

## INDUSTRIAL DEVELOPMENT OF BIHAR: AN OVERVIEW

---

Dr. Yogesh Kumar Agarwal\*

### ABSTRACT

*In Bihar, advancing the industrial sector has always been challenging. To entice investors and industrialists, the government of Bihar updates the State Industrial Policy every five years. Despite the fact that industry makes up a substantially smaller percentage of GSDP nevertheless during the past ten years there has been a constant decline when compared to the average Indian norm improvement in industry's GSDP contribution, despite the current delays in Bihar has access to enough infrastructure and production inputs. The Industrial Investment Promotion Policy, 2016, was created by the State Government to accomplish this objective. Focusing on the development of support infrastructure while giving priority to the core areas of future development is the main tactic for attaining the objectives of this policy a modified structured package of services, advanced technology, skill development aid and a well-balanced regional development strategy, which extends the advantages of investment in the State's various regions. The objective of this policy is to improve the offering a specific package of services to socially excluded groups and female entrepreneurs support for them. The policy has clear guidelines for its efficient application, monitoring and complaint resolution for business owners. The present paper also critically assesses the Industrial development of Bihar.*

---

**Keywords:** Industrial Sector, Infrastructure, Production Inputs, Technology, Industrial Development.

---

### Introduction

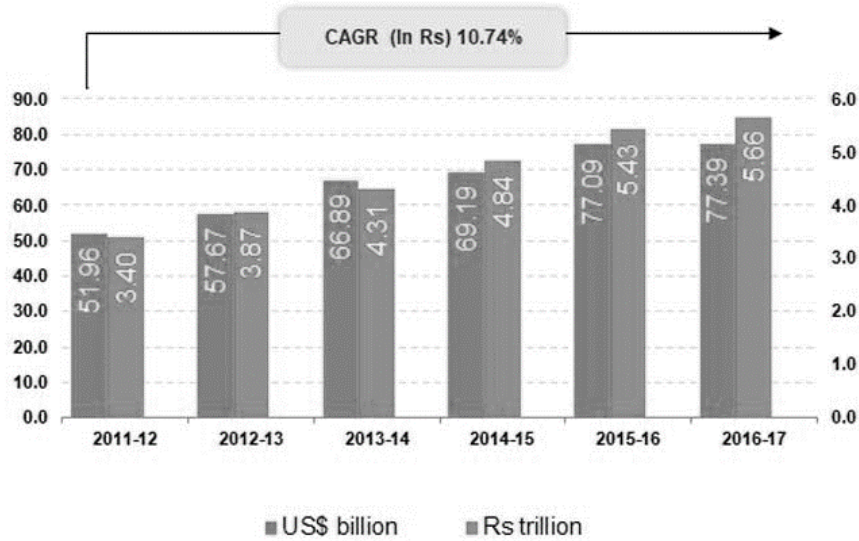
In the current competition among states seeking for foreign capital for investment in growth industries, the entire nation is now viewing Bihar with the respect and level of acceptance that it deserves. The state's gross state domestic product (GSDP), which increased to Rs 17,294 from Rs 15,931 in 2012–13, showed a growth rate of 9.92% in 2013–14. The GSDP was estimated at Rs 3.43 lakh crore in 2013–14, according to the economic survey for 2014–15, an increase of 9.92% from Rs 2.96 lakh crore the year before. According to the report, the proportions of the primary (agricultural sector), secondary (core manufacturing), and tertiary (services like banking and IT) sectors, respectively, are 22%, 19.2%, and 58.8% respectively of the total GSDP in 2013-14. However, it should be noted that the GSDP growth decreased by 0.82% in 2013–14, which is smaller than the 10.74% increase seen in 2012–13 and the 10.29% seen in 2011–12. Government sources claim that low construction activity, dry conditions, and high diesel prices were to blame for the yearly growth rate's small decrease.

Ten years ago, per capita income was equal to one-fourth of the national per capita income, but as of 2013–14, it has increased to Rs 17,294, or around 40% of the national average of Rs 39,904. Bihar has one of the lowest per capita incomes in the country, but this disparity is narrowing as the economy recovers. But realistically, with the present economic growth rate of 9.92%, it will take Bihar about 15-20 years to catch up with the national average in per capita income.

