



BIHAR

AN INVESTMENT DESTINATION

Bihar is situated in the eastern part of India with Nepal to its north and the States of West Bengal, Uttar Pradesh and Jharkhand neighboring each of the other sides. Bihar is the land of origin of religions like Buddhism and Jainism.

It was in Bodhgaya, where Prince Siddhartha Gautama attained supreme knowledge or enlightenment to become Buddha – the enlightened one. The great religion of Buddhism was thus born here and Bodhgaya remains one of the most important and sacred Buddhist centres of pilgrimage.

The State has land area of 94,163 sq km and is home to about 8.58 per cent of India's population. Its geography is varied – northern Bihar is mostly level tract and part of the Gangetic plains, while southern Bihar is wooded and hilly. The State has fertile soil, well irrigated by rivers, as well as forest wealth.

The topography of Bihar can be described as a fertile alluvial plain along the river Ganges. The plain extends from the foothills of the Himalayas in the north to a few miles south of the river Ganges.

Bihar is richly endowed with water resources – both ground and surface water. Ganga is the main river, which is joined by tributaries with their sources in the Himalayas. Some of the other rivers are Saryu, Gandak, Budhi Gandak, Bagmati, Kamla and Mahananda.

The present day Bihar is a result of the split of erstwhile Bihar and the creation of the State of Jharkhand in 2001, which also took away the majority of mineral rich areas as well heavy industrial units. Thus, not surprisingly, agriculture is a prominent component of the economy of Bihar, employing over 84 per cent of the State's workforce.

The State enjoys a continental monsoon type of climate owing to its distance from the sea. Winter extends from December to February and summer from March to May. The southwest monsoon provides most of the rainfall in the State from June to September. Bihar is mildly cold in the winter (5 – 10 degrees Celsius) and is very hot in the summer (40 – 45 degrees Celsius)

Minerals like Sterlite, Pyrites, Quartzite, Crude Mica and Limestone are found in abundance in Bihar.

Bihar – A General Overview

Number of District		38
Total Area (in sq km)		94,163
Total Population (in million)	Persons	103.80
	Males	54.18
	Females	49.62
Density of Population (per sq km)		1,102
Sex Ratio (females per 1000 males)		916
Literacy Rate (%)	Persons	63.82
	Males	73.39
	Females	53.33
Religious Population (%)	Hindu	83
	Muslims	16
	Christians, Buddhists, Sikhs, Jains & others	1
Decennial Growth Rate (2001-2011)		25.07
Meteorological Data	Summer	Mar-May
	Monsoon	June-Oct
	Winter	Nov-Feb
	Temperature (in Degree Celsius)	
	Summer	40 - 45
	Winter	05 - 10

Source: Indian Govt Census 2011

Economy Performance – Bihar

Gross State Domestic Product (GSDP) -2009-10 (at current price)	US \$ 38.23 billion (INR 172,138.46 crore)
Economy Growth Rate (2009-10)	11.70%
Economy Growth Rate (Projected Figure for 2010-11)	10.05%
Per Capita Income (2009-10)	INR 17,959
Contribution to GSDP (2009-10):	
Primary Sector	21.74%
Secondary Sector	16.61%
Tertiary Sector	61.65%

Source: www.news.biharprabha.com- 24th Feb 2011

Bihar – An Investment

Bihar has a mix of industries ranging from agro-based (food processing, silk and tea) to leather and non-metallic minerals, though dominated by the small-scale sector. Food, beverages, tobacco and petroleum products account for more than 85 percent of the total industrial income. The State contributes about 10 per cent of India's common fruit and vegetable output, but less than 1 per cent of processed output.

The State is committed to create an investment climate conducive for private sector participation with its new Industrial Incentive Policy. The State has initiated power sector reforms, one-time settlement schemes, creation of Special Economic Zones (SEZs), revival of sick industrial units and other measures with a view to attract investments. Thrust areas also include promotion of specific industries, in particular agro-based industries (food processing, jute, sugar and horticulture) since they are based on the State's factor advantages, as well as other industries like IT and entertainment.

Another initiative next to the Industrial Incentive Policy 2006 was the Single Window Clearance Act, 2006. It aims at speeding up the clearances required for implementation of industrial and other projects and ensures single point clearances to promoters for early commercial production of such projects. The initiative covers various nodal agencies and supervisory bodies with clearly defined roles and responsibilities.

