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## **TRANSFORMATION IN EMPLOYMENT AND ECONOMIC GROWTH IN BIHAR: A DISARTICULATED ANALYSIS**

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### **Abstract**

Bihar, once a symbol of economic backwardness in India, has witnessed a significant transformation in its employment landscape and economic growth trajectory in recent decades. However, this transformation has been characterized by a disarticulated pattern, marked by certain contradictions and challenges. This article will delve into the key aspects of this transformation, including the growth of the manufacturing sector, the expansion of services, and the challenges faced by the agricultural sector. One of the most notable developments in Bihar's economy has been the growth of the manufacturing sector. The state has witnessed an increase in industrial units, particularly in sectors such as automobiles, textiles, and electronics. This growth has been driven by government incentives, improved infrastructure, and the availability of a relatively cheap labor force. However, the manufacturing sector in Bihar is still relatively small and faces challenges such as limited access to capital, inadequate power supply, and a lack of skilled labor. The service sector has also played a crucial role in Bihar's economic transformation. The growth of sectors such as information technology, healthcare, and education has created new employment opportunities and contributed to the state's GDP. The expansion of the service sector has been facilitated by government initiatives, such as the establishment of IT parks and the promotion of



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tourism. However, the service sector in Bihar is still in its nascent stages and faces challenges such as a lack of skilled professionals and inadequate infrastructure.

**Keywords:**

Transformation, Employment, Economic, Growth

**Introduction**

Historically, Bihar's economy was heavily reliant on agriculture, with a large portion of the population engaged in subsistence farming. This dependence on agriculture made the state vulnerable to fluctuations in rainfall and crop yields. Additionally, Bihar faced a severe lack of industrialization, leading to limited employment opportunities outside of agriculture. (Singh, 2020)

The absence of industries also limits the potential for value addition to agricultural products, thereby restricting job creation in related sectors. Inadequate infrastructure is another significant challenge hindering employment in Bihar. The state's infrastructure, including transportation, energy, and communication networks, is often underdeveloped. This lack of infrastructure makes it difficult for businesses to operate efficiently and attract investments. Poor infrastructure also hampers the movement of goods and services, limiting trade and economic activity.

Educational disparities also play a significant role in Bihar's unemployment problem. The quality of education in the state is often subpar, leading to a mismatch between the skills of the workforce and the requirements of the job market. Many graduates lack the necessary skills and qualifications to secure gainful employment. This educational gap limits the employability of the population and hampers the state's economic development. (Sharma, 2019)

Bihar faces a number of challenges that hinder employment opportunities for its population. Over-reliance on agriculture, lack of industrialization, inadequate infrastructure, and educational disparities are among the key factors contributing to the state's unemployment problem. Addressing these challenges requires a multifaceted approach, including promoting industrialization, diversifying the economy, improving infrastructure, and enhancing educational outcomes. By implementing effective policies and strategies, Bihar can create a more conducive environment for job creation and improve the livelihoods of its people.



Map 1: Map of Bihar



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The lack of industrialization is another significant obstacle. Bihar has struggled to attract investments from industries, leading to a limited number of manufacturing jobs. The state's infrastructure, such as inadequate power supply and transportation facilities, has discouraged industrial development. This dearth of industries limits the opportunities available to skilled and unskilled workers. A skill gap between the available workforce and the demands of the job market poses another challenge. Many job seekers in Bihar lack the necessary skills and qualifications to meet the requirements of modern industries. The quality of education and vocational training is often inadequate, hindering the development of a skilled workforce. This mismatch between skills and job opportunities exacerbates unemployment and underemployment. (Marjanović, 2019)

Socio-political factors also play a role in Bihar's employment challenges. Caste discrimination, corruption, and political instability can create a hostile environment for businesses and discourage investment. These factors can hinder job creation and limit opportunities for marginalized communities. Bihar needs a multifaceted approach. Diversification of the economy is crucial, shifting away from over-reliance on agriculture.

