

Foreword

A sharp deceleration in Indian Agriculture has been witnessed with the growth rate of GDP from agriculture slashing from 3.60 per cent during 1985-95 to 1.80 per cent during 1995-2005. Bihar is no exception of this trend. Agriculture comes under the state's list and over the years the resource allocations by the state to agriculture through her budgetary resources have been shrinking. It is a serious concern for a state like Bihar, which is primarily based on agricultural sector. In fact shrinkage has telling effect on agricultural growth and development of resources in the sector.

In view of this Ministry of Agriculture, Government of India has assigned this study for some of the states including Bihar. The study has been conducted by Agro-Economic Research Centre for Bihar & Jharkhand, T M Bhagalpur University, Bhagalpur making use of secondary data collected from budget documents and other government reports. The study revealed that there is slow down in GSDP growth in agriculture and allied activities during the post reform period. The trends in expenditure on agriculture in the state during 1985-86 to 2006-07 show an increase of 1.22 times in 2006-07 over 1985-86 whereas that of on economic services increased more than five times during the referred period. Another distressing feature is that the expenditure on agriculture on capital account fallen from Rs. 21.30 crore in 1985-86 to Rs. 14 crore in 2006-07. Further the expenditure on agriculture as a percentage of NSDP showing decrease of 1.19 per cent during the period. However, government is implementing a number of programmes to promote agricultural growth in the state. The study suggests increasing the budgetary allocations to agriculture and its due utilization.

I have immense pleasure in putting on record the crucial work done by the team leader Dr. Ranjan Kumar Sinha, Senior Research Officer and, of course all team members namely Mr. Rambalak Choudhary, Research Officer-Cum-Co-Project Leader, Dr. (Smt) R. Kusum Marandi and Dr. Rajiv Kumar Sinha, Research Associates and Sri Jai Shankar Choudhary, Computer Typist for completing this study in present shape. They all indeed deserve full appreciation.

B K Jha
Hon. Director

Preface

During the last decade, the medium term growth of NSDP in Bihar has been estimated at 5.57 per cent, which is lower than the national growth rate of about 6-7 per cent. Though it indicates an improved growth performance compared to the recent past when the state economy managed to grow at barely 3-4 per cent. The per capita NSDP of the state has grown at 3.61 per cent. But the growth rate of agriculture had been a slower rate of only 1.38 per cent. Till recent past, the state suffers from its comparatively lower trend growth rates. The state also suffers from regional disparities within the state. The poverty ratio is still quite high compared to the corresponding ratios at the national level. About 89.50 per cent of the state's total population live in rural areas and out of them 70.00 per cent earn their livelihood from agriculture and its allied sector. And thus, the growth of agriculture sector has its direct bearing on poverty eradication. On the other hand, the resource allocations in the state to the agricultural sector through her budgetary resources have been found shrinking in relative terms. This shrinkage has a significant effect on development of agricultural sector. In this context it is essential to study the budgetary resources to the agriculture sector in the state, particularly when no study has been conducted to examine the trends in budgetary allocations and thereby its impact on agricultural development in the state.

In view of above this study has been conducted in Bihar. The draft report of the study has been evaluated by the Institute for Social and Economic Change (ISEC), Bangalore. We are grateful to Dr. G B Lokesh of ISEC for giving us valuable comments and suggestions, which have been appropriately incorporated while bringing out this report in final shape. It is hoped that the findings of the report will be useful to policy makers, managers and other stakeholders.

We deem it our duty to acknowledge and appreciate the guidance and co-operation all those have greatly helped us to complete this study. First of all, we are grateful to our Director Prof. (Dr.) Bal Krishna Jha for his overall guidance. We sincerely express our thanks to the Secretary of Bihar Vidhan Sabha for allowing us to avail the library. The Librarian of A N Sinha Institute of Social Studies, Patna also deserves our thanks for his kind co-operation.

Since the present work is the outcome of the research team of the Centre, so we take opportunity to thank, Dr. (Smt) Rosline Kusum Marandi, Dr. Rajiv Kumar Sinha and Dr. Sambhu Deo Mishra, Research Associates of the Centre, Mr. Jai Shankar Choudhary for computer typing and Mr. Anil Kumar Saraf and Mr. Ganesh Pd. Vishwakarma for secretarial assistance.

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