

BASIC PROFILE OF INDUSTRIES IN BIHAR

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INTRODUCTION

As we know, there are two main aspects of a country's economic life-Agriculture and Industry. They are like two legs or two important limbs of the economic system. For economic development, it is absolutely essential to develop both sides or both aspects of the economy. But of the two, industrialisation is considered to be more important in the modern age. As a matter of fact, modern age is the age of industrialisation. Thus industrialisation, in its widest sense, is the key to economic progress and higher living standards. But what do we mean by industrialisation? Industrialisation is the process by which changes of a series of strategically production functions are taking place. It involves those basic changes that accompany the mechanisation of an enterprise, the building of a new machinery the opening of a new market and the exploitation of a new territory This is in a way deepening as well as widening of the capital. Industrialisation is highly related with increase in productivity. As a matter of fact, industrialisation and high productivity are parts of an interlinked process. One does not proceed very far without the other. In short, industrialisation is treated as synonymous with economic development.

General Profile of Industries:

In 2012-13, the latest year for Annual Survey of Industries data, there were 3347 manufacturing units in Bihar, compared to 2807 units in 2010-11, implying an increase of 19.2 percent (Table 2.1). For the entire country, this growth was lower at 8.6 percent. As factories in operation, it was 2946 in Bihar in 2012-13, 88.1 percent of the registered factories. For the entire country, the corresponding ratio was much lower at 80.1 percent. The distribution of the factories between agro-based and non-agro-based indicates that the share of agro-based industries in Bihar is lower (34.1 percent), compared to the national. This actually implies that the substantial potential that Bihar has for agro-based industries is yet to be realised fully. The present the different types of Agro-based and non-Agro-based industries operational in Bihar and India.

Table 2.1

Number of Factories and Factories in Operation

Categories	2010-11		2011-12		2012-13	
	India	Bihar	India	Bihar	India	Bihar
No. of Factories						
Agro-based	87520 (42.8)	918 (32.7)	93251 (42.9)	1126 (34.8)	87803 (39.5)	1141 (34.1)
Non-Agro-Based	1170 (57.2)	1889 (67.3)	124303 (57.1)	2106 (65.2)	134317 (60.5)	2206 (65.9)
All	204531 (100.0)	2807 (100.0)	217554 (100.0)	3232 (100.0)	222120 (100.0)	3347 (100.0)
No. of Factories						
Agro-based	69249 (41.6)	822 (32.3)	72769 (41.4)	1014 (35.3)	68698 (38.4)	1005 (34.1)
Non-Agro-Based	97387 (58.4)	1725 (67.7)	102939 (58.6)	1858 (64.7)	110403 (61.6)	1941 (65.9)
All	166636 (100.0)	2547 (100.0)	175708 (100.0)	2872 (100.0)	179101 (100.0)	2946 (100.0)

Source: Annual Survey of Industries

Table 2.2 Industries in Bihar

Characteristics	2010-11		2011-12		2012-13	
	India	Bihar	India	Bihar	India	Bihar
Number of Factories (in '000)	211.66	2.81 (1.33)	217.55	3.23 (1.49)	222.12	3.35 (1.51)
Fixed Capital (Rs. '000 crore)	1607.01	5.26 (0.33)	1949.55	7.55 (0.39)	2180.26	6.47 (0.30)
Working Capital (Rs. '000 crore)	620.36	2.47 (0.4)	588.79	-0.24 (-0.04)	603.41	2.48 (0.41)
Persons Engaged (in '000)	12695	106 (0.84)	13430	127 (0.94)	12950	116 (0.90)
Value of Output (Rs. '000 crore)	4676.22	36.05 (0.77)	5776.02	60.17 (1.04)	6025.95	51.68 (0.86)
Net Value Added (Rs. '000 crore)	704.58	4.42 (0.63)	836.7	5.64 (0.67)	851.95	1.30 (0.15)

Note: Figures in the parenthesis denote percent share to All India

Source: Annual Survey of Industries.

From Table 2.2, Presenting some salient characteristics of Industrial the industrial sector in both Bihar and India, it is quite apparent that the average size of the factories in Bihar is smaller, compared to the national average. In 2012-13, the share of Bihar in total number of factories in India was 1.51 percent, but its shares in all other characteristics were much lower- fixed capital (0.30 percent), working capital (0.41 percent), persons employed (0.90 percent), value of output (0.86 percent) and net value added (0.15 percent). The preponderance of the smaller factories is, however, an expected phenomenon, since the process of Industrialisation is still at a nascent state in Bihar. Table 4.4 also shows that the number of factories in Bihar is increasing at a higher rate than the national average; one can, therefore, expect that some of the future factories in the state will be larger ones, making its industrial sector more vibrant.

