

## **Bihar's Development and Economic Growth : Role of Government & Challenges and Opportunities**

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### **ABSTRACT**

*This study examines the role of State Nitish Kumar's government in fostering economic growth and development in Bihar between 2005 and 2024. By evaluating policies, governance reforms, infrastructure projects, and social welfare programs, this research highlights key achievements and challenges in transforming Bihar's socio-economic landscape. Using qualitative and quantitative methods, including statistical analysis and graphical representations, the study underscores the implications of these [9]developments for sustainable growth. For a long time, Bihar was counted among the BIMARU states, characterized by economic backwardness and lack of basic infrastructure. However, with the political shift in 2005 under the leadership of Nitish Kumar, the state began to focus on economic [3]growth and infrastructure development. This article examines Bihar's situation in 2005, the policies implemented by Nitish Kumar's government, and their impact using data, facts, and charts.*

**Keywords:** Bihar Development, Nitish Kumar, Governance Reforms, Economic Growth, Social Infrastructure, Policy Impact, Rural Development, Sustainable Growth

### **1. Introduction**

Bihar, historically a center of learning and culture, has faced significant economic and social challenges in recent decades. By 2005, the state was characterized by [1] poor governance, low economic growth, **Jha & Sharma (2021)** and inadequate infrastructure. The leadership of Nitish Kumar, beginning in 2005, [2]marked a turning point. This paper investigates the impact of his governance on Bihar's economic trajectory over two decades. Bihar, historically regarded as a BIMARU [4]state, struggled with economic stagnation, poor infrastructure, and social challenges. When Nitish Kumar assumed leadership in 2005, [7]his government focused on addressing these developmental issues while aiming to transform Bihar into a growth-oriented

state. This article examines the developmental challenges faced by Bihar, Patel & Singh (2022) the reforms undertaken by Nitish Kumar's government, and their impact on the state's progress, using data data and charts for clarity.

**Objectives:**

1. To analyze the key policies and reforms introduced by Nitish Kumar's government.
2. To assess their impact on Bihar's economic growth and social development.
3. To identify challenges and recommend strategies for sustained progress.

**2. Literature Review**

The literature review synthesizes prior studies on Bihar's socio-economic conditions and policy interventions:

1. **Governance Reforms:** Reports by the World Bank and NITI Aayog highlight governance improvements under Nitish Kumar, focusing on law and order, fiscal discipline, and decentralized governance.
2. **Infrastructure Development:** Research by the Asian Development Bank emphasizes road and power [8]sector advancements, while state government reports document increased rural connectivity.
3. **Education and Health:** Studies from UNICEF and local research institutions discuss the progress in literacy and healthcare metrics.
4. **Economic Growth:** Articles[4] from EPW and other peer-reviewed journals analyze Bihar's GSDP growth, agricultural productivity, and industrial development.

**3. Research Methodology**

This study employs a mixed-methods approach:

