



Human resource development in Bihar: An overview

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Abstract

Human Resource Development has become a widely used term in the last half-century, but conceptions of the term vary widely. The broad notion of HRD, which is a subset of the grand theory of human development, includes not only education and vocational training, but also health, nutrition and access to sources of a degree of self-determination. Within the business and management literature, the focus of HRD is on the narrower objective of attaining or upgrading the skills and attitudes of employees at all levels in order to maximise the effectiveness of the enterprise. The present area of study is of Bihar, where even after 74 years of Independence, Bihar has a total literacy rate of 63.82% (73.39% for males and 53.33% for females), recording a growth of 20% in female literacy over the preceding decade. According to the 2011 census. This paper investigates the underlying causes of poor economic growth of Bihar, India, despite being endowed with relatively rich natural resources. Against the conventional view, the analysis reveals that poor economic growth is not due to a particular factor but an outcome of a myriad of social, economic and political factors rooted in structural, historical and macro-economic policies.

Keywords: human resource development, industrial policy, economic infrastructure

Introduction

India has experienced impressive economic growth since the 1990s. Its growth patterns, however, are uneven. While some states like Maharashtra, Punjab, Haryana and Gujarat are growing by 7–10%, others, particularly Bihar have lagged behind. Bihar is the least developed states in India. With economies that are still mainly agricultural, both are categorized as low economic performers or BIMARU ('sick' in Hindi) states, though recently Bihar's economy has made a remarkable improvement which will be discussed below. Industry and service sectors are still nascent in these states. Per capita state domestic product is very low in Bihar, much less than the national average. Bihar's per capita state domestic product is less than one-third of Maharashtra's. One out of three of India's 400 million poor live in Bihar.

Paradoxically, Bihar endowed with better natural resources and agro-climatic conditions than most other Indian states. Most of part of Bihar the Gangetic plains with fertile alluvial soil. Besides the river – the Ganges – a large number of smaller rivers originating from the Himalayas flow through this region to meet the Ganges. High rainfall, along with the melting of snow from the Himalayan Mountains, feeds the Ganges and its tributaries with water during the dry season and provide a perennial source of irrigation to large areas in Bihar and UP. This water and the silt from the Himalaya make the soil fertile and suitable for agriculture, fishery, livestock and forestry. Bihar is also rich in mineral resources and forests. More than 40% of India's coal, 32% of its bauxite, 59% of its copper, 17% of its iron ore, about 80% of its silver and 60% of its mica comes from Bihar. Bihar is also rich in mineral resources. Such an ample rich resource base would lead to one to expect that Bihar would be relatively well-off compared with other states of India. Unfortunately, these two states seem to be caught in the trap of underdevelopment. The question is why.

Bihar pose a serious development challenge not only for India, but also for the global community because India's achievement of Millennium Development Goals (MDGs) will be difficult unless poverty is reduced substantially in these two states. To design policies and strategies for accelerating economic and social development in Bihar, it is vital to identify the underlying factors that have stalled development there. While huge efforts have been made to document the diverse patterns of economic growth in India, little systematic work has been done to understand the factors that contributed to different growth patterns within the country. The focus has often been on micro-issues overlooking the broader structural and policy matters that shape the patterns of development. This paper explores the factors responsible for low levels of economic development in Bihar from a macro-perspective. The purpose of the paper is not to identify the determinants of economic growth and quantify their role or testing hypothesis of any growth model, rather it is to understand what conditioned the economic growth and social development by looking at different strands of thought from an historical perspective. The contribution of this paper is therefore descriptive, aimed at a deeper understanding of social, political, economic and historical context that shaped the speed and path of socio-economic development of Bihar.

Human Resource Development Philosophy

Human Resource Development (HRD) is a process by which the employees of an organisation are helped in a continuous and planned way to

- Acquire competencies to perform their present jobs;
- Develop new competencies to perform their expected future jobs;

- Discover and exploit their inner potential for their own and the organisation's purposes;
- Create a collaborative organisational culture of trust and openness in which effective superior-subordinate relationships and team work thrive and people feel motivated, cared for and respected.

Now, it is being increasingly recognised that of all the four components of an organisation (namely, task, technology, structure and people) 'people' is the most important. It is by changing and improving the knowledge, values, skills and attitudes of people that all tasks can be achieved, new technologies and structures implemented and an all-round climate of production and productivity built. HRD is needed by every organisation (be it a manufacturing organisation or a service organisation) which wants to:

- Stabilize itself
- Grow
- Diversify
- Renew itself
- Improve its systems and services
- Change and become more dynamic
- Play a leadership role.