Micro, Small and Medium Enterprises (MSME):

For expanding the industrial sector in Bihar, the state government also promotes the establishment of micro, small and medium enterprises (MSME). It is very likely that these relatively smaller enterprises will eventually create a base for large enterprises in the state. At present, the number of registered micro, small and medium enterprises is - 54 units (Medium), 1964 units (small) and 2.00 lakh units (micro) (Table 2.3). Between 2010-11 and 2014-15, a period of 5 years, the growth of enterprises has been - 315 percent (medium units), 27 percent (small units) and 9 percent (micro units). This higher growth of medium enterprises, compared to small and micro enterprises, is a positive trend in the industrial scenario in Bihar.

Table 2.3

Year-wise Micro, Small and Medium Registered Units set up in Bihar

Year	Medium	SSI	Tiny/ Micro	Total	Investment (Rs. Crore)	Investment Per unit (Rs. Crore)	Employment (in No.)	Employment per unit (No.)
Upto 2009-10	13	1541	180389	181943	1183.48	-	590338	-
2010-11	3	33	4799	4835	185.57	3.84	17365	3.59
2011-12	2	56	3904	3962	385.64	9.73	16079	4.06
2012-13	3	53	3681	3737	253.85	6.79	10894	2.92
2013-14	11	131	2991	3133	315.59	10.07	17293	5.52
2014-15	22	150	1879	2051	2839.29	138.43	24065	11.73
Total	54	1964	197643	199661	5163.42	-	676034	-

Source: Department of Industry, GOB

The figures for investment and employment in Table 2.3 also indicate that investment and employment per unit is steadily increasing in Bihar. Compared to an investment of Rs. 3.84 crore per unit in 2010-11, it was Rs. 138.43 crores in 214.15. Similarly, the employment per unit was 3.6 persons in 2010-14, which increased to 11.7 persons in 2014-15.

In view of varying infrastructural facilities, the location of micro, small and medium enterprises in the state is very uneven. Table 2.4 presents the locations pattern of the enterprises that were registered in 2014-15. One can safely conclude that the location pattern of all the existing units also follows a similar pattern. Instead of district-wise information, Table 2.4 presents the distribution of new enterprises among 9 divisions of the state. Most of the enterprises are concentrated in Patna and Tirhut divisions. Their shares in total number of enterprises are - Patna (28.0 percent) and Tirhut (23.4 percent). The two divisions with the least share of enterprises are- Magadh (5.1 percent) and Bhagalpur (1.6 percent). There were four divisions where no medium enterprises were set up in 2014-15- Bhagalpur, Purnea, Darbhanga and Kosi. The district-wise distribution of MSMEs registered in 2014-15.

Table 2.4

Distribution of Micro, Small and Medium Enterprises Registered in 2014-15

Divisions	Number of Units			
	Micro	Small	Medium	Total
Patna	481 (25.6)	79 (52.7)	14 (63.6)	574 (28.0)
Munger	222 (11.8)	15 (10.0)	1 (4.5)	238 (11.6)
Bhagalpur	29 (1.5)	3 (2.0)	0 (0.0)	32 (1.6)
Purnea	140 (7.5)	6 (4.0)	0 (0.0)	146 (7.1)
Magadh	99 (5.3)	3 (2.0)	2 (9.1)	104 (5.1)
Darbhangha	139 (7.4)	3 (2.0)	0(0.0)	142 (6.9)
Kosi	152 (8.1)	0 (0.0)	0 (0.0)	152 (7.4)
Tirhut	439 (23.4)	38 (25.3)	3 (13.6)	480 (23.4)
Saran	178 (9.8)	3 (2.)	2 (9.1)	183 (8.9)
Total	1879 (100.0)	150 (100.0)	22 (100.0)	2051 (100.0)

Source: Department of Industry, GOB

Note: Figures in the parenthesis denote percent share to total

Agro-Based Industries:

The bio-diversity in Bihar is very wide and the farms here produce a variety of crops, besides food grains. These crops include oilseeds, fibres, fruits, vegetables, sugarcane and tea. In

addition, the production of milk in also very substantial in Bihar. Thus Bihar offers enormous opportunities for establishment of agro-based industries.

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