

A tale of Two Indian States: West Bengal and Bihar

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Abstract: After independence in 1947, one of the richest states in the country was West Bengal and one of the poorest states was Bihar. But gradually West Bengal losses its position. Whereas, Bihar is improving in economic parameters and it rejoices 11 percent growth in 2011-12. The purpose of this paper is to compare the economic condition of these two states from 1990-91 to 2013-14.

Keywords: west Bengal, Bihar, nsdp, pcnsdp

When India gained independence from Britain in 1947, one of the richest states in the country was West Bengal and one of the poorest states was Bihar. These two states are situated in Eastern part of India. The area of west Bengal is 88,752 square kilometer and population is 9.13 crores according to 2011 census. The density of population in this state is highest in the country. Once being one of the most industrially developed states in the country in 1950's and 1960's, West Bengal has gradually declined in terms of industrialization, per capita income and overall prosperity. Poverty has declined although the problem is still high. However, the state is doing well in many social indicators. The economy of West Bengal has been undergoing a substantial structural change in favour of non-farm activities although agriculture plays an important role in state GDP. Apart from the problem of partition of Bengal, refugee problems, political turmoil, flight of capital, lack of investment, high density of population and dismal picture of traditional industrial sector, violent trade union movement can be made responsible for making West Bengal an adverse performing state from its leading position at the time of independence. Whereas, the sacred river Ganga flows across Bihar and the soil of the state is more fertile. The area of Bihar

is 94,163 square kilometer and total population is 10.4 crores (2011 census). Agriculture engages nearly three-fourths of Bihar's population, and Bihar is one of India's top producers of vegetables and fruits. Despite significant gains in mining and manufacturing, the state has continued to lag behind other Indian states. The per capita income is very low and a large segment of the population remains below poverty level. Bihar is the poorest state in India coupled with social backwardness. Though in the last few years its growth rate has changed drastically and if these trends continue, the neighboring Indian states of West Bengal and Bihar could see their fortunes reversed. Bengal, the most industrially advanced state at the time of Independence in 1947, has seen its position weaken during past decades. Meanwhile, Bihar, one of the so called 'Bimaru' states (including Bihar, Madhya Pradesh, Rajasthan, Uttar Pradesh) is a rising economic star. However, the state has huge potential of development in terms of agricultural land, mineral resources, transport and tourism. The fiscal policy and public expenditure have important role to play in the process of development.

West Bengal economy is a medium size economy and declined from its leading position. Bihar is a so-called a poor state in India but gradually improving.

Now let us have a look at the NSDP (Net State Domestic Product) of these two states and their annual growth in the years from 1990-91 to 2013-14.

Table 1. NSDP and its annual growth rate of West Bengal and Bihar at constant prices from 1990-91 to 2013-14

