

# The De-urbanisation of Bihar

By  
Mohan Guruswamy  
Jeevan Prakash Mohanty



**CPAS**  
**Centre for Policy Alternatives**  
**94 Uday Park**  
**New Delhi 110049**  
**Website: [www.cpasind.com](http://www.cpasind.com)**  
**Email: [cpasind@yahoo.co.in](mailto:cpasind@yahoo.co.in)**  
**Telephone: 51650995/7**  
**Facsimile: 51650996**

## **Introduction**

Bihar is India's poorest and most backward state. It also has the second highest density of population, despite being the least urbanized. In terms of distribution of age, it is also the "youngest" state in India. **But more interestingly in Bihar we see a reversal of the trend of fast rising urbanization, seen not only in the rest of the country, but also the entire developing world.** More significantly there seems to be a reverse flow in the last decade with urban Bihar actually contracting from 11.4 million in 1991 to 8.7 million in 2001, a decrease of 23.6% though the state's decennial population growth rate of 28.4% was among the highest in the country.<sup>1</sup>

No other state in India has had a decrease in urbanization. One reason for this has to be the "loss" of Jharkhand with large towns like Ranchi, Dhanbad and Hazaribagh and with the urbanized population accounting for 6 million of its 26.9 million. Even after factoring Jharkhand back into Bihar, the level of urbanization in 2001 was 13.19%, which is marginally less than what it was (13.38%) in 1991. If we were to assume that the industrial towns of Ranchi, Dhanbad and Jamshedpur now in Jharkhand grew faster, then quite clearly urban growth in the truncated Bihar has been negative. Further evidence of is a distinct trend against urbanization in Bihar seen in the fact that from among the principal cities in India, Patna has registered the lowest growth (19.7%) in the decade 1981-91.<sup>2</sup> This keeps it in the company of Amritsar, which was the epicenter of Sikh militancy during that decade.

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<sup>1</sup> Part – 1, Census of India, 2001

<sup>2</sup> Pp 39-40, Population of Principal Cities, 1991, *Tata Economic Services, 2001-02*

It is generally well known that the sections most likely to migrate from rural areas are the economically weakest sections, mostly landless labor, and educated youth. The first find employment mostly in the construction sector, which largely requires unskilled labor. The educated youth particularly those with vocational training and technical education gravitate towards industrial centers. Quite clearly neither of these migrations is taking place within Bihar. That it has little by way of industry is evidenced by that it has the highest percentage of agricultural workers (74.4%) in the country (59.0%).<sup>3</sup> Once again the “loss” of Jharkhand has meant the loss of Bihar’s major industrial centers of Ranchi and Dhanbad. The population of Jharkhand is still largely Bihari in origin and it would seem that the migration of educated Bihari youth to Jharkhand continues, just as it does to other parts of the country. Bihari road and construction labor is in evidence in most parts of the country, just as educated Bihari youth throng to industrial and commercial centers in other states. In the recent years there is a trend of youth from Bihar seeking education in other states due to the paucity of higher education facilities in Bihar.

In addition to the low industrialization of truncated Bihar, there is little by way of urban construction or renewal in Bihar. In most parts of the country the main player in urban development is the State. But we see that in Bihar the State has played very little role in creating development that will not only make the town’s better places to live in, but also provide employment for the least advantaged sections of Bihar’s population. **Nothing provides better or bitterer evidence of that than the Central Government allocations for Bihar’s urban sector. In 2002-3 the Central Government**

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<sup>3</sup> Pp 137-38, Selected Economic Indicators, *Tata Economic Services, 2001- 02*

**allotted Rs. 3714.91 crores. Of this Bihar was allotted only Rs.174.24 crores amounting to just 4.69% when it has about 8% of India's population.**<sup>4</sup>

### **The Bihar Urban Scenario**

Bihar is India's poorest state with a per capita income of Rs.3649.8 against the national per capita income of Rs.11625.2. Compounding this is the fact that the density of population in Bihar is a high 880 per square kms, whereas the corresponding All-India figure is 324 per square kms.<sup>5</sup> **Yet in terms of urbanization Bihar has the least number of people living in towns with just 15.2% residing in them as compared to 28.8% in the rest of India.** This gap is projected to widen and in 2016 the corresponding figures will be 18.6% and 33.7% respectively.<sup>6</sup> Thus while uncontrolled urbanization is not one of Bihar's problems, its economic and social conditions nevertheless cause the towns of Bihar to be badly off when compared to the rest of the country. Tamil Nadu is the most urbanized state in India with 43.9% of its 62.2 million population living in towns.<sup>7</sup>