The State is also working on enhancing industrial infrastructure as seen in projects such as Agro-Park, Air Cargo Complex and Inland Container Depot. The State has a well-developed rail network and is working on enhancing its roads as well as upcoming inland waterways network. Telecom (fixed line and mobile) is developing rapidly, while power – grossly is seeing more investment in order to meet the growing demand. The State is working to improve on various health and social indicators (life expectancy, literacy etc), and gaps in its social infrastructure are also starting to be addressed – by filling vacancies in educational institutions, inviting private participation in higher and technical education as well as financial support programmes for healthcare.

Since the beginning of the Industrial Policy regime and Single Window system, the State Investment Promotion Board has approved over 100 proposals worth over US \$8.6 billion. The proposals cover infrastructure sectors, the thrust industries as well as others like healthcare and hospitality. As of March 2007, projects worth \$2.7 billion were under implementation.

Owing to huge construction activity in the State, Bihar is now the fastest growing cements market in the country. With better roads and little fear of attracting the attention of car thieves or kidnappers and better law and order situation prevailing in the State, people are now buying automobiles. Maruti Suzuki a leading automaker reported a 30 percent rise in sales in Bihar between April and December 2010.

Government figures show that the number of vehicles in the State has grown four times, from around 80,000 in 2005-06 to 3.19 lakh in 2009-10. Many more people are visiting the State, as revealed by the amount of aircraft movement. In 2004-05, a total of 3,814 aircraft landed or took off from the State's airports which during the five years the figure shoot up to 10,726.

Telephone connections - landlines and mobiles taken together have increased ten folds in five years, from 4.2 million in 2005-06 to 41.5 million until March 2011. With growing incomes, people are buying more consumer durables and other like products. FMCG major Samsung's sales grew by 25 to 30 percent between April and December 2010.

At present many companies are taking advantage of the improving and transformation condition of the State. Mumbai based Godrej Group which is US \$ 2.7 billion is setting up US \$ 15.55 million (INR 70-crore) cattle and poultry feed mill at Hajipur and in the same destination the biscuit major Britannia which is US \$ 1 billion is setting up a 50,000-tonne bakery.

Adani Group, which is US \$ 5.6 billion company, which is dealing in trading and infrastructure considering setting up power, mining and agro-based industries.

Ruchi Soya, the Mumbai based \$2.6 billion (INR 11,700 crore) FMCG group, which is best known for its edible oils, is pumping US \$ 44.42 million (INR 200 crore) into setting up agro-processing centres at Kaimur, 170 km northwest of Patna, near the Uttar Pradesh border.

West Coast Paper which is US \$ 375 million, part of S K Bangur Group with interest in paper, power, telecom, cables, tea, and chemicals has plans to set up a duplex board unit at Rohtas, 140 km southeast of Patna, while infrastructure giant Jaypee Associates which is US \$ 650 million a major players in construction, power and cement is working towards a fly ash-based cement factory at Motipur, part of Muzaffarpur district.

Apart from the above and other investments that are in the pipeline there are also hurdles to invest in the State. Land availability is considered to be one of the most important and primary problems. For investment industry needs faster acquisition of land for developing new and modern industrial parks. The industrialist stresses that the State should provide land where industry wants to invest.

The State unable to secure land has approved new rules relating to the conversion of agricultural land into non-agricultural, which effectively absolves the government of responsibility in getting land for industry. These rules leave buyers or investor free to purchase agricultural and other land directly from farmers at market rates and use it for industrial purposes, after paying a conversion fee. But the decision is unlikely to delight the industry, since it is looking for land not just anywhere, but in places where the infrastructure needs is already available or can be easily set up. In particular, industrialist is eyeing the old industrial domain around some towns in Hajipur and Muzaffarpur as well as Bhagalpur and Gaya.

Other major stumbling blocks are the lack of reliable power supply, the frequent occurrence of floods and droughts and the absence of skilled manpower.

Bihar is a power deficient State and the big power projects are yet to be rolled out.

But as per the State machinery power projects have a long growth period and it takes time to develop and meet the growing power demand. In April, the State has approved a 1,320 MW coal based power plant to be built at a cost of US \$ 1.62 billion (INR 7,280 crore) by the Kolkata-based India Power Corporation. As per the State there are many more projects in the pipeline. Source: <http://businesstoday.intoday.in> - edition 12th June 2011

An over view of investment climate in Bihar

The State government has been making serious endeavors to improve the investment climate in the State and, for this, it took up various steps including development of infrastructure and the NRI meets in and outside the State. The Confederation of Indian Industries (CII) and Bihar Industries Association (BIA) also extended help to assess the growth potential and the problems facing the industries in Bihar, particularly the Micro, Small and Medium Enterprises (MSME) sector.