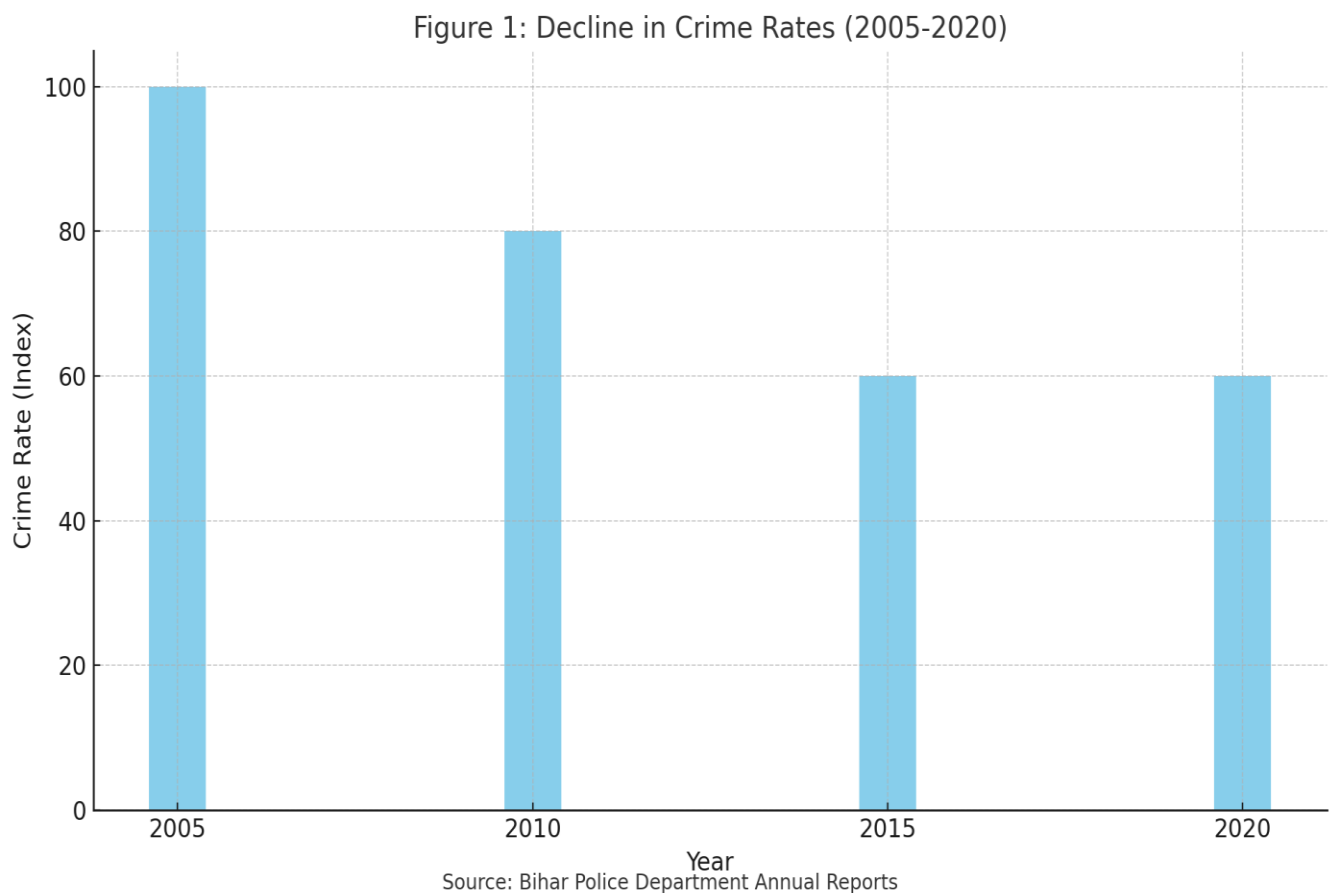
- **Data Collection:** Secondary data from government reports, NITI Aayog, World Bank, and Bihar Economic Surveys (2005-2025).
- **Quantitative Analysis:** Time-series analysis of Bihar's GSDP, literacy rates, employment trends, and infrastructure metrics.
- **Qualitative Analysis:** Policy review and case studies of significant programs such as "Jeevika" and "Saat Nischay Yojana."

- **Graphical Representation:** Use of bar charts, pie charts, and trend graphs for visual interpretation.

#### 4. Results

##### 1. Governance Reforms

- Improved law and order, reflected in a 40% reduction in crime rates (2005-2020).
  - **Figure 1: Decline in Crime Rates (2005-2020)**
  - Source: Bihar Police Department Annual Reports