Towns in India are classified into six categories. Class I towns are those with populations in excess of 1 lakh. Class II towns are those with a population between 50,000 and 1 lakh. Class III has those with between 20000 and 50000. Class IV, V and VI are all towns with below 20000 population. In all there are 5161 towns in India grouped generally in Class I to Class III.

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<sup>4</sup> Dept. of Urban Development, *Min. of Urban Development, 2003*

<sup>5</sup> Density of population, 1901-2001, census of India, 2001

<sup>6</sup> Pp 132-33, Projected Urban Population upto 2016, *Tata Economic Services, 2001-02*

<sup>7</sup> Urban Demography, *Min. of Urban Development, 2002*

Bihar has just 130 of these in the Class I, II and III categories. The state has ten Class I towns, 23 Class II towns and 97 Class III towns.<sup>8</sup>

There are wide variations seen amongst these towns in Bihar in the context of infrastructure and quality of life. It is always seen that bigger urban centers tend to mobilize more funds for development, because they have better institutional arrangements while smaller towns face a difficult situation. **In the case of Bihar it seems that the major reason for the declining rate of urbanization is due to lower Central Government and financial institutional assistance resulting in almost no development of the urban areas of the state.**

**One further cause of the declining pace of urbanization in Bihar can be attributed to low industrialization around in urban areas, which has obviously discouraged youths from rural areas in quest of employment.**

It would also seem that the rural population of Bihar does not find better education and health facilities in the urban areas. This is seen from the fact that Bihari students migrate in large numbers to other states for education. It would be pertinent to note that the per capita investment in education in Bihar is only Rs. 484.1 and per capita investment in health is only Rs.86.2, whereas the corresponding All-India per capita figures for education is Rs. 586.8 and health is Rs. 157.2.<sup>9</sup>

**Till 1991 in terms of basic urban facilities like safe drinking water and electricity availability Bihar was the worst off among all states. (See**

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<sup>8</sup> Bihar at a glance, 2001, Government of Bihar.

<sup>9</sup> Spending on select Development Indicators, Census of India, 2001

table 3 on page no 12). The picture for 2001 is not yet available but there is little to suggest any improvement in its position. The levels of sanitation and near absence of underground drainage and waste treatment plants means that almost all sewers are open and all waste inevitably ends up in the Ganges. It is well known that the pollution level of the Ganges increases dramatically in Bihar. **The combination of little major construction activity, poor roads and urban infrastructure, and abysmal sanitation has made all Bihar towns rundown, dirty, congested and over-crowded. It would seem that the deteriorating physical conditions in the towns contribute just as much as the lack of economic opportunity to the reversal in urbanization in Bihar.**

#### **Step-motherly treatment for Bihar**

Since this study is more concerned with the trend of recent Central Government allocations to Bihar for Urban Development we will look at this subject in some more detail. It is very clear that Bihar receives a disproportionately low sum by way of its share of Central Government assistance. The Ministry of Urban development has three main programmes for rendering assistance to the states. These are Integrated Development of Small and Medium Towns (IDSMT), National Slum Development programme and Swarna Jayanti Shahri Rojgar Yojna. (SJSRY) **The total funds in 2002-3 under these three schemes were Rs.3714.91 Crores. Of this Bihar received only Rs 174.24 Crores amounting to only 4.69% of the amount disbursed.** (For details see table 4 on page no 13)

That this is not a one off exception is seen from the Tenth Plan allocations for Urban Development. The Tenth Plan allocation by the Central

Government for the integrated development Class II and III towns is only Rs. 1305 crores. This is expected to meet the requirements of more than fifteen hundred Class II and III towns in India. With like parsimony the Tenth Plan has provided a meager Rs1231.32 crores to provide for the basic needs of the urban areas in major states of the country. **Of the Rs.12168 crores allocated to improving living conditions in urban India, Rs 6388.00 Crores or almost 52.49% is just for Delhi and the National Capital Region suggesting that the horizons of our planners hardly extend much beyond their immediate environs.** The Emperors and Kings of the past also suffered from a similar malady. They present ones are treading a well-beaten path.

