers, under which a cross- sectional survey has been used and a sample of 150 respondents has been taken and the study has concluded that the loan repayment performance of Indian banks There has been a huge decline in Performance the credit risk management capabilities of banks have also been identified and the study has found that loans are not easily available to farmers ^[3].
- **Ojha, (2015):** In his study, the author has studied the role of banks in helping the farmers to avoid the

moneylenders, under which the researcher has come to know that SBI is doing good work for agricultural loans under which it has provided loans to the farmers for irrigation, livestock etc. And it was also found that small and marginal Farmers are not able to get loans, this is a big problem and financial institutions do not provide services to agriculture and this is the reason why agriculture is lagging behind ^[4].

- **Najmi Shabbir, (2014):** The researcher has analyzed the trends of the priority sector and NPA in his study, under which it has been seen whether the public and foreign banks are providing loans to the priority sector or not. The researcher has come to know from his study that the public sector Bank priority sector Lending due to which their NPA is increasing a lot but private sector banks are not showing interest in giving loans to priority sector, they only want to give loans to non-priority sector so that they can get maximum profit ^[5].

Objective of Research

1. To analyze the impact of CD ratio in rural, semi-urban and urban areas in 24 districts of Jharkhand.
2. Analyzing bank branch expansion in 24 districts of Jharkhand.
3. Analyzing Priority Sector Lending in 24 districts of Jharkhand.

Hypothesis of Research

1. **H0:** In 24 districts of Jharkhand, CD ratio has no effect on rural, semi-urban and urban areas.
2. **H1:** CD ratio has affected rural, semi-urban and urban areas in 24 districts of Jharkhand.
3. **H0:** There is no bank branch expansion in 24 districts of Jharkhand.
4. **H1:** There is bank branch expansion in 24 districts of Jharkhand.
5. **H0:** There has been no impact of the priority sector in 24 districts of Jharkhand.
6. **H1:** There has been an impact of the priority sector in 24 districts of Jharkhand.

Research Methodology

- The research methodology is the science of studying how research is done scientifically. *A method of systematically solving a research problem by adopting various steps logically.
- Methodology helps in understanding not only the products of scientific investigation but also the process.
- Its purpose is to describe and analyze methods, highlight their limitations and resources, and clarify their assumptions and results.

Quantitative method

A quantitative research method has been used for the study. It includes the process of collecting data and analyzing data. Quantitative research method is the research in which the collected data is converted into numbers.

Descriptive research

Under this, descriptive research of quantitative research is included in the study. Descriptive research is used to understand the current situation of a variable or topic. In this

the researcher cannot control and manipulate the variables, he can only observe and measure them.

Sources of data

Secondary data sources have been taken for the study. This data is related to the development of 24 districts of Jharkhand. In the research, the data has been studied from the RBI website, magazine, research paper, and newspapers. Study of 24 districts has been done by the state of Jharkhand for priority sector lending. Mainly in secondary Data reports of banking trends and progress have been included from SLBC Jharkhand. Internet has been used for research.

Data Analysis

In a study analyzed in 24 districts of Jharkhand, the

researcher has first studied the CD ratio of 24 districts of Jharkhand, under which rural urban and semi urban areas have been analyzed, after which bank branches of these 24 districts Extension and priority have been analyzed. An analysis of how much loan has been given by which bank in which area has been done.

Under which agriculture MSMES Renewable Energy Education Loan Housing Loan Export Credit etc. have been analyzed and an attempt has been made to find out whether the banks of Jharkhand are helpful in the development of the priority sector and how much loan was done by banks being given.

According to the RBI guideline, the bank will give at least 40% of its deposit to the priority sector. This rule is being followed by banks or not, It is described further:

Table 1: State level banker’s committee – Jharkhand Convenor: bank of India District wise CD ratio of Jharkhand State (Rural, Semi-urban and urban areas) as on 30 June 2023:

Sl. No.	District name	Rural cd ratio	Semi-urban cd ratio	Urban Cd ratio	Total Cd ratio
1	Bokaro	28.33%	31.63%	40.03%	36.23%
2	Chatra	34.73%	23.61%	554.78%	29.34%
3	Deoghar	35.46%	30.71%	34.97%	34.57%
4	Dhanbad	20.33%	32.97%	36.57%	34.12%
5	Dumka	40.81%	34.81%	79.12%	37.53%
6	East singhbhum	35.76%	27.08%	56.30%	50.19%
7	Garhwa	40.31%	40.95%	54.05%	40.76%
8	Giridih	28.34%	20.21%	58.55%	39.02%
9	Godda	39.14%	36.53%		38.18%
10	Gumla	29.26%	29.54%	74.27%	29.87%
11	Hazaribag	34.09%	57.84%	44.56%	42.78%
12	Jamtara	30.73%	28.43%		29.98%
13	Khunti	39.59%	39.35%	88.17%	40.08%
14	Koderma	28.08%	40.75%	455.42%	37.22%
15	Latehar	41.62%	39.46%		41.23%
16	Lohardaga	42.30%	40.60%	159.13%	41.86%
17	Pakur	54.02%	50.55%		52.63%
18	Palamu	55.87%	39.37%	37.06%	44.45 5
19	Ramgharh	33.95%	37.87%	1794.89%	38.67%
20	Ranchi	74.11%	38.85%	39.01%	41.40%
21	Sahibganj	30.67%	32.82%	27.35%	31.95%
22	Seraikela kharsawan	50.10%	41.12%	80.22%	61.26%
23	Simdega	23.75%	29.90%		27.63%
24	West - singhbhum	36.13%	7.17%	41.95%	10.00%
	Total	38.48%	25.55%	43.07%	37.27%