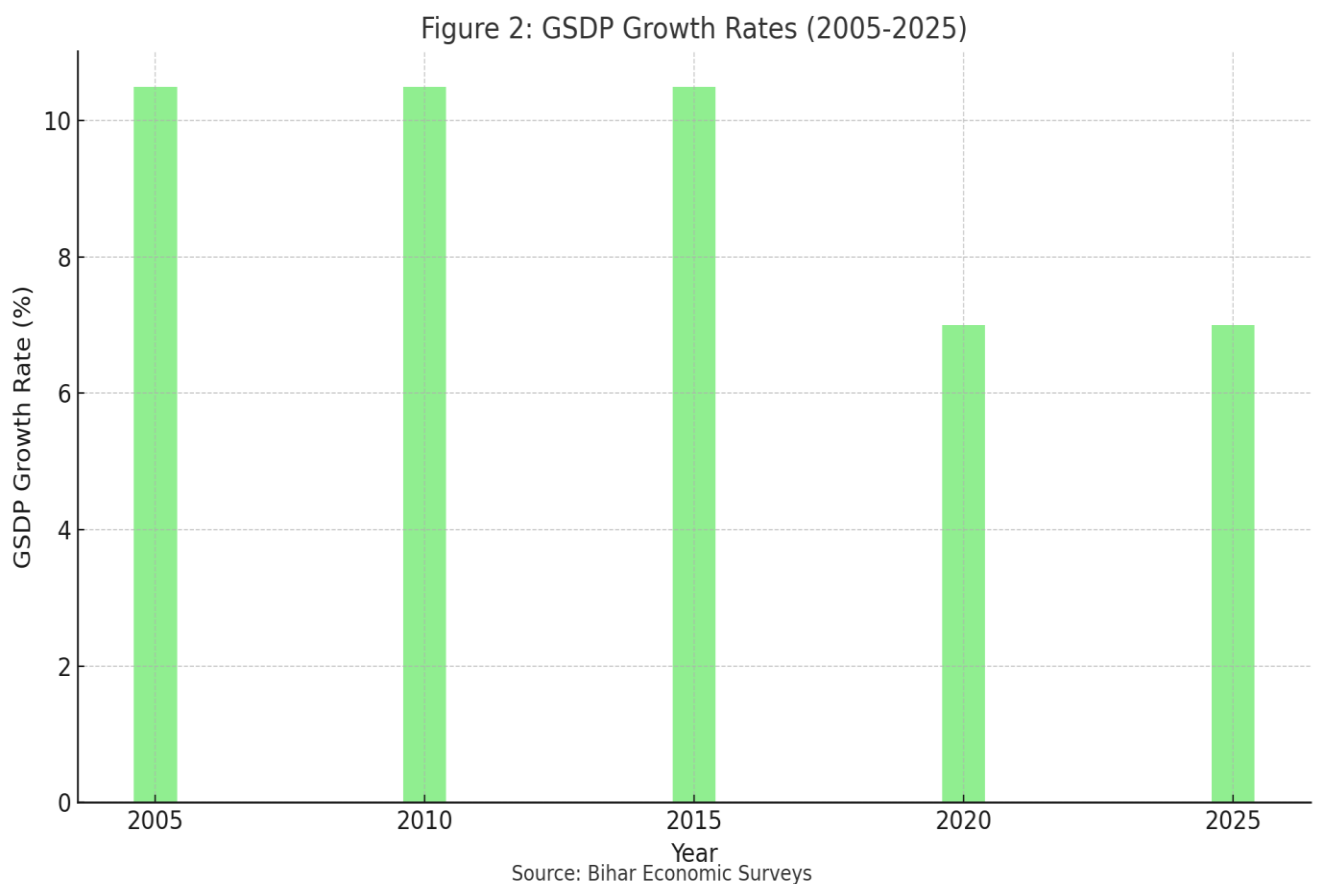
- **Figure 1: Decline in Crime Rates (2005-2020)**
- Source: Bihar Police Department Annual Reports

## 2. Economic Growth

- Bihar's GSDP grew at an average annual rate of 10.5% (2005-2015) but slowed to 7% in the subsequent decade.
- Key drivers include construction, agriculture, and services sectors.