Promoting industrialization and attracting investments is essential to create new jobs. Improving the quality of education and vocational training can bridge the skill gap and equip the workforce for the demands of the modern job market. Addressing socio-political issues through reforms and good governance can create a conducive environment for businesses and job creation.

One of the most significant challenges facing Bihar is its high population density. With a large and rapidly growing population, the state faces immense pressure on its resources. This high population density can lead to increased poverty, unemployment, and strain on infrastructure. Additionally, Bihar's dependence on agriculture as its



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primary economic activity can make it vulnerable to fluctuations in weather patterns and crop yields. Another major hurdle is the lack of adequate infrastructure. Bihar's transportation networks, including roads and railways, often suffer from poor conditions. This can hinder trade, commerce, and the movement of goods, ultimately impacting economic growth. Furthermore, the state's power supply is unreliable, leading to disruptions in industries and businesses. (Kumar, 2020)

### **Review of Literature**

Agarwal et al. (2022): Bihar's transformation from an economically backward state to a growing economy is a remarkable achievement. While challenges remain, the state has made significant strides in terms of employment generation and economic growth. By addressing the existing challenges and capitalizing on the opportunities, Bihar can continue its trajectory of progress and improve the lives of its people.

Joseph et al. (2021): The transformation of Bihar's economy has been accompanied by significant changes in employment patterns. While agriculture continues to be a major source of employment, the share of the agricultural workforce has declined. This decline is attributable to factors such as mechanization, migration, and the growth of other sectors.

Kumar et al. (2020): Despite the growth of the manufacturing and service sectors, agriculture remains the backbone of Bihar's economy. However, the agricultural sector faces numerous challenges, including low productivity, dependence on monsoon rainfall, and lack of access to modern agricultural technologies. These challenges have led to a decline in agricultural incomes and forced many farmers to migrate to other parts of the country or cities in search of better opportunities.

Marjanović et al. (2019): While Bihar has made significant progress in terms of economic growth and employment generation, its development has been



disarticulated. The growth of the manufacturing and service sectors has not been fully integrated with the agricultural sector, leading to a dual economy. This disarticulation has resulted in a number of challenges, including rural-urban migration, income inequality, and environmental degradation.

### **Research Methodology**

For the current research work, total 400 respondents were chosen by using Random Sampling.

### **Statistical tool**

Regression analysis tool was used for the current research work. Google Forms were sent to the respondents. The organized survey had four sections including demographic profile and the procedure to get the feedbacks from the respondents. The request was expressed as a declaration evaluated on a 5-point Likert scale ranging from 1 to 5.

We used three variables here: Policy Reforms, Industrialization and Infrastructure as variance of transformation in employment and economic growth in Bihar.

