



Agricultural -Economic profile of Bihar

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Abstract

This article highlights the agricultural economic profile of Bihar. Agriculture is an essential sector that contributes to the economy and creates jobs, especially in developing or third-world nations. Agriculture plays important role in economic development and it is the main source of generating state domestic product in many states of India. Bihar is the state with the third-largest population. It is a land of farmers, with a large section of the people depending on agriculture for a living. This article discuss comparative growth and downfall of the state. Agriculture development and structural changes and relative performance of the Bihar economy have been discussed. It also explains initiatives taken by the government to increase crop production.

Keywords: Contributes, economy, generate, comparative, initiative, production

Introduction

The agricultural sector in India has changed significantly over the last 60 years. The elements of agricultural transformation can be seen in terms of the declining contribution of agriculture to national income, the declining labor share, and the reduction of rural poverty and malnutrition. These changes are accompanied by increased production of food grains, diversification from cereal farming to higher value products, emergence of new marketing opportunities, linkages to the non-farm sector and active land markets. However, these changes are not everywhere and vary greatly from state to state. Some states, such as Punjab and Haryana, have taken advantage of their abundant natural resources and improved agricultural productivity and agricultural income by introducing yield-enhancing technologies. Favorable technical, institutional and political framework conditions have also enabled these states to achieve higher growth trajectories in agriculture.

Despite the presence of abundant natural resources, Bihar has lagged behind in agricultural development. Bihar's economy has grown significantly since it was split in 2000, mostly by agriculture, but it is still one of India's poorest states. Among the poorest states, Bihar scores very high on the underdeveloped index (Government of India, 2013). The total poverty rate was 33.7% compared to the national average of 21.9% in 2011-12. Rural poverty rates are even higher at 34.1%. The state is also characterized by questionable low health and education outcomes (Bihar Government, 2016)^[1].

Over the past 15 years, the economy of Bihar has structurally changed from primary sector to service sector in terms of income share. However, agriculture still dominates the economy, contributing more than a quarter of government income and employing about 70% of the rural labor force. Strong growth in the agricultural sector is therefore key to the country's economic and social development. Against this background, the Government of Bihar has initiated a number of initiatives to improve productivity in the agricultural and livestock sectors. These include, among others, irrigation development, material supply strengthening and expansion programs, introduction of market reforms and agricultural mechanization. These

initiatives have been implemented at various stages of the Agriculture Roadmap as follows: Second Agriculture Roadmap (2012-13 to 2016-17); Third Agriculture Roadmap (2017-18 to 2022-23). These roadmaps focus on the holistic development of agriculture with a focus on increasing productivity and increasing farmer incomes.

These policy initiatives appear to have helped accelerate the growth of agriculture in Bihar. In fact, between January 2000 and August 2007, the agricultural sector registered an annual growth rate of 2.0%, albeit at a low base. After that, from 2008/09 to 2011/12, agricultural growth rose significantly to 3.1%, while gross domestic product (GSDP) achieved a very high growth of 10.9%. However, in next five years (2012-13 to 2016-17), agricultural growth slowed to 1.3%, and statewide economic growth fell to 6.6%. Over the years, growth has been marked by high volatility. In this regard, a diagnostic study of Bihar's agricultural sector needs to be conducted to identify both the drivers and barriers to its growth. An important aspect of the diagnostic study is to identify the most binding constraints on agricultural growth, especially the crop sector in Bihar. Removing these binding restrictions through policy reforms would unlock the growth potential of this sector. The results of this analysis will help to formulate appropriate policy recommendations aimed at achieving socially and regionally inclusive agricultural growth and to ensure effective implementation of the current Agriculture roadmap increase.

Agriculture development

Agriculture is the backbone of development. While the average Indian still spends almost half of his/her total expenditure on food, about half of India's labor forces still farms for a living. As it is a source of both livelihoods and food security for the majority of the low-income, poor and vulnerable in society its performance assumes greater significance in view of the proposed National Food Security Bill and the ongoing Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme. The experience of the BRICS countries (Brazil, Russia, India, China and South Africa) shows that 1% growth in agriculture is at least two to three times more effective in reducing poverty than the same growth in the non-agricultural sector.

The concept of development is very broad. The challenge of development economics is to formulate economic theory and apply policy to better understand and implement these core elements of development (A. P. Thirlwall, 1989). Agriculture plays an important role in the state's economy by providing a framework for industrialization. In the long run, we need to feed the urban population. Market contribution of industrial products, food security and increased production surpluses beyond subsistence needs. Bihar's agricultural economy presents a contradiction of poor agricultural performance while managing abundant natural resources, fertile river flows, fertile Ganges plain soils and an industrious labor force. As a result, more than three-fourths of the population in Bihar earns their living from agriculture and related activities. To improve the development prospects of Bihar, the great potential of agriculture and its related sectors need to be tapped. Despite the productivity gains in the agricultural sector over the past decades, the share of agriculture in GSDP is higher in Bihar than in India and remains low in national comparisons. Growth in agriculture and livestock was 3.73% in the last five years, compared with 2.40% in the five years before that, but the sector is still growing as almost one-ninth of the population lives mainly in rural areas. It is especially important for the economy of the country make a living in this field.