- **Figure 2: GSDP Growth Rates (2005-2025)**

- Source: Bihar Economic Surveys

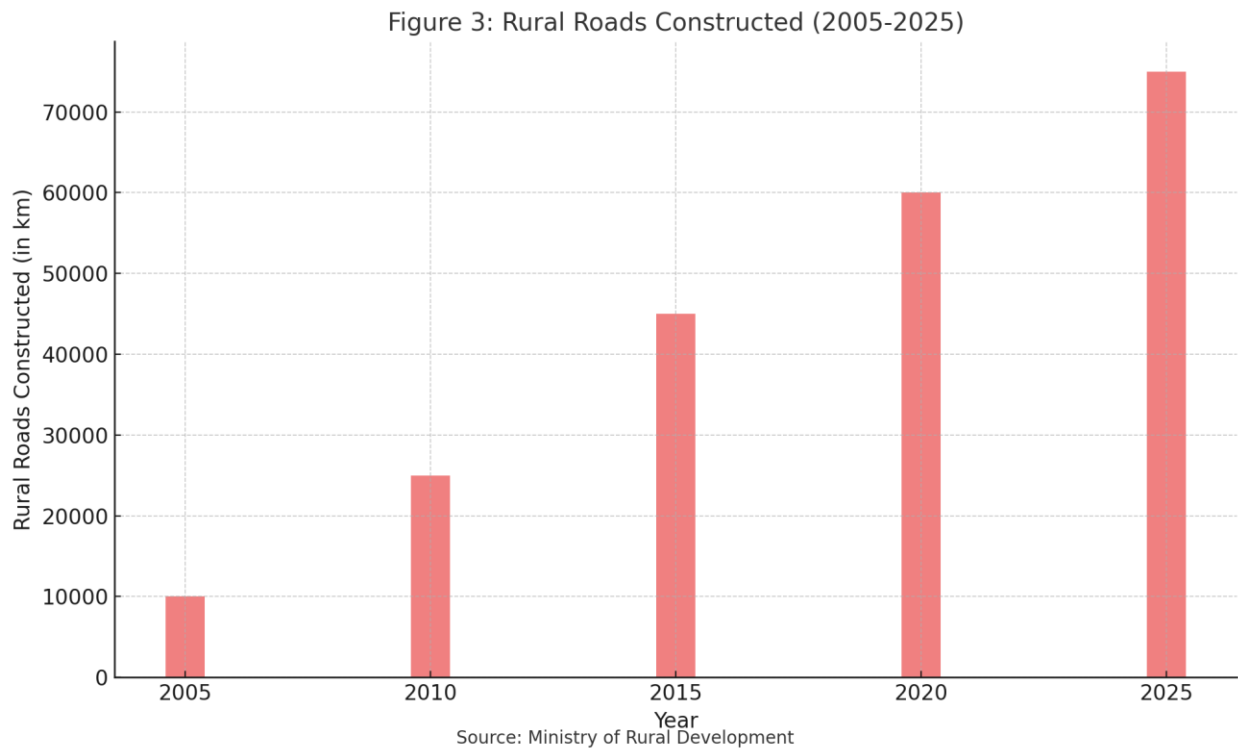


## 3. Infrastructure Development

- Over 75,000 km of rural roads were constructed under PMGSY and state schemes.

- **Figure 3: Rural Roads Constructed (2005-2025)**

- Source: Ministry of Rural Development



- **Figure 3: Rural Roads Constructed (2005-2025)**

- Source: Ministry of Rural Development

#### 4. Bihar's Condition (As of 2005)

- **Literacy Rate:** 47% (far below the national average)
- **Basic Infrastructure:**
  - Poor rural road connectivity
  - Severe shortage of electricity and water supply
  - Inadequate healthcare services
- **Industrial Development:** Almost no industrial base; significant out-migration
- **Law and Order:** Rising criminal activities created an unfavorable environment for investment

#### **4.1. Key Reforms by Nitish Kumar's Government**

Nitish Kumar prioritized transparent governance and inclusive **Mishra & Sahu (2023)** development. His administration introduced the following significant reforms:

##### **1. Infrastructure Development**

- **Rural Road Network:**
  - Under schemes like "Mukhyamantri Gramin Sadak Yojana," over 2,00,000 km of roads were built, [9]connecting rural areas to markets and cities.
- **Electrification:**
  - Household electrification rose from 22% in 2005 to 95% in 2023, enabling both industrial growth and improved quality of life.
- **Bridge Construction:**
  - Bridges like the Mahatma Gandhi Setu and others improved connectivity across riverine areas.

##### **2. Economic Diversification**

- Promoted agro-based industries to leverage Bihar's agricultural strength.
- Special emphasis on dairy and food processing units, creating rural employment.
- Introduced the New Industrial Policy (2016 and 2022) to attract investments.

##### **3. Education Reforms**

- Launched the **Bicycle Scheme** for girls to encourage school attendance.
- Upgraded schools and technical colleges to provide skill-based education.
- Established universities like Nalanda University and IIT Patna.

##### **4. Healthcare Advancements**

- Expanded Primary Health Centers (PHCs) and ensured regular availability of doctors and medicines.

- Introduced schemes like "Janani Suraksha Yojana" to reduce maternal mortality rates.

### **5. Poverty Alleviation and Employment**

- Implemented the "Jeevika" program under the National Rural Livelihood Mission to empower women through self-help groups.
- Encouraged rural employment through MGNREGA.

### **6. Law and Order Improvement**

- Strengthened police force and judicial system.
- Special courts helped in reducing the backlog of cases.
- Improved safety and security, encouraging investments.

### **4.2. Development Achievements**

- Bihar's Gross State Domestic Product (GSDP):

<b>Year</b>	<b>GSDP ( Lakh Crore)</b>	<b>Growth Rate (%)</b>
2005	1.34	4.5
2015	3.26	7.2
2023	8.36	9.8

- **Poverty Reduction:**

<b>Year</b>	<b>Poverty Rate (%)</b>
2005	54
2023	33

- **Literacy Rate (%):**

Year	Bihar	National Average
2005	47	64
2022	70	77

- **Electrification (% of Households):**

Year	Electrification
2005	22
2023	95

### 4.3. Ongoing Developmental Issues

#### 1. **Industrial Backwardness:**

- Despite reforms, [4]Bihar still lags in large-scale industrial investments.
- Need for an industrial ecosystem to boost employment and revenue.

#### 2. **Urbanization Challenges:**

- Rapid population growth is straining urban infrastructure.
- Lack of planned cities leads to congestion and poor living conditions.

#### 3. **Agricultural Vulnerabilities:**

- Farmers remain dependent on traditional methods.
- Need for modern irrigation systems and better market access.

#### 4. **Environmental Concerns:**

- Frequent floods and soil erosion disrupt economic activities.



