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from the RINGSIDE

PART I

Bihar: Poverty and potential

Hopefully, the aftermath of the ongoing electoral rhetoric in Bihar will yield stable electoral outcomes. Bihar's development imperatives need de-politicisation and concerted measures to reverse its serious economic decline. In this two-part article, I will focus on the current economic status and steps for quick redressal.

The word "Bihar" conjures an image of poverty, backwardness, violence and failed governance. Media coverage of the State seems to expect the worst: more corruption, more violence at the polls, more poverty, and so on.

What are the realities behind this perception? Bihar is poor. It is very poor. It has weak infrastructure, low literacy rates, and a large population.

Regional disparities in India are always worrying and the gap between Bihar and other parts of India has fluctuated over recent history. The divergence increased as other States' growth surged in the 1990s, but has recently narrowed. Bihar's annual growth rate was 5.2% compared to all-India's 5.6% in the 1980s, declined to 3.46% in contrast to the national growth rate of over 6% in the 1990s, and has recently increased. CSO figures place its average growth rate from 1993-94 to 2003-04 at 5.8% p.a., just under India's 5.9% p.a.

Differences in the growth of per capita SDP are however more pronounced. Bihar's per capita growth rate actually fell from 2.97% annual in the 1980s to 1.86% in the 1990s while for India it rose from 3.36% to 4.07%. Bihar's population growth rate actually increased between the 1980s and 1990s, from 2.14% to 2.43%, while India's population growth rate declined from 2.44% to 1.94%.

Bihar showed only a marginal decline in poverty over this period, but not as much as the rest of India. During 1977-78 to 1983 the poverty ratio for India fell to 44.48%; Bihar's stood at 62.22%. Planning Commission estimates show that the poverty ratio fell from 35.97% to 26.91% for India over 1993-2001; Bihar reduced its poverty level from 54.96% to 42.6%. Thus poverty levels are nearly 75% higher than the all-India average.

The summary poverty statistics however hide outcome variations. Bihar's infant mortality, for example, was below the national average during this period: fewer children died, proportionally. The Indian economy witnessed rapid economic growth with a very marginal decrease of infant mortality rate from 77 to 71 during 1991-2001, but Bihar's infant mortality rate dropped from 75 to 67 in this period. Similarly, life expectancy at birth during 2001 for Bihar was 65.23, higher than the national average of 64.77.

But Bihar, while poor, is more equal (as indicated by a lower Gini coefficient) than India as a whole, especially in rural areas. Rural inequality in Bihar during 1983

was 0.272, below the national average of 0.291. It decreased to 0.236, while the national average was 0.266 during 1993-94, and remained below the national average (at 0.225) even in the more recent period. This is one indicator that rural growth could do much to reduce poverty.

Urban inequality in Bihar, however, started rising after 1993-94. The Gini coefficient increased from 0.283 in 1983 (compared to all-India 0.293), to 0.324 (all-India 0.327) in 1993, and 3.41 (all-India 0.327) in 1999-2000. The recent upswing is worrisome.

Bihar is performing less well in terms of its literacy rate. During 2001, the literacy rate in Bihar was only 48%, far below the national average of 65%. Bihar also performed poorly in the earlier period with just 32.3% in 1981 moving up to 38.54% in 1991. The Human Development Index, a composite of literacy, life expectancy and per capita income, has increased for Bihar like the rest of India, but Bihar still lags behind at 3.67 compared to the Indian average of 4.7.

Bihar ranks 11th out of the 15 major States in terms of social and economic infrastructure. Within this summary ranking, however, conditions vary. Bihar's road density, at 101.8 km per 1 lakh population, is higher than the national average of 25.82, in part because exploitation of the rich mineral resources required connectivity to market centres. Bihar's road network remained the same as population grew, however, leading to a decline in density from 119.73 km per lakh in 1981 to the current figure.

Bihar's railway density is also significantly higher than the national average. It has 30.22 km per thousand square km of land area, in contrast to the Indian average of 19.08. The freight equalisation policy which was introduced in 1952 and remained in vogue till 1993, however, neutralised these advantages of proximate availability of raw materials with entrepreneurs preferring industrial locations closer to markets in the west and the south.

The power infrastructure is a handicap. Per capita consumption of electricity in Bihar is only 140.8 Kwh, compared to the all-India average of 354.7. The power sector's endemic weaknesses: its low plant load factor, high transmission and distribution cost, insolvency of the State Electricity Boards, etc. has held the State back from augmenting this figure. It also limits utilisation of the plentiful groundwater availability in north Bihar.

Bihar's large population, high unemployment rate, and increasing social tension arising from failure to meet development aspirations, remain a daunting challenge for policymakers that goes beyond infrastructure, however, primarily to institutions and governance. I leave this to the next article.

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