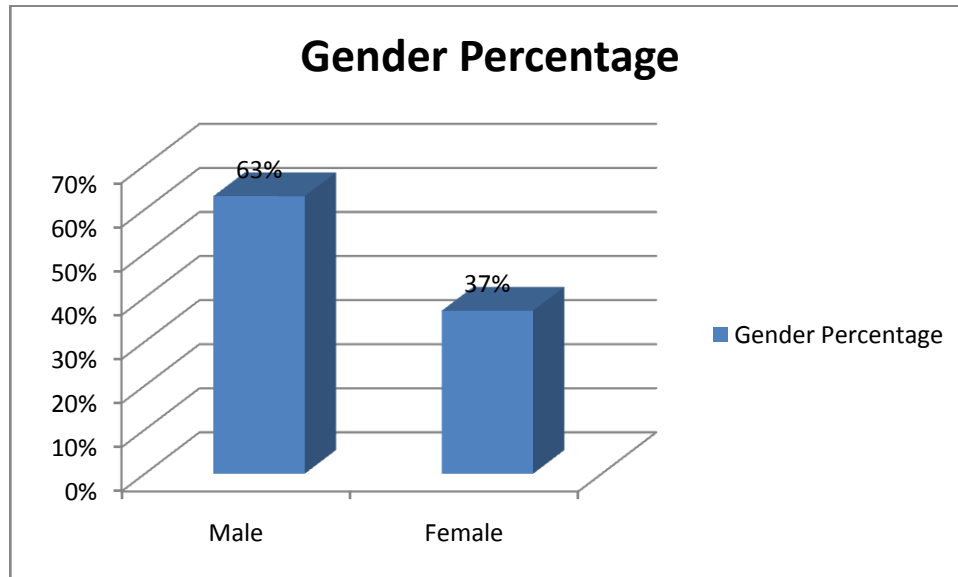
### **Data Analysis**

**Table 1**  
**Gender of Respondents**

Gender	Frequency	%
Male	252	63%
Female	148	37%

**Figure 1**

**Gender of Respondents**



**Source: Primary Source**

It can be observed from table 1 that out of 400 respondents, there were 63% male and 37% female respondents.

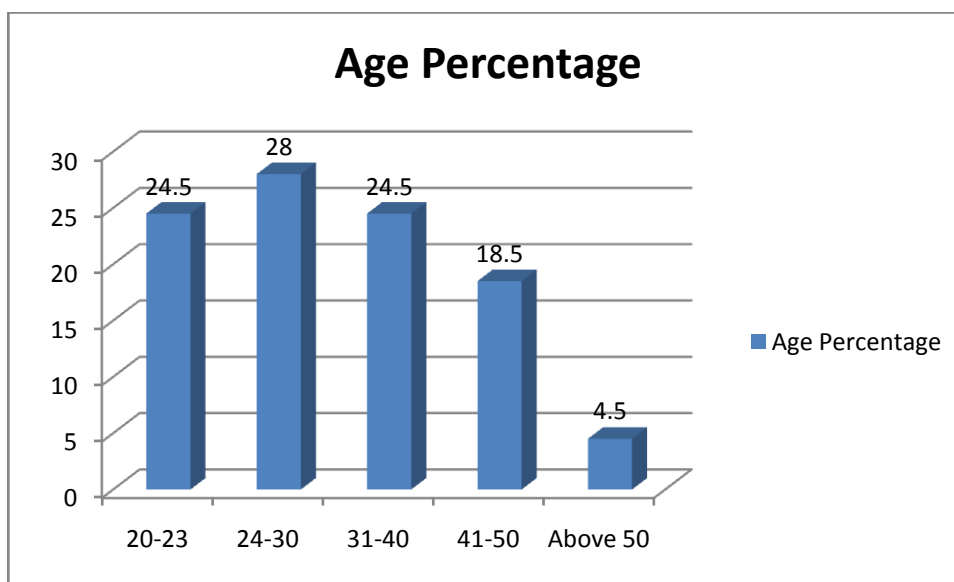
**Table 2**

**Age of Respondents**

Age	Frequency	%
20-23	98	24.5
24-30	112	28
31-40	98	24.5

41-50	74	18.5
Above 50	18	4.5

**Figure: 2**  
**Age of Respondents**



**Source: Primary Source**

It can be observed from Table 2 that there were 49 respondents of age group 20-23 and 56 respondents were of age group 24-30 while 49 were in the age-group 31-40. 37 respondents belonged to the age-group 41-50 while 9 respondents had the age more than 50 years





**Table 3**

**Employee Experience**

S.No.	Employee Experience	Frequency	%
01	0-2 yrs	118	29.5
02	3-5 yrs	250	62.5
03	more than 5 yrs	32	8

It can be observed from table 3 that majority of the respondents i.e. 62.5% had the experience of 3-5 years while 29.5% respondents had 0-2 yrs experience.