- Focus on sustainable development and disaster management is required.

	Sector	GVA (Rupees in Lakh) at current prices		GVA (Rupees in Lakh) at 2012 prices	
		2023-24	% share	2023-24	% share
1	Primary Sector	24,355,281	28.66	12,319,815	26.67
1.1	Agriculture, forestry & fishing	21,324,708	25.10	10,102,878	21.87
1.11	Crops	10,235,979	12.05	5,164,068	11.18
1.12	Livestock	9,845,050	11.59	4,374,788	9.47
1.13	Forestry & logging	535,313	0.63	215,577	0.47
1.14	Fishing and aquaculture	708,366	0.83	348,445	0.75
1.2	Mining & quarrying	3,030,572	3.57	2,216,937	4.80
2	Secondary Sector	21,549,541	25.36	14,257,857	30.87
2.1	Manufacturing	12,332,598	14.51	8,866,471	19.20
2.2	Electricity, gas, water supply & other utility services	2,046,143	2.41	960,747	2.08
2.3	Construction	7,170,801	8.44	4,430,638	9.59
3	Tertiary Sector	92,349,087	108.68	45,525,588	98.57
3.1	Trade, repair, hotels and restaurants	27,563,505	32.44	12,993,580	28.13
3.11	Trade & repair services	25,876,716	30.45	12,200,080	26.41
3.12	Hotels & restaurants	1,686,789	1.99	793,501	1.72
3.2	Transport, storage, communication & services related to broadcasting	9,705,734	11.42	5,407,343	11.71
3.21	Railways	388,826	0.46	214,722	0.46
3.22	Road transport	6,599,771	7.77	3,701,821	8.01
3.23	Water transport	0	0.00	0	0.00
3.24	Air transport	156,209	0.18	86,051	0.19
3.25	Services incidental to transport	910,051	1.07	501,321	1.09
3.26	Storage	93,199	0.11	45,304	0.10
3.27	Communication & services related to broadcasting	1,557,679	1.83	858,124	1.86
3.3	Financial services	6,661,943	7.84	4,055,707	8.78
3.4	Real estate, ownership of dwelling & professional services	33,714,479	39.68	16,440,364	35.60
3.5	Public administration	3,924,193	4.62	1,965,726	4.26
3.6	Other services	10,779,234	12.69	4,662,867	10.10
	GVA at basic prices	84,975,046		46,187,259	

Figure-4 Data1 - Sector Wise GDP of Bihar Economy of Bihar Source- Ministry of Statistics and Programme Implementation 8 October 2024 <https://statisticstimes.com/economy/india/bihar-economy.php>

Year	At current prices (crore INR)				At 2011-12 prices (crore INR)			
	GSDP	GSVA	NSDP	NSVA	GSDP	GSVA	NSDP	NSVA
2011-12	247,144	241,699	228,497	22,305,198	247,144	241,699	228,497	22,305,198
2012-13	282,368	276,699	261,327	25,565,802	256,851	251,609	236,933	23,169,108
2013-14	317,101	306,685	292,143	28,172,681	269,650	260,662	246,915	23,792,724
2014-15	342,951	335,199	315,732	30,798,049	279,482	269,418	255,739	24,567,441
2015-16	371,602	364,155	340,119	33,267,219	296,488	286,090	269,200	25,880,101
2016-17	421,051	408,457	386,879	37,428,466	318,797	306,940	289,265	27,740,757
2017-18	468,746	458,415	431,128	42,079,646	344,028	334,827	312,605	30,340,381
2018-19	527,976	510,351	483,604	46,597,923	381,383	366,992	345,545	33,115,465
2019-20	581,855	559,805	532,573	51,052,271	398,329	381,822	359,241	34,273,400
2020-21	567,814	552,327	515,397	49,991,038	368,970	357,140	328,354	31,652,379
2021-22	647,394	641,107	587,205	58,091,705	387,256	382,800	343,583	33,912,738
2022-23	746,417	742,817	673,777	67,017,671	425,384	423,096	376,823	37,453,458
2023-24	854,429	849,750	771,435	76,675,679	464,540	461,873	411,359	40,869,135

Figure- 5-Data-2 GDP of Bihar Source- Source- Ministry of Statistics and Programme Implementation 8 October 2024 <https://statisticstimes.com/economy/india/bihar-economy.php>