Structural changes and relative performance of the bihar economy

The reversal of trends in Bihar's economic output since the mid-2000s has been much discussed in the literature in recent years (Chanda 2011; Ghatak and Roy 2015). Favorable policy initiatives to improve the investment climate, infrastructure, governance, and social protection are plagued by a long history of slow economic growth, lawlessness, low human capital, labor migration, and agricultural and industrial stagnation. Bihar's image has changed significantly from a poorly governed state with weak infrastructure to one of India's fastest growing economies. Along with sound social and economic policies, political stability has had a transformative impact, setting Bihar on a path of high-income growth.

Bihar's average income growth was below the Indian average, but significantly higher than before at 5.38%. Other poor states such as Rajasthan and Madhya Pradesh also registered decent growth during the period covered. With high growth rates, Bihar tends to catch up with these emerging fast-growing economies and national averages. The pursuit of sound economic policies to foster growth could lead to convergence between countries over time.

However, the evidence for converging growth rates across Indian states is somewhat mixed. The ratio of states' GSDP to GDP in India shows relatively large disparities in per capita income. Two time periods were used to analyze relative changes in income. The period from 2000 to 2007 corresponds to the initial stage of agricultural reforms introduced in Bihar, while the period from 2008 to 2016 can be regarded as the implementation stage of the reforms. The latter phase includes notable initiatives such as agriculture roadmaps and skills programs. In addition, there was a continuity of government, largely governed by a single party and headed by the same Prime Minister. Sectoral performance improved significantly during the study period, driven by strong political will and significant push for major reforms. But even then, Bihar's relative status within the state remained low.

Table 1: Average Annual Growth in Major Sectors of the Bihar Economy

Particulars	2001-02 to 2007-08	2008-09 to 2011-12	2012-13 to 2016-17	2001-02 to 2016-17
Agriculture & Allied	1.98	3.11	1.28	2.04
Industry	8.78	14.18	6.09	9.29
Services	6.38	14.56	7.65	8.82
Non-agriculture	6.93	14.44	7.02	8.83
Overall	4.68	10.86	6.56	6.81

Source: National Accounts Statistics (various issues)

Considering that the roadmaps were developed to revitalize the agricultural sector in a timely manner, most of the analyses were performed along the timeframe of these roadmaps. As expected, the agricultural sector performed better, recording positive growth rates at various times. The average annual growth rate of agriculture and allied activities in the pre-agriculture roadmap (2001-02 to 2007-08) was only 2.0%. During the first agricultural road map, growth accelerated to 3.1%, roughly matching the national average agricultural growth rate. However, this high agricultural growth did not last forever. In fact, the CAGR fell to 1.28% during the second period of agriculture road map. The average growth rate for the whole period from 2001-02 to 2016-17 was only 2.0%, well below the national average agricultural growth rate of 3.1%.

However, the industrial and service sectors show excellent growth in all periods. The average growth rates from 2008/09 to 2011/12 were very high at 14.2% for industry and 14.6% for services. During this period, this brought the overall economic growth rate to about 11.0%. Total growth slowed to his 6.6% from 2012-13 to 2016-17 as average growth in manufacturing and services slowed. Over the entire period, Bihar's economy grew at 6.8%, mainly led by the non-agricultural sector of industry and services. Even with this average overall growth rate, Bihar remains one of the fastest growing states in India.

Despite great potential to sustain higher growth rates, agriculture has not performed well in recent years. In addition, the growth fluctuates greatly from year to year, mainly due to fluctuations in weather factors. Although average agricultural growth is much lower than non-agricultural growth, agriculture still plays an important role in influencing total economic growth, the total growth rate fell more or less. Over the three years of 2002-2003 and 2015-2016, the share of agricultural and related activities in national income almost halved to 20%. However, the decline in agriculture's contribution to the national economy does not mean that agriculture should not show higher growth rates. Indeed, given its small contribution to the economy, it is not paradoxical that agriculture has a high rate of growth (de Janvry 2010; Timmer 1998).

Conclusion

Agriculture is the backbone of Bihar's economy. Bihar has big land for cultivation and its plays important role in growth and development. As agriculture is considered as the riskiest business due to unpredictable nature of the monsoon and natural disaster like flood and draught. Monsoon in Bihar effects crop production. To manage these risks, it is essential to create institutional agricultural insurance arrangements due to the vulnerability to income and consumption shocks. A holistic system-based approach is

required for sustainable agricultural growth. This article explores a comparative figure of losses and growth of agriculture in the state. Government has launched various schemes to improve the agricultural productivity but proper execution and training are required to grow crops. Farmers don't get proper training on agriculture and they are not aware more about technological development being used in farming.

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