---

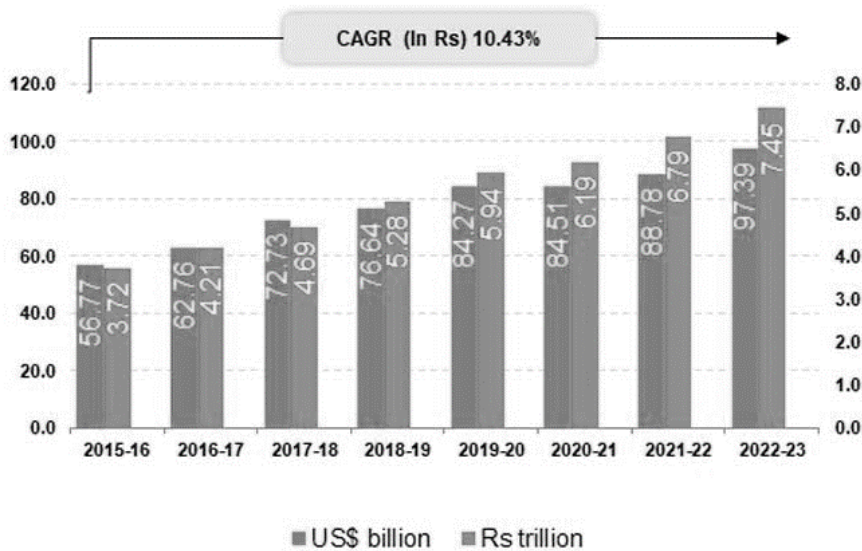
\* Assistant Teacher, Rajkiyekrit UPG. Middle School, Rudwa, Chhatarpur, Palamu, Jharkhand, India.

### NSDP of Bihar at Current Prices



Source: Ministry of Statistics & Programme Implementation

### GSDP of Bihar at Current Prices



Source: Ministry of Statistics & Programme Implementation

One of India's states with the fastest growth rates is Bihar. The GSDP of Bihar increased annually at a rate of 10.5% from 2005-06 to 2014-15, which is among the highest growth rates among all significant Indian states. The government's comprehensive, in-house reform effort is what has led to the scope and speed of economic development that Bihar has seen over the past few years. These reforms included alterations to how public finances were managed and modifications to how government spending was handled, as well as public investments in infrastructure development and, most critically, a redesign of the police and order apparatus. A favourable climate for private investment in the state and increased industry commitment has been created by all these reforms.

Because of its proximity to the sizable markets of eastern and northern India, access to ports like Kolkata and Haldia, and to raw material sources and mineral reserves from the neighbouring states, Bihar enjoys a special location-specific advantage. One of India's top states for producing fruits and vegetables is Bihar, which is predominantly an agricultural state and the subject of the Bihar Industrial Investment Promotion Policy-2016. Bihar is blessed with water resources, including both surface and ground water, since it receives 1009 millimetres of rain year on average. The Ganga River, which originates in the Himalayas, is joined by tributaries that travel across the state. The Saryu, Gandak, Budhi Gandak, Bagmati, Kamla, and Mahananda are a few of the other significant rivers.

The state is a great place for a variety of sectors since it has a sizable base of cheap, industrial labour. Some of the fastest expanding industries in the state are food processing, dairy, manufacturing, and healthcare. The government has measures planned for the growth of other industries, including tourism, information technology, renewable energy, production of small machines and agricultural implements, etc. The state of Bihar is actively attempting to strengthen its supporting infrastructure.

The availability of land is a key component in the industrialization of the state. Land purchase becomes more important as a result, necessitating the creation of a land bank for which a corpus fund with a ceiling of INR 1500 crore was proposed. Later, in order to accommodate the rising demand for land by businesses and other related sectors, this ceiling was increased to INR 2500 crore. In order to ensure the quick development of the land bank and industrial zones, the State Government has sanctioned a sum of INR 1650+ crore to the Bihar Industrial Area Development Authority (BIADA) for land acquisition. The industrial environment has undergone significant change as a result of economic liberalisation, privatisation, and globalization.

The State Government is promoting cluster-based development and is currently establishing specialised clusters for the growth of leather, small machines, plastics, garments, jute & textiles, and food processing to strengthen the manufacturing sector and the well-being of MSME entrepreneurs. Bihar is gradually implementing strategies to make the state more welcoming to investors in order to encourage investment. Implementing the UDYOG SAMWAD portal for grievance redressal, successfully implementing the single window system, developing an online inspection system, providing for the submission of a single integrated return under various labour laws, differentiating the compliance inspection requirements based on the risk profile of industries, providing for synchronized/joint inspection under various labour laws, among other key reform measures, are just a few of the actions taken.

#### **Rise of Economy in Bihar after 2005**

Nitish Kumar, who served as the chief minister of Bihar for two years in a row (2005–10 and 2010–15), has promised "Social and Economic growth with justice to everyone." To attract large corporations and transform Bihar's industrial environment into a progressive one, his administration introduced a number of new laws granting tax breaks and fiscal relief.

#### **Pre-Independence Industrial Development**

Before independence, there were some family- and cottage-level industrial activity in the study area, and the traces of these may still be seen in the district's town, which is part of the Daudnagar subdivision. Since 300 years ago, brass and bronze have been used to make kitchenware. From When the canal system was created, virtually little agro-based infrastructure had been established industry. Public opinion during the research survey suggested that this only happened after independence. As the canal system was still being fixed, the area expanded in terms of agriculture-based industries.