**Table: 4**

**Regression Analysis**

	Private Sector	Public Sector
R <sup>2</sup>	0.393	0.396
F	33.405*	37.839*
Constant	0.289	0.301
Policy Reforms	0.198*	0.008
Industrialization	0.006	0.296*
Infrastructure	0.290*	0.196***



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Table 5 shows that the Policy Reforms, Industrialization and Infrastructure variable explain 44.2% (Private Sector) and 43.1% (Public Sector) variance of transformation in employment and economic growth in Bihar.

### **TRANSFORMATION IN EMPLOYMENT AND ECONOMIC GROWTH IN BIHAR**

Bihar also faces challenges related to education and healthcare. A significant portion of the population, particularly in rural areas, lacks access to quality education and healthcare facilities. This can limit human capital development and productivity, hindering the state's economic potential. Additionally, the prevalence of social issues such as caste discrimination and gender inequality can further exacerbate economic disparities.

Corruption is another persistent problem that has hindered Bihar's economic development. Corruption can divert resources, discourage investment, and erode public trust in government institutions. It can also create a hostile environment for businesses, deterring entrepreneurship and innovation. To overcome these challenges, Bihar needs a comprehensive and multi-faceted approach. This includes investing in infrastructure, improving education and healthcare, promoting industrialization and diversification, and addressing social issues. It is also crucial to combat corruption and foster good governance. By implementing effective policies and strategies, Bihar can harness its potential and achieve sustainable economic growth.

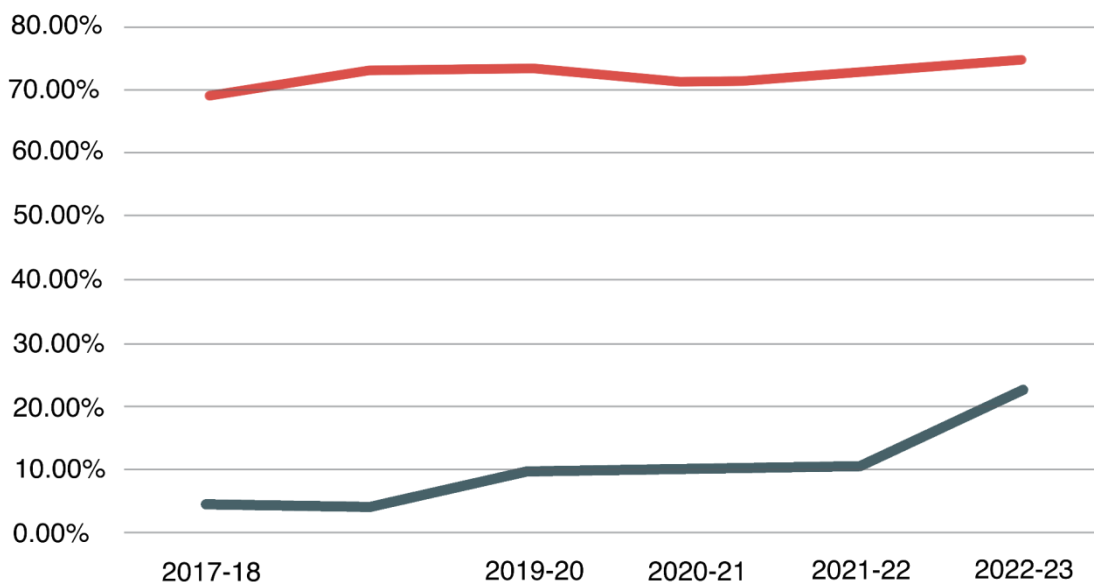


Chart 1: Economic Transformation in Bihar

Several factors have contributed to the transformation of Bihar's employment and economic growth:

1. **Policy Reforms:** The state government has implemented various policy reforms to attract investment and create jobs. These reforms include streamlining land acquisition processes, improving infrastructure, and offering tax incentives to industries.
2. **Industrialization:** Bihar has witnessed a surge in industrialization, particularly in sectors such as manufacturing, construction, and services. This industrial growth has created new employment opportunities and boosted economic activity.
3. **Infrastructure Development:** Investments in infrastructure, including roads, railways, and power plants, have improved connectivity and facilitated economic



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growth. This development has attracted industries and created jobs in the construction and transportation sectors.