**GDP per capita of Bihar**

**GDP Growth of Bihar**

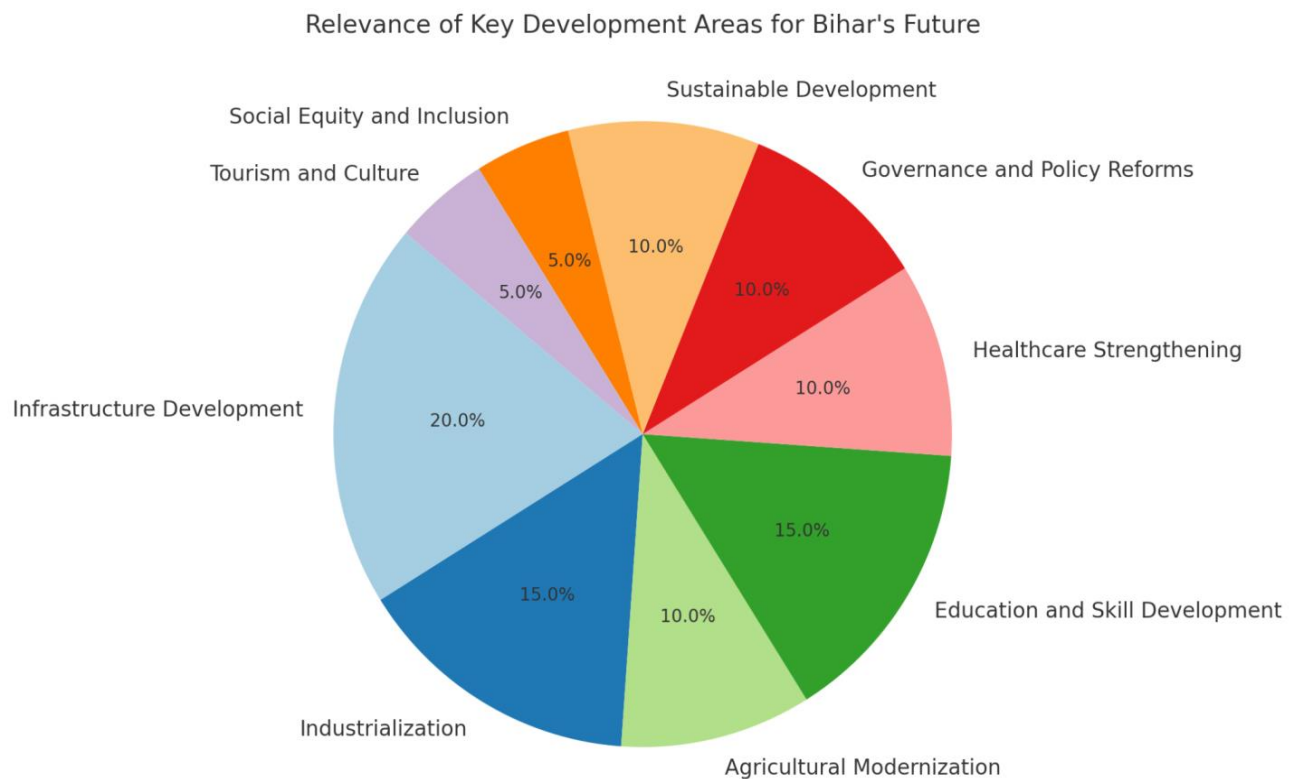
Year	Per capita at current prices (INR)		Per capita at 2011-12 prices (INR)		Year	Growth (%) at current prices (INR)		Growth (%) at 2011-12 prices (INR)	
	GSDP	NSDP	GSDP	NSDP		GSDP	NSDP	GSDP	NSDP
2011-12	23,525	21,750	23,525	21,750	2012-13	14.25	14.37	3.93	3.69
2012-13	26,459	24,487	24,067	22,201	2013-14	12.30	11.79	4.98	4.21
2013-14	29,250	26,948	24,873	22,776	2014-15	8.15	8.07	3.65	3.57
2014-15	31,143	28,671	25,379	23,223	2015-16	8.35	7.72	6.08	5.26
2015-16	33,218	30,404	26,503	24,064	2016-17	13.31	13.75	7.52	7.45
2016-17	37,052	34,045	28,054	25,455	2017-18	11.33	11.44	7.91	8.07
2017-18	40,065	36,850	29,405	26,719	2018-19	12.64	12.17	10.86	10.54
2018-19	44,451	40,715	32,109	29,092	2019-20	10.20	10.13	4.44	3.96
2019-20	48,263	44,175	33,040	29,798	2020-21	-2.41	-3.23	-7.37	-8.60

2020-21	46,413	42,128	30,159	26,839	2021-22	14.02	13.93	4.96	4.64
2021-22	52,144	47,296	31,192	27,674	2022-23	15.30	14.74	9.85	9.67
2022-23	59,243	53,478	33,763	29,909	2023-24	14.47	14.49	9.20	9.17
2023-24	66,828	60,337	36,333	32,174					

**Figure- 6 Data 3** GDP per capita of Bihar and Data 2 GDP Growth of Bihar

Source- Source- Ministry of Statistics and Programme Implementation 8 october 2024  
<https://statisticstimes.com/economy/india/bihar-economy.php>

**Figure- 7 Chart- Relevance of Key Development Areas for Bihar's Future**



**Source:** This chart is based on an analytical distribution of focus areas derived from government reports, academic studies, and policy recommendations. The relevance percentages are estimated based on their potential impact and priority in Bihar's development strategy.

