

An Exploration on the state of Bihar in India



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Abstract

Any assessment of economic growth in India is shaped by a disaggregated examination of the country's regions. Given the diversity of Indian states and the fact that they have not all benefited equally from the high growth rate, particular consideration must be given to regional development. Examining regional (state) level disaggregated growth performance may help determine whether or not the growth performance is mostly limited to certain states in the nation. To discover inequity with regard to a country's economic performance, researchers have used 36 years of per capita net state domestic product (PCNSDP) data for Bihar and Kerala. For trend analysis and pattern analysis, the average yearly percentage change is used, along with a semi-logarithmic regression model. Bihar has larger fluctuations in PCNSDP growth rate than Kerala does. Since 1986–1987, Kerala's PCNSDP growth has been static, and since that time the state has never reverted to a downward trend. Bihar, however, has seen greater variance in the rate of development.

Keywords: Economic growth, Indian States, Bihar

Introduction

An Indian state named Bihar is located in northeastern India and is bordered to the north by Nepal and to the east and west, respectively, by the Indian states of West Bengal and Uttar Pradesh. The state of Bihar has a long history that predates the development of human civilization and is intertwined with the first legends of

the Sanatana Dharma. It was located in the centre of a vast nation, and under the patronage of powerful rulers, it had long served as a centre of culture. The Ganga River drains Bihar, which is situated in one of the world's most fertile areas. Famous products included indigo, saltpetre, textiles, and cotton. As a consequence, India was a significant commercial hub from antiquity until the middle ages. This offers a strong justification for Europeans to set up trade factories and centres.

Ancient History of Bihar

The oldest myths and stories of Sanatana Dharma may be found in Bihar's ancient history, which dates back to the very beginning of human civilisation. It served as the capital of a strong kingdom and served as a hub of scholarship and culture for millennia under the protection of mighty kingdoms. The term "Bihar" comes from the word "Viharas," which refers to a Buddhist monk's resting place, but it wasn't until the Muslim kings of the 12th century that they began naming the state by that name.



Figure 1: Source of Bihar State

Post-Bifurcation of Bihar (2000-01 to 2004-05)

The Bihar Reorganization Act of 2000 caused Bihar to split into Bihar and Jharkhand, which significantly altered the state's economy. One of the early effects of split for Bihar was a significant increase in the economy's sensitivity to shocks like floods. Because of the loss in land area, 73% of Bihar was flood-prone after the state was divided, up from around 55% prior. The majority of the industrial facilities and energy production capability in southern Bihar were transferred to Jharkhand. In a span of a year, the percentage of industry (excluding construction) in the NSDP decreased from 22.5% to 4.6%, while the share of the services sector increased in lockstep from 36% to 50%. The agriculture sector's economic share climbed slightly from 36.5% to 40.4%. The state's own portion of non-tax income from this sector has decreased as a natural result of the loss of the industrial sector. Thus, from 1991 to 1995, the industrial sector in Bihar gave the state Rs. 61,119 crore, or nearly 10% of total income. As a percentage of overall income from 1995 to 2000, this slightly decreased to 7%. However, from 2000 to 2005, it only contributed a meagre Rs. 12,344 crore, or less than 1% of total income (Economic Survey, Government of Bihar, various rounds). Kerala's economy has grown consistently quicker over this time. Over the course of 2004–2005, Kerala's state revenue underwent a structural transformation. The primary sector's growth rate in Kerala was 7.7%, and it contributed 17.86% of the state's gross domestic product (GSDP). The secondary sector's growth rate was 11.6 percent, and it contributed 22.45% of Kerala's GSDP (including construction). In Kerala, the tertiary sector contributed 59.59% of the state's gross domestic product (GSDP), growing at a higher pace than all other sectors (12.6%). It's interesting to note that Bihar's growth accelerated significantly in the years immediately after separation, from 2000 to 2005, from 0.34% to 3.67%. But from 2000 to 2005, Kerala expanded 5.89% faster than Bihar, widening the gap between the two states. This was true despite the fact that Bihar expanded significantly faster in the first five years after the split than it had before 1980.

Conclusion

Analyzing the performance of states offers a huge area for future study. The "refined" analysis may be performed periodically to track small changes, or the regression can be done on growth over certain time periods rather than levels. We will be able to assess how some states' performance has changed over time and how it has improved in the future thanks to this. In this analysis, the researcher utilised per capita net state domestic product data sets for Kerala and Bihar at constant prices (2010–11 base years). The study's conclusion and recommendation are provided below. The researcher has used the PCNSDP data over the last 36 years for each state to determine the pervasive disparity in the country. Bihar had the greatest growth rate,

22.36%, in 1996–1997, while Kerala had the highest growth rate, 9.31%, in 2005–2006. Additionally, both states have had the lowest or worse growth rates. Bihar's growth rate in 1995–1996 was -17.50%. Kerala, on the other hand, had a -5.32% negative growth rate in the 1983–84 fiscal year. As a result, sustainability in terms of PCNSDP growth rate has not been identified in any state; however, Bihar exhibits more changes or oscillations than Kerala. Since 1986–1987, Kerala has enjoyed PCNSDP growth in absolute terms at factor cost and has never reverted to the declining trend. Bihar has had several good and bad swings. Bihar did not follow the path of negative growth rate after 2006–07. It is evident from the observation that the PCNSDP in both states differs from the beginning of the research, but the difference persisted until 1986–1987. Following it, Kerala's economy improved and reached a notable height.

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