4. **Education and Skill Development:** The state government has focused on improving education and skill development programs. This has equipped the workforce with the necessary skills to meet the demands of the growing economy. (Sabreen, 2021)

5. **Government Initiatives:** Government initiatives, such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), have provided a safety net for rural households and generated employment opportunities in rural areas.

Despite the significant progress made, Bihar still faces several challenges:

- **Poverty and Inequality:** Poverty and inequality persist in the state, with a large portion of the population living below the poverty line. Addressing these issues is crucial for sustainable economic development.
- **Infrastructure Gaps:** While significant investments have been made in infrastructure, gaps still exist in certain areas, hindering economic growth and development.
- **Skill Shortages:** Despite efforts to improve education and skill development, there is a shortage of skilled workers in certain sectors, limiting the state's competitiveness.
- **Corruption and Governance Issues:** Corruption and governance challenges continue to hinder Bihar's economic progress. Addressing these issues is essential for attracting investment and creating a conducive business environment.

However, Bihar also presents significant opportunities for growth:



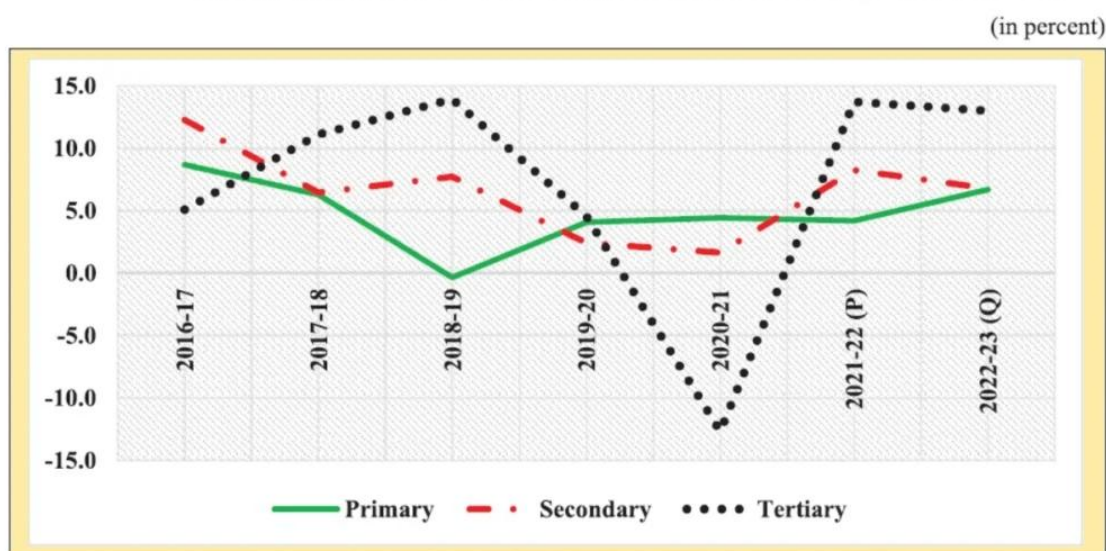
- **Abundant Resources:** The state has abundant natural resources, including minerals and fertile land, which can be leveraged for economic development.
- **Large Population:** Bihar's large population represents a vast market for goods and services, providing opportunities for businesses and entrepreneurs.
- **Strategic Location:** The state's strategic location, bordering several other states, offers opportunities for trade and investment.