Sources: Slbc Portal

Analysis of Data

In research, the CD ratio of 24 districts was observed, it was found that out of 24 districts of Jharkhand state, the highest work in rural areas was 74.1 1% in Ranchi district, 57.84% highest work in Semi- If seen by mixing the three areas, the total of CD Ratio is the most of the total ratio 61.26% of Seraikela Kharsawan district, which is the highest in the entire 24 districts urban area Maximum work in and in urban areas has been done in Ranchi 1794.84%.

The study also shows that the performance of CD ratio

(CDR) has been the lowest in rural areas of Dhanbad district and the lowest in semi-urban areas has been in West Singhbhum and Sahibganj has the lowest in urban areas.

Out of the total 24 districts of the state of Jharkhand, only 10 districts have been able to achieve the target of their CD Ratio up to 40%, other 14 districts of CD Ratio are less than 40%. It is necessary to pay attention to the development of the primary region of the state. In the year 2023, the CD Ratio of a total of 24 districts of the state of Jharkhand is 37.27%, which is less than 40% of the National Benchmark.

Table 2: State level banker’s committee – Jharkhand Convenor: bank of India District wise Bank Branches of Jharkhand State (Rural, Semi-urban and urban areas) as on 30 June 2023:- Bank Branches

Sl. No.	District name	Rural cd ratio	Semi-urban cd ratio	Urban Cd ratio	Total Cd ratio
1	Bokaro	71	49	89	209
2	Chatra	43	21	1	65
3	Deoghar	69	27	44	140
4	Dhanbad	76	50	162	288
5	Dumka	82	34	1	117
6	East singhbhum	82	62	190	334
7	Garhwa	56	30	1	87
8	Giridih	120	10	36	166
9	Godda	73	29	0	102
10	Gumla	51	25	0	76
11	Hazaribag	89	29	57	175
12	Jamtara	40	28	0	68
13	Khunti	30	20	0	50
14	Koderma	33	34	0	67
15	Latehar	22	26	0	48
16	Lohardaga	22	20	2	44
17	Pakur	38	23	0	61
18	Palamu	77	51	1	129
19	Ramgharh	47	66	2	115
20	Ranchi	144	40	304	488
21	Sahibganj	42	36	0	78
22	Seraikela kharsawan	77	20	26	123
23	Simdega	31	19	0	50
24	West - singhbhum	76	56	0	132
	total	1491	805	916	3212

Sources: Slbc portal

Analysis of Data

The data of the SLBC portal says that out of 24 districts of Jharkhand, the bank branch of banks is the highest number of 488 banks in Ranchi district and the lowest number is in Lohardaga, whose number is 44, the total branch in the state is 3212, with 1491 branches in the rural area and 805 in

semi urban and 916 in urban areas. There are 10 districts of the state whose urban areas do not have a single bank branch, these districts are Godda Gumtara Khunti Koderma Latehar Pakur Sahibganj Simdega Simdega West Singhbhum It is very important to open this new branch for the development of these districts.

Table 3: State level banker’s committee – Jharkhand Convenor: bank of India District wise Annual Credit Plan achievement under priority sector:- as on 30 June 2023:

S. No	District Name	Agriculture Acp Achv. %	Msmes Acp Achv. %	Export credit Acp Achv %	Education Acp Achv. %	Housing Acp Achv. %	Social Infrastructure Acp%	Renewable Energy Acp %	Total priority Sector Acp %
1	Bokaro	20.69	66.10	0.00	11.12	12.47	0.00	0.07	50.15
2	Chatra	17.35	56.32	0.00	14.90	11.93			27.78
3	Deoghar	16.23	52.27	0.00	9.04	4.52	0.00	0.15	29.62
4	Dhanbad	27.36	62.02	0.00	7.46	9.73	5.71		51.21
5	Dumka	15.02	40.01	0.00	20.35	5.43	19.37	1.06	25.97
6	East Singhbhum	25.82	59.67	0.00	14.25	10.80	3.84		51.39
7	Garhwa	14.70	48.26	0.00	16.91	6.13	55.00		20.29
8	Giridih	19.22	52.74	0.00	11.76	9.60	0.00		36.45
9	Godda	13.94	47.05	0.00	5.29	3.07		0.00	22.29
10	Gumla	15.24	55.28	0.00	24.73	7.78			26.77
11	Hazaribag	23.97	53.43	0.00	9.35	12.28	0.00		37.85
12	Jamtara	12.15	43.60	0.00	5.95	7.00			19.00
13	Khunti	15.90	46.36	0.00	10.55	7.84	0.21		25.00
14	Koderma	24.23	55.42	0.00	10.68	12.61	0.00		39.91
15	Latehar	16.81	48.41	0.00	4.75	35.26			25.91
16	Lohardaga	21.06	52.92	0.00	13.91	7.52			32.82
17	Pakur	14.51	54.14	0.00	7.95	6.05	18.75		30.67
18	Palamu	14.53	47.80	0.00	10.21	13.68	2.22	1.46	22.90
19	Ramgharh	21.69	57.24	0.00	10.97	11.41	0.00	0.21	44.14
20	Ranchi	21.20	56.79	0.00	8.97	16.35	3.50	0.38	41.00
21	Sahibganj	15.60	37.59	0.00	4.96	3.96	0.00		20.02
22	Seraikela Kharsawan	23.03	84.44	0.00	7.14	9.60	0.00		60.55
23	Simdega	16.97	41.68	0.00	8.18	12.09			24.37
24	West -Singhbhum	17.62	39.54	0.00	16.27	14.44	0.56		25.85
	Total	19.56%	58.21%	0.00%	10.62%	12.09%	2.50%	0.50%	40.45%

Sources: Slbc Portal

Analysis of Data

- **Agriculture:** Research studies have received information that ACP's achievement percentage in the Total Priority sector is 40.45% which is completing the border of the National Benchmark but it still requires more attention. Percentage is 19.56 in the agriculture sector which is very low. Banks in all 24 districts of Jharkhand state need to pay great attention to the agriculture sector. LDM needs to plan development specifically at the state level and block level, so that there can be development in agriculture because More than 75% of the people of Jharkhand state depend on Agriculture that is why the state should pay special attention in the agriculture sector.
- **MSMEs:** ACP's achievement percentage in the state in the field of MSMEs is 58.21%. The state's work in this area is commendable. The state has done very good work in this area. The state's work in the field of MSMEs is commendable but in the field of MSME in Sahibganj and West Singhbhum, there is no good work in the field of MSME, LDMs of both these districts need to pay attention to their MSMEs.
- **Export Credit:** There has been absolutely no work in the field of Export Credit. None of the 24 districts of the state have done any work in this area. The ACP's achievement percentage is 0.00%, which is very bad; it would be the meaning of export credit there is a loan given to a person or Company of export goods.
- **Education:** The ACP's achievement percentage in 24 districts of the state in this region is 10.62% of education. The information received from the study has received this knowledge that the development of any country and state depends on education. The ACP of education in the state of Jharkhand is very bad. The field of education of priority Sector development in it is very important.
- **Housing:** ACP's achievement percentage in this region is 12.09% in the year 2023 which is very bad.
- **Social Infrastructure & Renewable energy:** Only 2.50 work has been done in the field of social infrastructure and 0.50% work has been done in the field of renewable energy. The status of social infrastructure and renewable energy is also very poor. The banks of the district need to pay attention to these areas.
- **Total priority sector:** It has been observed in the study that ACP's achievement percentage in the total priority sector of 24 districts of the state of Jharkhand is 40.45 percent which completes the boundary of the National Benchmark.

Good work has been done by the state in the priority sector, but it still needs to pay more attention so that the entire development of the district can be done. Most of the land in the state of Jharkhand is not fertile, so there is a need to give loans for irrigation to the bank and the government so that people of the priority sector can support and there can be complete development of the state.

Conclusion

Research studies have received information that the role of banks for the development of Jharkhand is important. The

study has shown that work has been done for the development of the priority sector in 24 districts of the state, but banks play important role in these areas also and there is a need to pay more attention. On the basis of research, it would not be appropriate to say that banks have done a very good job, district banks. Need to focus on the priority sector. Banks of 24 districts have done good work in the field of MSMEs but all other areas which are included in the priority sector have not done good work in any area.

70% of the people of the state are dependent on agriculture, yet the bank has not done good work in the agriculture area, some work has been done in other areas. Most of the land in the state of Jharkhand is not fertile, so there is a need to give loans to the bank and the government for irrigation facilities.

SLBC requires strict instructions to LDMs of banks of all 24 districts to pay attention to all areas of the priority sector and provide their support in their development.

The government also needs to work and plan for the development of these areas so that the state of Jharkhand can be fully developed.

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