

Industrialization in Bihar: Did 2005 Bring a Change?

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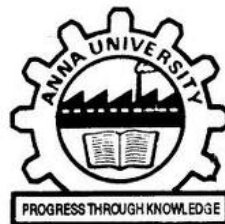
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Abstract

Bihar has traditionally been one of the most backward Indian states, with more than 80% of its population still dependent on agriculture, a very low Gross State Domestic Product (both, per capita and the combined total) and a very poor ranking in most of the Human Development Indices. Bihar's story for the past many decades has essentially been the one of poverty, deprivations and a constant state of hopelessness. The political grammar in the state, however, witnessed a major change in November 2005 when Nitish Kumar led NDA government came to power, bringing some hope of development. With the dilapidated state structure that Bihar had inherited over the last decades, Industrialization, being widely considered the *sine qua non* of the economic development, had always remained a distant dream for Bihar.

Against this backdrop, this paper attempts to analyze the complex interplay of various *economic* and *non-economic* (i.e. *historical, social* and *political*) forces that have always been deterrents to industrialization in the state in past (and continue to do so at present). But, more importantly, we would examine whether industrialization drive in Bihar has made a turnaround in the post-2005 era. We will compare important policy dimensions such as industrialization policies, private investments, infrastructure (both physical and social), governance etc. and see if there has been a change from the past, and the implications for future performance. We will then provide a tentative analysis of the present as well as future problems and prospects that the Industrialization drive in Bihar faces.