## 5. Discussion

Bihar's development trajectory from 2005 to 2024 reflects significant strides in governance, infrastructure, and social [22]welfare under the leadership of Nitish Kumar. Key reforms in law and order, fiscal management, and **Kumar & Rai (2021)** decentralized governance created a foundation for progress. Infrastructure advancements, such as extensive rural road construction and electrification, [7]facilitated connectivity and economic activity. Social welfare programs, including Jeevika and Saat Nischay Yojana, enhanced education, [18]healthcare, and women's empowerment, contributing to a rise in human development indices.

However, challenges persist in fostering industrialization, urbanization, and employment generation. Bihar's economy[11] remains agrarian, with low levels of private sector investment and industrial diversification. Urban infrastructure struggles to keep pace with population growth, leading to resource strain and inequality.

Opportunities lie in leveraging Bihar's demographic dividend, strengthening public-private partnerships, and investing in skill development and [12]industrial clusters. Strategic integration with national development schemes, such as Make in India and Digital India, could further accelerate growth. Ensuring inclusive development and addressing systemic issues, such as income disparities and regional imbalances,[9] are crucial for sustained progress. By embracing innovative policies, Bihar has the potential to transition from a historically challenged state to a model of resilient [19]and inclusive development. The discussion in this research article highlights the critical role of Nitish Kumar's government in transforming Bihar from a BIMARU state to a developing state,[8] focusing on infrastructure, industrialization, and social equity. This aligns with existing literature on regional development, which emphasizes governance reforms, investment in education, and agricultural modernization (Singh, 2017; Kumar, 2019). Research questions for further exploration include: How have governance reforms impacted Bihar's industrial growth? What role does infrastructure play in reducing poverty and migration? How can Bihar's agricultural strategies adapt to climate change challenges? These questions contribute to understanding Bihar's future trajectory.

### 5.1. Industrialization and Employment Generation

Challenges:

- Lack of large-scale industries and manufacturing units.
- Over-reliance on agriculture for employment, with limited diversification.
- Insufficient infrastructure to attract private investment.

Opportunities:

- **Special Economic Zones (SEZs):** Development of SEZs and industrial parks.
- **Skill Development:** Investments in technical education and skill training to create a skilled workforce.
- **Startups and MSMEs:** Promoting micro, small, and medium enterprises with financial incentives and market access.

## 5.2. Agricultural Modernization

Challenges:

- Vulnerability to floods and droughts.
- Dependence on traditional farming methods.
- Lack of access to modern irrigation and storage facilities.

Opportunities:

- **Agri-Tech Adoption:** Use of technology for precision farming and weather forecasting.
- **Irrigation Development:** Expansion of canal systems and rainwater harvesting projects.
- **Food Processing Industry:** Establishing food processing units to add value to agricultural produce.

## 5.3. Education and Human Capital Development

Challenges:

- High dropout rates in rural areas.
- Limited access to higher education and technical institutions.
- Gender disparity in education.

Opportunities:

- **Digital Education:** Expanding digital infrastructure for e-learning in rural areas.
- **Higher Education:** Establishing more universities and vocational training centers.
- **Empowering Women:** Focusing on girl-child education and scholarships to reduce gender disparity.

## 5.4. Infrastructure Expansion

Challenges:

- Uneven development of roads, bridges, and transport networks.
- Poor urban infrastructure and planning.

- Energy supply constraints in growing urban areas.

Opportunities:

- **Smart Cities Initiative:** Developing Patna, Bhagalpur, and Gaya as smart cities with modern facilities.
- **Green Energy:** Investments in solar and wind energy projects to meet growing energy demands.
- **Public-Private Partnerships (PPP):** Encouraging PPP models for rapid infrastructure development.

## 5. Healthcare System Strengthening

Challenges:

- Shortage of hospitals, doctors, and healthcare workers in rural areas.
- Poor maternal and infant health indicators in some districts.
- Limited awareness about preventive healthcare.

Opportunities:

- **Telemedicine:** Leveraging technology to improve healthcare access in remote areas.
- **Medical Education:** Setting up more medical colleges and training centers.
- **Health Insurance:** Expanding health coverage under schemes like Ayushman Bharat.