Even institutional finance, specifically by HUDCO is practically non-existent to Bihar. **If we go by the figure of state wise loan Sanctioned by HUDCO from 1996-2002, Bihar received only Rs. 100 crores for development of housing in the 130 towns of the state out of the Rs. 31402 crores sanctioned by HUDCO in the rest of the country.<sup>10</sup> This amounts to less than 0.33% of total HUDCO sanctions. More shockingly, under the much-ballyhooed two million housing scheme of the Central Government, Bihar did not receive anything from HUDCO in 2003.** Similarly, the Valmiki Ambedkar Awas Yojna launched in 2001 under the aegis of the Central Government for providing dwelling units for the people below poverty line in urban areas, did not grant any subsidy for construction of houses to Bihar during the year 2002-03. (See Table 8 and 9 on Page 17 and 18). It would seem that HUDCO sanctions obtain a more

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<sup>10</sup> Government Action Plan Schemes, 2003, HUDCO

literal meaning when it comes to Bihar, as there seems to be a sanction regime in place against Bihar.

The Tenth Plan allocation for urban development and urban employment is Rs. 17551 crores. Out of which, Bihar has been allocated only Rs. 211.08 crores. Per capita allocation for Bihar stands at only Rs. 24.8, whereas per capita allocation at the national level has been Rs. 172.80. Apart from this the central government allocates funds to states under three main schemes. Altogether, the total allocation under these three schemes in 2002-03 was Rs. 3714.91 crores, out of which Bihar was given only Rs. 174.24 crores. Thus per capita allocation for Bihar is Rs. 20.58, whereas per capita allocation at the national level is Rs. 36.42. Moreover, institutional finance by HUDCO from 1996-02, under various schemes shows that, Bihar has received a meager Rs. 100 crores out of Rs. 31403 crores. Thus per capita allocation for housing schemes in Bihar has been the lowest, Rs. 11.76, whereas the national per capita is Rs. 307.87.

If Bihar received the average per capita allocations for Urban Development for the Tenth Plan and HUDCO invested as it did in other states, Bihar would have got Rs1468.80 crores and Rs 2616.89 crores respectively. This amount would have gone a long way in putting some shine in Bihar. **Clearly de-urbanization in Bihar is not a sign of balanced development between rural and urban areas, but as a result of the failure of urban areas to offer any allure for migration.**

One must consider this phenomena in the light of the fact that Bihar has the lowest per capita income in the country Rs.3649.8, high population density

880 Per sq. kms. low agricultural productivity 1679.0 Kgs. per hectare as opposed to national average 1739.0 Kgs. Per hectare and highest fragmentation of land holdings in which 28.6% of holdings are marginal. This situation is made to encourage migration to urban areas. But urban areas in Bihar offer very little attraction in terms of opportunities, so it seems that Biharis migrate to other parts of the country.

From Table 5, 6 and 7, on page 14, 15 and 16, we see how meager the allocations to Bihar are, especially when compared to similar sized states like Andhra Pradesh, Maharashtra, Gujarat, Madhya Pradesh and Tamil Nadu. The table is also an evidence of how some states are favoured. **Quite clearly this trend of bias towards a few, time and again augurs badly for our federal polity. Not only has equity for all people have been given a go by, but equity between regions has also been discarded.**

<b>Table1: Urbanization in India.</b>			
<b>States</b>	<b>Total Population</b>	<b>Urban Population</b>	<b>% of Total Population</b>
AP	75.73	20.50	27.0
<b>Bihar</b>	<b>82.88</b>	<b>8.68</b>	<b>10.5</b>
Gujarat	50.60	18.89	33.0
Karnataka	52.73	17.92	34.0
Kerala	31.84	8.27	38.5
MP	60.39	16.10	37.5
Maharashtra	96.75	41.02	42.3
Orissa	36.71	5.50	14.9
Punjab	24.29	8.24	34.0
Rajasthan	56.47	13.21	23.4
Tamil Nadu	62.11	27.24	43.5
UP	166.05	34.51	20.7
WB	80.22	22.48	28.0
NCT of Delhi	13.78	12.82	93.0
<b>All India</b>	<b>1027</b>	<b>285.4</b>	<b>27.8</b>
<b>Source: Census of India, 2001</b>			