#### **Industrial Development after Independence**

He actively contributed to the growth of enterprises in this area immediately after independence, particularly in the Dalmia Group. The development of the biscuit and agricultural industries became popular. Up until 1974 AD, this frequency remained quite constant. The Bihar State Government formed BIADA in the year 1974 AD. It seeks to supply industrial firms with land as soon as those establishments are made. However, Navinagar did not start to gain power until the 1970s. Despite the availability of locally sourced raw materials, little industrial infrastructure was built because of a lack of energy.

#### **Status from Two Decades Ago to the Latest**

As we all know, the current Bihar administration has been in office for nearly 17 years with political stability. The position of law and order improved as a result of the government's effective management and capable leadership. As soon as they noticed the tranquil environment, local and non-state investors began investing. It is well known, the study region has resources for both major and small, fundamental industries. At the same time, Bihar has not yet achieved energy independence, as is well

known. However, it has also begun to export electricity. Thus, there is no longer a requirement for energy. Both a well-traveled road and a railway line connect the study region nicely. The best labourers are provided by the dense local population. Three industrial zones can be located in the research area, taking these factors into consideration. The Western Zone (62), Central Zone (27) and Eastern Zone all have active industries (24).

Bihar is one of the strongest agricultural states in India and about 80% of the state's population is engaged in the sector. Because of its proximity to the sizable markets of Eastern and Northern India and Nepal, Bihar has a special geographical advantage. The state contains 5,421 km of national highways and a 3,720 km rail link, making it well connected to the rest of India. Bodh Gaya International Airport and Patna Domestic Airport are both located in the state. In order to connect the state to the nation's major metropolises, the Golden Quadrilateral Highway travels through the districts of Kaimur, Sasaram, Aurangabad, Gaya, and Patna.

The Eastern Dedicated Freight Corridor, which provides access to ports in East India like Kolkata and Haldia, raw material sources, and mineral reserves in neighbouring states, passes through Bihar, creating a wealth of new commercial prospects.

68 industrial zones and mega industrial parks can be found in Bihar right now. As its three top priorities, the state has cited the food processing, IT & electronics, and textiles & leather industries. Healthcare, manufacturing, sugar, dairy, and food processing are some of the quickly expanding businesses in Bihar that are luring investment prospects. As part of a joint venture between Alstom and the Indian Railways, India's first electric locomotive production facility debuted its first electric locomotive engine in March 2018.

#### **Modern Small Scale Manufacturing Enterprises**

These businesses require hired labour and raw supplies provided by large scale businesses dispersed over a great distance, and they are situated in big cities by nature to benefit from external production economies. Their customer base is distributed over a region or the entire nation. They occasionally work in export markets.

#### **Intermediate Groups of Small Enterprises**

"More or less traditional procedures are used to generate more or less modern products" by these businesses. Since they must buy their raw materials from cities, which also serve as the final marketplace for the products, these businesses are oriented more toward metropolitan areas than rural ones. With a quicker gestation time and comparatively smaller markets, they offer large-scale employment right away.

By implementing the New Industrial Policy in 1977, the Janata Government provided the small-scale industry a proper "place."

According to this policy, cottage industries have been completely ignored, and small businesses have received the utmost disregard. The emphasis has thus far been on major businesses. The change in strategy is a steadfast policy of this administration.

The new industrial policy's primary focus will be on effectively promoting cottage and small industries that are widely spread in rural areas towns and rural places.

The Industrial Policy Statement of 1985 gave the small-scale sector consideration and made some appropriate policy alterations. The term "small-scale unit" has been updated to include all manufacturing facilities with plant investments and equipment up to 35 lakh rupees. The investment cap for ancillary units was increased by Rs. 45 lakh. Recent times. The government expanded the list of restricted industries and loosened the definition to include service-oriented industries specifically for the growth of the small-scale industrial sector and the products that have been set aside for purchase from it.

The first Indian economist to recognise the significance of small-scale enterprises in India attempted to define these sectors in a way that made sense. This effort was led by Prof. K.T. Sash. According to his definition, "A small scale or cottage industry may be characterised as an activity or set of operations carried out on his own initiative by a workman experienced in the craft, the finished output of which, he advertises himself. He works from home using his own equipment and supplies, and he contributes his own labour or, at most, that of his family members who are able to help. These workers perform the majority of their work by hand and with their own initiative, with little to no assistance from contemporary power-driven machinery, and in accordance with conventional methods.