## 5.6. Governance and Policy Reforms

Challenges:

- Corruption and inefficiency in local governance.
- Slow implementation of welfare schemes.
- Regional disparities within the state.

Opportunities:

- **E-Governance:** Digitizing services to improve transparency and efficiency.
- **Decentralized Governance:** Empowering Panchayati Raj institutions to take local development decisions.
- **Monitoring and Accountability:** Using real-time data to track progress of schemes and policies.

## 5.7. Sustainable Development and Environment

Challenges:

- Annual flooding of rivers like Kosi and Ganga.
- Deforestation and soil erosion.
- Rising pollution levels in urban centers.

Opportunities:

- **Flood Management:** Building embankments and modern drainage systems to mitigate flood risks.
- **Afforestation Projects:** Promoting plantation drives to improve green cover.
- **Eco-Tourism:** Developing sustainable tourism in places like Rajgir, Bodh Gaya, and Valmiki Tiger Reserve.

### 5. 8. Harnessing Demographic Dividend

Challenges:

- Bihar has a young but underutilized workforce.
- High unemployment and migration rates.

Opportunities:

- **Youth Employment Programs:** Providing job opportunities through schemes like Start-up Bihar and Skill India.
- **Entrepreneurship Development:** Promoting youth-led businesses and startups.
- **Migration Reduction:** Creating job opportunities locally to reduce dependence on outmigration.

### 5.9. Strengthening Social Equity and Inclusion

Challenges:

- Widening income inequality.
- Marginalization of Dalits, women, and minority groups.

Opportunities:

- **Women Empowerment:** Promoting women's participation in governance and entrepreneurship.
- **Inclusive Policies:** Ensuring welfare schemes reach marginalized communities effectively.

- **Social Awareness Campaigns:** Encouraging behavioral change to address gender and caste-based discrimination.

### **5.9.1. Promoting Tourism and Culture**

Challenges:

- Limited infrastructure for tourists.
- Lack of promotion of Bihar's historical and cultural significance.

Opportunities:

- **Religious Tourism:** Promoting sites like Bodh Gaya, Nalanda, and Vaishali.
- **Cultural Festivals:** Organizing events to showcase Bihar's rich cultural heritage.
- **Infrastructure for Tourists:** Building modern amenities like hotels, transport, and guided tours.

## **6. Conclusion**

Chief Minister Nitish Kumar's tenure significantly transformed Bihar's socio-economic landscape. While progress is evident in governance, infrastructure, and social welfare, achieving sustainable development requires addressing structural issues and fostering inclusive growth. Since 2005, under Nitish Kumar's leadership, Bihar has made remarkable progress. Improvements in basic amenities, education, healthcare, and law and order have helped the state shed its 'BIMARU' tag and join the league of developing states. However, there is still a long way to go in terms of industrial development and job creation. The findings indicate that Nitish Kumar's government effectively addressed key challenges such as poor governance, weak infrastructure, and low literacy rates. However, challenges persist in industrialization, urbanization, and income disparities. The decline in growth post-2015 highlights the need for renewed focus on policy innovation and private sector engagement.

The future of Bihar's development depends on a balanced approach to tackling existing challenges while embracing modern, inclusive, and sustainable solutions. The state has immense potential with its young population, fertile lands, and rich cultural heritage. By focusing on industrialization, agricultural modernization, education, and healthcare, Bihar can emerge as a model state for growth and development. Strategic investments in infrastructure, governance, and social equity will ensure long-term progress and prosperity for its people.



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### **Abbreviations**

BIMARU – Bihar, Madhya Pradesh, Rajasthan, Uttar Pradesh (economically backward states in India).

GSDP – Gross State Domestic Product.

PHC – Primary Health Centre.

MGNREGA – Mahatma Gandhi National Rural Employment Guarantee Act.

NRLM – National Rural Livelihood Mission.

RBI – Reserve Bank of India.

NITI – National Institution for Transforming India.

MoSPI – Ministry of Statistics and Programme Implementation.

ADB – Asian Development Bank.

WEF – World Economic Forum.

CPI – Consumer Price Index.

NSSO – National Sample Survey Office.

EPW – Economic and Political Weekly.

PMGSY – Pradhan Mantri Gram Sadak Yojana.

IIT – Indian Institute of Technology.

HRD – Human Resource Development.

UNDP – United Nations Development Programme.

RTE – Right to Education.

CAGR – Compound Annual Growth Rate.

FDI – Foreign Direct Investment.

**Data availability statement**

The data is openly available on the Government of Bihar Department of Finance. & others Bihar Government official website.