Trends in Economic Growth of Bihar

Notwithstanding the constitutional provisions of federalism in India, allocating different social and economic sectors between the central and state governments and elaborate guidelines regarding fiscal dimensions of federalism, the 'core' of the development strategies in India have always been decided at the central level, mainly through the sectoral allocation of resources, the regional allocations being only a by-product of this exercise. This is so because, within the structure of fiscal federalism, the central (state) government mobilises more (less) resource than it needs for its direct needs, leaving the central government with a surplus, a substantial part of which is spent/ distributed using its own 'discretions'. In this framework, the regional-level state governments have only limited autonomy and it is, therefore, not surprising that the regions that were poor (rich) earlier are also the ones that continue to be poor (rich) today. The evidence on inter-regional disparity in India clearly demonstrates that not only the different regions in India have diverged vis-à-vis their income status since at least the early seventies, but the process has become faster since the mid-eighties. If the state-level governments had indeed any autonomy, at least some of the state would have exercised it to their advantage to break away from the historical trend.

Bihar has been halved during the post-reform period; for the national economy, the rate had indeed increased, albeit marginally. The main source of sustenance of Bihar's economy during the post-reform period was an accelerated growth rate of its agriculture at 3.01 percent and this was the first time since independence that the agricultural growth rate in Bihar had exceeded that of its population. This growth was essentially the consequence of an expansion of irrigation facilities. As indicated by the unpublished official data of the state government, for the gross sown area, the irrigation coverage had increased from 39.6 percent during the beginning of eighties to 48.3 percent at the end of the decade and by the end of the nineties it had increased further to 57.2 percent. Interestingly, this expansion of irrigation

facilities was caused not by public investment in the sector, but by private investment. The increase in gross area irrigated during the two decades was entirely through the expansion of tube well irrigation which is invariably by private investment. The resulting moderate growth of the agricultural sector in the face of a retarded growth of the non-agricultural sector was probably the only defence that Bihar was able to arrange against its development crisis in the post-reform period.

Issues in Human Resource Development in Bihar **High population and low skill**

While skilled human resources are a driving force for economic growth, a balance between population and economic growth is essential for the manpower to be absorbed by the productive sector. The population density of Bihar is more than double the national average of 329 persons/km². People are an asset when they are skilled enough to take the existing opportunities or create new opportunities through innovation and entrepreneurship. However, a large section of the population in Bihar has remained unskilled and poorly educated. Due to the absence of a dynamic non-farm or industrial sector in Bihar, the growing low-skilled population has created tremendous pressure on the agriculture sector.

Due to high poverty, inequality and a poor education system resulting from low investment and poor governance, the education and health condition of Bihar is poor. Vocational training has also been inadequate leaving the vast majority of the rural workforce unskilled and engaged mostly in agriculture. Many have been forced to migrate to other states for seasonal or long-term work.

Weak agrarian structure

Bihar is primarily agricultural states with about 80% of their population living in rural areas and depending on agriculture directly or indirectly. Land, the primary basis of agriculture, and social and political power have remained in the hands of the elite class.

While large landlords still control vast expanses of land, agriculture generally remains in the hands of small holders and tenants. Tenants who have low levels of savings and who must share the harvest with landlords have little capital to invest in agriculture and less incentive to do so because of their insecure property rights. The landholders, who have the capital, have little interest in investing because agriculture is not their prime occupation and most of them live in towns and cities. As a result, private investment to increase agricultural productivity has remained suboptimal. The situation has been further exacerbated by low investment by the public sector in building physical and economic infrastructures, as explained below.

Poor physical and economic infrastructure

Like private investment, public investment in agriculture in Bihar has remained inadequate. Per hectare capital expenditure in agriculture in Bihar is less than one-fourth of that of Punjab and less than half the national average. Bihar have not made enough investment in irrigation infrastructure. Only 50% of agricultural land is irrigated in Bihar, compared with 90% in Punjab and 87% in Gujarat. Owing to poor public infrastructure for surface water and increased water stress, farmers of Bihar have shifted to ground water irrigation as in the case of other states. The Bihar

government, however, could not provide such concessions to farmers due to financial constraints.

Low public and private investment, poor physical and institutional infrastructure, unequal land distribution, poor agrarian social structure including persistence of feudal elements not only hindered the growth of productivity in agriculture but also reinforced social inequality that creates structural barriers to the overall development of the society and economy.