The first Indian economist to acknowledge the importance of small businesses in India made an effort to characterize these sectors in a comprehensible fashion. Prof. K.T. Sash served as the project's leader. He defines a small scale or cottage industry as "an activity or series of activities carried out on his own initiative by a workman experienced in the craft, the finished output of which he markets himself." Working from home, he uses his own tools and materials and donates his own labour or, at most, that of any willing family members.

Consequently, the creation of this corporation was approved by the Bihar cabinet during the Second Five Year Plan, a time when the government placed a strong emphasis on the development of regional industry.

At the time of its independence, India was plagued by a terrible state of its economy, inadequate infrastructure, a lack of resources, a lack of food, and social tensions brought on by the country's separation into India and Pakistan. The first government, led by Pandit Jawaharlal Nehru, adopted Mahatma Gandhi's philosophy and advocated for promoting cottage businesses and the use of indigenous skills as a method of achieving a rural structure that was self-sufficient. Since then, our policymakers have continued to place a high priority on village and cottage enterprises.

Due to the following factors, the small-scale sector has been given top billing in the nation's industrial development programme. A given sum of money invested in a small-scale business creates more jobs than a comparable sum in a large-scale task. This is crucial, especially in a nation like India where there is a surplus of labour. Small-scale industries create jobs without having a negative impact on agriculture, which is the main industry. During the off-season, these sectors might employ the majority of the illiterate population.

India lacks two crucial production components, namely:

- Technical
- Managerial competence. Small-scale industrial economies serve as a breeding ground for managerial talent and contribute to capital accumulation.

Small-scale businesses make use of rural talent and untapped funding sources that could otherwise go unused in this huge nation. Large-scale companies cannot draw these resources since they are centralised around cities. Small-scale industries require considerably shorter gestation periods than large-scale industries. Small-scale industries assist in the distribution of economic power and so promote balanced economic growth in the nation. They are also less reliant on imported machinery and raw materials.

The rising demand for consumer goods and basic producer commodities is largely met by small-scale companies. Small-scale industries can also create handicrafts and promote aesthetic values. Small-scale industries can also provide more sources of supply and demand opportunities for large-scale industries, giving the industrial sector strength and viability. The small-scale sector's growth in a developing nation like India is crucial for the aforementioned reasons.

Economic growth cannot be the only goal of national planning, and over time, development goals have begun to be articulated in terms other than growth in the GDP or per capita income. The tenth plan must include appropriate goals that make real strides toward raising everyone's standard of living. As part of this programme, attempts were also undertaken to make rural towns more or less self-sufficient in terms of consumer demands, employment opportunities, and basic amenities.

### **Conclusion**

Faster economic growth is essential for any state, but it is especially important in the post-globalized world. The particular characteristics of land as a factor of production have made it crucial for the growth of industry in any state. This has made the situation of Bihar, which is backward in terms of industrial growth, more problematic. However, the Government of Bihar has also introduced various incentive programmes to draw in businesses an innovative strategy through the "Aao Bihar" programme, whereby an interface between Government assistance is provided to investors and landowners through BIADA. The Bihar government is enthusiastic about facilitating both strategies for accelerating industrial expansion in the region. Bihar's industrial strategies have focused mostly on the effective support of small, local businesses that are widely scattered throughout rural areas and small towns. The most significant benefit of these businesses, in addition to the numerous other ecological, human, and economic benefits, is their excellent potential for creating employment. The study shows that although small scale industries are well established, they tend to be more oriented toward urban or semi-urban areas.

**Reference**

1. Sinha V.N.P Sinha Bihar resource land and people (Rajesh Publication New Delhi) (2018).
2. Bihar Economic Survey- Bihar Government.
3. Prof. Rana Pratap - Industrial Geography Janaki Publications Patna.
4. Sehgal.P, Kumar.B, Sharma.M, Salameh A.A, Kumar.S, Asha.P (2022), Role of IoT in Transformation Of Marketing: A Quantitative Study of Opportunities and Challenges, Webology, Vol. 18, no.3, pp 1-11
5. Kumar, S. (2020). Relevance of Buddhist Philosophy in Modern Management Theory. Psychology and Education, Vol. 58, no.2, pp. 2104–2111.
6. Roy, V., Shukla, P. K., Gupta, A. K., Goel, V., Shukla, P. K., & Shukla, S. (2021). Taxonomy on EEG Artifacts Removal Methods, Issues, and Healthcare Applications. Journal of Organizational and End User Computing (JOEUC), 33(1), 19-46. <http://doi.org/10.4018/JOEUC.2021010102>
7. Bhattacharjee, S., Sinha, R., & Dutta, K. (2014). *Fair Pricing of Land and its Compensation in an Emerging Economy: Case for India*. New Delhi: Thought Arbitrage Research Institute.
8. Cheshire, P., & Vermeulen, W. *Land Markets and their Regulation: The Welfare Economics of Planning*. London School of Economics.