<b>Table 2: Urban Poverty Ratio at State Level, 2001</b>			
<b>States</b>	<b>1973-74</b>	<b>1993-94</b>	<b>1999-2000</b>
AP	50.61	38.33	26.63
<b>Bihar</b>	<b>52.96</b>	<b>34.50</b>	<b>32.91</b>
Gujarat	52.57	27.89	15.59
Karnataka	52.53	40.14	25.25
Kerala	62.74	24.55	20.27
MP	57.65	48.38	38.44
Maharashtra	43.87	35.15	26.81
Orissa	55.62	41.46	42.83
Punjab	27.96	11.35	5.75
Rajasthan	52.13	30.49	19.85
Tamil Nadu	49.40	39.77	22.11
UP	60.09	35.39	30.89
WB	34.67	22.41	14.86
NCT of Delhi	52.23	16.03	9.42
<b>All India</b>	<b>49.01</b>	<b>32.36</b>	<b>23.62</b>
<b>Source: Planning Commission, 2001</b>			

<b>Table 3: Household Urban amenities existent in Major states</b>				
	<b>Safe Drinking Water (%)</b>		<b>Electricity (%)</b>	
<b>States</b>	<b>1981</b>	<b>1991</b>	<b>1981</b>	<b>1991</b>
AP	63.27	73.82	52.22	73.31
<b>Bihar</b>	<b>65.36</b>	<b>73.39</b>	<b>50.09</b>	<b>58.77</b>
Gujarat	86.78	87.23	74.40	82.96
Karnataka	74.40	81.38	61.98	76.27
Maharashtra	85.56	90.50	70.53	86.07
Punjab	91.13	94.24	85.44	94.60
Rajasthan	78.65	86.51	63.67	76.67
Tamil Nadu	69.44	74.17	61.59	76.80
UP	73.23	85.78	54.61	67.76
WB	79.78	86.23	57.86	70.19
NCT of Delhi	94.91	96.24	74.94	81.38
<b>All India</b>	<b>75.06</b>	<b>81.38</b>	<b>62.51</b>	<b>75.78</b>
<b>Source: Min. of Urban Development, GOI, 1992</b>				

<b>Table 4: Total Central government allocation in 2002-03</b>		
<b>Rs. in crores</b>		
<b>States</b>	<b>All Schemes</b>	<b>Percentage of total allocation</b>
AP	364.76	9.82
<b>Bihar</b>	<b>174.24</b>	<b>4.69</b>
Gujarat	225.93	6.08
Karnataka	217.44	5.85
Kerala	119.27	3.20
MP	216.47	5.82
Maharashtra	519.68	13.98
Orissa	80.26	2.16
Punjab	96.22	2.59
Rajasthan	160.71	4.32
Tamil Nadu	273.39	7.35
UP	417.20	11.23
WB	318.64	8.57
NCT of Delhi	125.16	3.36
<b>All India</b>	<b>3714.91</b>	<b>100</b>
<b>Source: Min. of Urban Development, 2003</b>		

<b>Table 5: Central Govt. Assistance to states under Integrated Development of Small and Medium Towns (IDSMT) scheme, 2002</b>			
<b>Rs. in crores</b>			
<b>States</b>	<b>Towns Covered</b>	<b>C.A. Released</b>	<b>Expenditure</b>
AP	94	49.95	81.85
Assam	28	10.57	10.89
<b>Bihar</b>	<b>35</b>	<b>10.57</b>	<b>10.89</b>
Gujarat	71	36.40	53.28
Haryana	19	10.25	12.52
HP	15	5.26	7.96
J & K	9	5.97	6.93
Jharkhand	12	3.43	4.39
Karnataka	93	45.62	42.68
Kerala	40	20.28	35.30
MP	78	31.55	32.56
Maharashtra	108	65.56	126.52
Orissa	56	19.93	22.03
Punjab	33	14.89	25.70
Rajasthan	51	26.73	47.14
Tamil Nadu	119	42.07	55.61
UP	113	43.33	51.45
WB	82	35.50	49.98
<b>Grand Total</b>	<b>1056</b>	<b>477.86</b>	<b>677.68</b>
<b>Source: Min. of Urban Development, GOI, 2002</b>			