	% share (GSDP)	% share (E)	% share (GSDP)	% share (E)	% share (GSDP)	% share (E)
Farm sector	29.1	72.6	25.7	61.6	19.7	43.8
Mining and quarrying	0.1	0.1	0.1	0.1	0.5	0.1
Manufacturing	7.3	6.2	6.1	5.9	7.5	9.0
Construction	5.6	2.9	1.5	10.1	1.4	16.2
Electricity, gas and water supply	1.8	0.1	11.2	0.03	8.6	0.1
Secondary sector	14.7	9.3	18.8	16.1	18.0	25.4
Transport, storage and communication	5.3	2.7	18.2	3.0	21.8	4.2
Trade, hotels and restaurants	17.8	9.8	7.3	10.9	9.9	14.2
Financial intermediaries, real estate, renting and business activities	14.4	0.7	15.3	1.2	13.5	3.3
Public administration and other services	18.7	4.9	14.8	7.1	17.1	9.1
Tertiary sector	56.2	18.0	55.5	22.3	6.3	30.8
Non-farm sector	70.9	27.4	74.3	38.4	80.3	56.2

Table 5: Economic Transformation in Bihar

The manufacturing sector has witnessed a modest expansion, creating new employment opportunities. However, the quality of these jobs often leaves much to be desired, with low wages and precarious working conditions. The services sector, particularly information technology and business process outsourcing (BPO), has emerged as a promising area for employment growth. Bihar's strategic location and availability of skilled labor have attracted investments in this sector.

**Sector-wise growth rate in Value-added in the State Economy (2016-17 to 2022-23)**



Note : For 2021-22, the figures are Provisional estimates (P) and for 2022-23 Quick estimates (Q).

Source: Directorate of Economics and Statistics, GoB

**Graph 2: Sector-wise growth rate in Bihar**

Several factors have contributed to Bihar's economic growth. Government initiatives, such as infrastructure development, industrial policy reforms, and social welfare programs, have played a crucial role. Improved connectivity, both within the state and with other parts of the country, has facilitated trade and investment.

The emergence of the informal sector has also been a significant driver of economic growth. While the informal sector often operates outside the purview of formal regulations, it provides employment opportunities to a large segment of the population. However, the informal sector is characterized by low wages, job insecurity, and limited access to social security benefits.

A disarticulated analysis highlights the complexities of Bihar's economic transformation. While there have been positive developments, several challenges persist. The state's infrastructure remains underdeveloped, hindering its



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competitiveness. The quality of education and healthcare services is still below par, limiting the human capital development necessary for sustained growth. Moreover, the growth trajectory has been uneven, with certain regions and sectors experiencing more rapid development than others. This disarticulation can lead to social and economic disparities, exacerbating existing inequalities.

Bihar's economic transformation is a testament to the state's resilience and the potential for development. However, the journey is far from complete. Addressing the challenges of infrastructure, education, and healthcare is essential for ensuring inclusive and sustainable growth. By fostering a conducive environment for investment, promoting entrepreneurship, and creating quality employment opportunities, Bihar can continue its upward trajectory and improve the lives of its citizens.

One of the most significant challenges facing Bihar is its over-reliance on agriculture. A large portion of the state's population is engaged in agriculture, which is often seasonal and low-paying. This dependence on agriculture limits job diversification and make the state's economy vulnerable to fluctuations in agricultural production. The lack of robust non-agricultural sectors has resulted in a limited number of alternative employment options for the population.

Another major obstacle to employment in Bihar is the lack of industrialization. The state has struggled to attract significant industrial investments, leading to a dearth of manufacturing jobs. This limited industrial development has hampered the growth of the manufacturing sector, which is crucial for generating employment opportunities.

## **Conclusion**

Bihar's economic transformation has been a complex process characterized by both opportunities and challenges. The growth of the manufacturing and service sectors has created new employment opportunities and contributed to the state's GDP. However,



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the challenges faced by the agricultural sector and the disarticulated nature of Bihar's development continue to pose significant obstacles. To achieve sustainable and inclusive growth, Bihar must focus on addressing these challenges and promoting a more integrated and equitable development path.

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