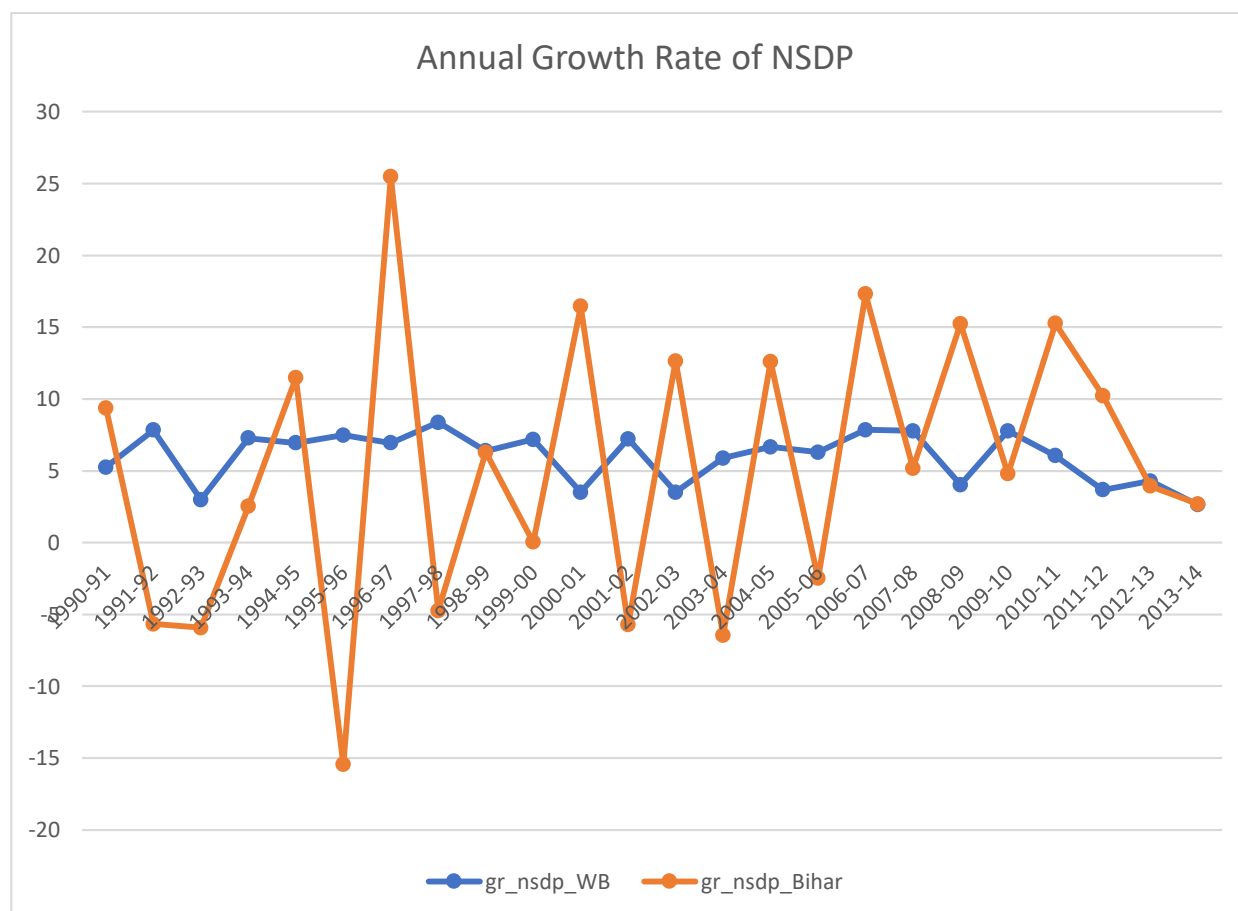
Year	NSDP of WB (in billion rupees)	Annual growth rate of NSDP (%) of WB	NSDP of Bihar (in billion rupees)	Annual growth rate of NSDP (%) of Bihar
1990-91	809.36	5.25	494.19	9.37
1991-92	872.73	7.83	466.24	-5.66
1992-93	898.7	2.98	438.62	-5.92
1993-94	964.09	7.28	449.68	2.52
1994-95	1031.08	6.95	501.25	11.47
1995-96	1108.17	7.48	423.75	-15.46
1996-97	1185.16	6.95	531.67	25.47
1997-98	1284.52	8.38	506.46	-4.74
1998-99	1366.47	6.38	538.38	6.3
1999-00	1464.75	7.19	538.57	0.03
2000-01	1516.09	3.51	627.24	16.46
2001-02	1625.58	7.22	591.27	-5.73
2002-03	1682.55	3.51	666.04	12.65
2003-04	1781.42	5.88	623.09	-6.45
2004-05	1900.29	6.67	701.67	12.61
2005-06	2019.94	6.3	684.19	-2.49
2006-07	2178.49	7.85	802.6	17.31
2007-08	2347.98	7.78	844.15	5.18
2008-09	2442.62	4.03	972.84	15.24
2009-10	2632.3	7.77	1019.38	4.78
2010-11	2791.91	6.06	1175.03	15.27
2011-12	2894.32	3.67	1295.21	10.23
2012-13	3018.39	4.29	1346.12	3.93
2013-14	3098.21	2.64	1382.36	2.69

Source: Data taken and calculated from “Handbook of Statistics on Indian Economy”, RBI (2015)

From the above table 1, it is seen that in 1990-91 net state domestic product of Bihar was 494 billion rupees and in case of West Bengal, it was 809 billion rupees. This means West Bengal's economy was almost double than that of the economy of Bihar. The growth rate of nsdp in case of Bihar fluctuated frequently with high spikes in some years. In case of West Bengal

there was a steady increase of nsdp at moderate rates. The average annual growth rates of West Bengal and Bihar are respectively 5.85% and 5.33% during the period of 1990-91 to 2013-14.

Figure 1. Annual growth rate of NSDP of West Bengal and Bihar from 1990-91 to 2013-14



The figure 1 shows that growth rate of nsdp of Bihar has continuous fluctuations whereas West Bengal exhibits a steady growth rate at a moderate level.

Table 2. Per capita net state domestic product (in rupees) of West Bengal and Bihar in some selective years

Year	West Bengal	Bihar
1990-91	5985	3293
1999-00	18430	6712

2005-06	23808	7588
2008-09	27914	10297
2011-12	32164	13149
2013-14	44520	19223

Source: Data taken and calculated from RBI Handbook of Statistics on Indian Economy, RBI (several issues)

Per capita net state domestic product in case of Bihar in 1990-91 was rupees 3,293 and it was rupees 5,985 in West Bengal. In 2013-14, Bihar has not progressed much and its per capita income is rupees 19,223. In case of West Bengal, it is more than double (Rupees 44,520) of Bihar's per capita nsdp for the same year.

Conclusion: From the above discussion it is seen that though the net state domestic product and per capita net state domestic product in case of West Bengal is much higher than that of Bihar but annual rate of growth of net state domestic product for the last few years of our discussion are higher in case of Bihar than West Bengal and it is gradually catching up.

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