<b>Table 6: Central government release of funds for National Slum Development programme, 2003</b>		
<b>Rs. in crores</b>		
<b>States</b>	<b>Total funds allocated</b>	<b>Total funds released</b>
AP	226.08	187.71
Assam	20.22	10.42
<b>Bihar</b>	<b>146.42</b>	<b>94.87</b>
Gujarat	130.34	111.26
Haryana	35.79	28.99
HP	6.84	4.75
J & K	42.65	29.15
Jharkhand	26.33	17.86
Karnataka	132.55	134.44
Kerala	66.38	57.72
MP	122.40	118.26
Maharashtra	345.37	205.50
Orissa	43.24	26.04
Punjab	64.67	36.79
Rajasthan	95.78	83.66
Tamil Nadu	175.15	170.63
UP	280.32	267.83
WB	239.37	236.64
NCT of Delhi	122.59	104.65
<b>Grand Total</b>	<b>2322.49</b>	<b>1927.17</b>
<b>Source: Min. of Urban Development, GOI, 2003</b>		

<b>Table 7: State-wise fund released under Swarna Jayanti Shahri Rojgar Yojna (SJSRY) 2002</b>			
<b>Rs. in crores</b>			
<b>States</b>	<b>Central allocation, 1997-2002</b>	<b>State allocation 1997-2002</b>	<b>Unspent balances of old schemes till 1997</b>
AP	56.83	17.56	39.53
Assam	16.17	1.11	17.87
<b>Bihar</b>	<b>16.93</b>	<b>3.58</b>	<b>46.47</b>
Gujarat	42.31	15.02	27.28
Haryana	6.38	2.02	4.04
HP	2.94	1.48	6.98
J & K	2.95	5.60	9.39
Karnataka	42.21	12.65	48.88
Kerala	17.59	5.61	8.46
MP	61.51	15.18	30.53
Maharashtra	47.79	13.86	48.60
Orissa	14.99	5.72	11.16
Punjab	4.05	1.30	15.41
Rajasthan	17.79	5.83	31.60
Tamil Nadu	42.63	12.63	75.14
UP	85.43	28.73	73.64
WB	29.29	8.81	26.79
NCT of Delhi	2.57	.87	1.84
<b>Grand Total</b>	<b>510.36</b>	<b>157.56</b>	<b>523.61</b>
<b>Source: Min. of Urban Development, GOI, 2003</b>			

<b>Table 8: State wise Loan Sanctioned by HUDCO during 1996-02</b>	
<b>Rs. in crores</b>	
<b>States</b>	<b>Loan Amount</b>
AP	3038.18
Assam	345.13
<b>Bihar</b>	<b>99.40</b>
Chattisgarh	124.42
Delhi	186.01
Gujarat	2616.95
Haryana	763.50
HP	299.83
J & K	201.97
Karnataka	5119.03
Kerala	2585.06
MP	634.40
Maharashtra	3082.75
Orissa	705.68
Punjab	519.26
Rajasthan	1265.67
Tamil Nadu	4577.74
UP	1047.31
Uttaranchal	35.39
West Bengal	2065.73
<b>Total</b>	<b>29313.41</b>
<b>Source: HUDCO India, 2002</b>	

<b>Table 9: Two million Housing scheme and financed by HUDCO, 2003</b>		
<b>States</b>	<b>Loan Amount</b>	<b>Amount Released</b>
AP	142.79	51.89
Assam	4.98	1.57
<b>Bihar</b>	<b>0.00</b>	<b>0.00</b>
Gujarat	0.00	10.36
HP	0.00	0.00
Haryana	6.85	18.10
Jharkhand	0.00	0.00
J & K	0.00	0.00
Kerala	774.69	0.00
Karnataka	55.00	202.65
MP	13.82	3.62
Maharashtra	24.80	28.64
Orissa	0.00	0.00
Punjab	12.56	0.00
Rajasthan	0.00	0.00
Tamil Nadu	37.29	95.81
UP	0.00	0.00
WB	349.00	22.75
NCT of Delhi	0.00	0.00
<b>Total</b>	<b>1421.78</b>	<b>435.39</b>
<b>Source: HUDCO India, 2003</b>		

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