Governance and institutional factors

Well-functioning institutions, good governance and strong leadership play critical roles in economic development. Bihar is rated as the most poorly governed states of India. After independence in 1947, Bihar was ruled by the high-caste elites with strong economic and political power. Since the dominant political parties failed to respond to their needs and demands, so-called lower castes and ethnic minorities began to organize themselves in the 1970s under socialist leaders. This led to the alignment of political forces on the basis of caste and ethnic identity. As a result, several parties emerged in Bihar to represent caste and ethnic interests of less powerful groups. Although this has changed the political landscape of Bihar and the parties representing discriminated caste and ethnic groups have won elections in both states, sectarian caste-based politics have failed to improve government performance in terms of economic growth. Caste-based politics in Bihar promoted an electoral culture that locks in votes for candidates based on caste, regardless of their competence or performance. The conflict between the so-called 'backward' and 'forward' castes has been an ongoing phenomenon in Bihar since the independence of the country.

Transfer of resources from the centre to the states

The Indian Constitution divides government functions and financial authority between the central and state governments. Central government provides financial support to state governments through different mechanisms, such as the finance commission, planning commission, allocations to line ministries for centrally funded programmes and through special projects implemented by central government and additional central assistance. The per capita plan allocation to the states from the centre in the 1st to 11th Five-Year Plan period (1951–2012). Bihar have been receiving less per capita allocation from the centre for development expenditure than any other of the states. Until the 7th Plan (1990), Bihar received less than half the national average allocation. Although in the 8th Plan Bihar received slightly higher per capita resource allocations, they still received much less than the all-India per capita average. After the 8th Plan, allocations to Bihar was once again reduced.

Industrial Policy

Bihar was famous for textile handloom and spinning. During the early 19th century, about 20% of the state's population was involved in spinning and other industrial work. However, due to the British policy of discouraging cottage industries and the promotion of indigo cultivation, these industries employed only 8.5% of the state's working population. This declining trend continued even after independence. The government policy of 'freight equalization' introduced in 1952 further marginalized Bihar. Under this policy, railway freight rates for industrial inputs

like coal, iron ore, steel and cement were structured in a way that would ensure that they were available at the same price in all parts of the country through government subsidies. The impact of this policy is distributed unevenly. While this policy helped some states of the south and west to build industries with raw materials sourced from Bihar at subsidized transport costs, it neutralized the benefits of proximity and comparative advantage of Bihar in establishing locally available mineral resource-based industries. While coal and other natural resources available in Bihar and other eastern states were made available inexpensively to other parts of India, other industrial inputs available in other parts of India were not included in the freight equalization scheme, such as petroleum products. This policy negated the comparative advantages of Bihar's mineral resources and affected industrial and economic growth through dynamic loss of forward and backward linkages. For instance, the Tata group decided to invest in Bihar because of its natural advantage of minerals but changed its decision after the introduction of this policy. Even after withdrawal of the policy, industrial agglomeration bias continued. Engineering industries were established in areas closer to markets or elsewhere where better infrastructure was available or there were other financial incentives or benefits.

Conclusion

The pace of development in Bihar, be it in terms of economic magnitudes alone or its human dimensions, has been very slow during the two preceding decades. The state was already at the bottom of the development ladder in the beginning of eighties and it still remains there. Nor has there been any change in the development strategies of either the central or the state government which could raise the prospects of a new development thrust in the near future. To make things worse, the present national strategy of economic reforms, restricting the role of state and extending the role of market towards promoting development, makes such prospects appear even dimmer. During the first post-reform decade, Bihar has recorded an economic growth rate which was the lowest for any of the regions of India in any of the decades. If this retarded development had not precipitated into a deeper crisis, it was possibly because a modest growth was realised in its agricultural sector which provides the livelihood opportunities for close to 90 percent of its population. If the economic growth had to be a pre-condition for the well-being of the people, one would have expected a near stagnation or even deterioration in human development in Bihar during the recent past. Fortunately, however, this line of causation has not been operative in Bihar. The pace of human development in Bihar has been slow, but probably not as slow as that of material development. It appears that the need and urge for development is now so strong in Bihar that the people, including those who are from its bottom layers are adopting alternative paths to satisfy their development urge in the absence of higher levels of income for them. This is an important conclusion that emerges from the observed trend of economic and human development in Bihar in recent decades.

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