With improved investment climate in the State, the State government created a State Investment Promotion Board (SIPB). It has approved as many as 398 project proposals upto October 2010 with proposed investment of US \$ 40.20 billion (INR 1.81 lakh crore) and employment potential of 1.55 lakh. As may be seen from below mentioned table, as many as 180 of the proposals are for food processing and 44 for power plants. Of the total 398 proposals, 45 have started working, 104 are at advanced stage and 249 at different stages of implementation, involving an investment of Rs. 1102.5 crore so far.

Proposals Approved by SIPB (Upto October 2010)

Items	2008-09	2009-10	2010-11 (upto Oct)	Total
No. of Proposals approved	173	127	98	398
Proposed Investment (US \$ billion)	24.51	6.79	8.99	40.29
Proposed Employment	124954	18776	10962	154692
Sector-wise				
(i) New Sugar Mill	23	3	1	27
(ii) Expansion of working sugar mills	7	0	1	8
(iii) New Ethanol Plant of working sugar mills	2	0	0	2
(iv) Ethanol-cum-sugarcane Juice	5	0	0	5

Source: Department of Industry, GOB

Proposals Approved by SIPB (Upto**October 2010)**

Items	2008-09	2009-10	2010-11 (upto Oct)	Total
(v) Power Plant	24	10	10	44
(vi) Food Processing	26	85	69	180
(vii) Steel Processing & Cement	16	9	7	32
(viii) Technical Institution	15	10	4	29
(ix) Medical College and Hospital	19	0	0	19
(x) Others	36	10	6	52

Source: Department of Industry, GOB

Status of Approved Proposals by SIPB

Stages	Upto 2009-10	2010-11 (upto Oct 2010)
1. Implementation Stages of:		
(i) Working Unit	36	45
(ii) Implementation of a advanced stage	94	104
(iii) Implementation of different stages	170	249
2. Investment made so far (US \$ million)	229.55	244.87

Source: Department of Industry, GOB

Banking Sector - Bihar

The financial sector of Bihar constitute of the three kinds of institution functioning in the state:

1. Banks that include Commercial Banks, Regional Rural Banks, Cooperative Banks as well as other Cooperative institutions.
2. State Financial Institutions.
3. National Financial Institutions.

Cooperative institutions largely look after the requirements of agriculture sector, commercial banks provide finance for industry as well as agriculture, State financial institutions help to promote industrial development in the state and national level institutions cater to the interest of industrial sector and provide large scale finance.

Banking Infrastructure

Commercial Banks

At the end of March 2010, 57.7 percent of the total 4,156 branches of commercial banks in Bihar were located in rural areas, 22.45 percent in semi-urban and 19.83 percent in urban and metropolitan areas. The total number of branches increased substantially (5.43 percent) during 2010.

However, out of 214 new branches opened, all but 44 were opened in either urban (90 branches) or semi-urban areas (102 branches) and most of these were opened by private non-nationalized banks. The urban branches have of course consistently been increasing their share in the total number of bank branches over the years, from 15.13 percent in 2005 to 19.83 percent in 2010, along with semi-urban branches whose share had increased from 20 percent to 22.45 percent during the same period.

The table shows the distribution of commercial bank branches in Bihar during 2005 to 2010 and their growth.

Distribution of Commercial Bank Branch Offices in Bihar

Years (March End)	Total	Growth Rate (%)	Percent Share in Total		
			Rural	Semi Urban	Urban
2005	3648	0.69	64.80	20.07	15.13
2006	3675	0.74	63.59	20.60	15.81
2007	3712	1.01	62.80	20.66	16.54
2008	3792	2.16	61.63	20.97	17.40
2009	3942	3.96	59.72	21.66	18.62
2010	4156	5.43	57.72	22.45	19.83

Source: Statistical Tables Relating to Banks in India, 2009-10, RBI

Cooperative Banks

As per Data for the State and the District Central Cooperative Banks it is noted that while there has been some growth in the number of State and District Central Cooperative Banks in the country as a whole, in Bihar, there has been no expansion in either of these two banks during 2009, and their numbers remained the same as in 2008. There are 14 State Co-operative Banks and 279 District Central Co-operative Banks in Bihar.

Regional Rural Banks (RRBs)

The RRBs provide a multi-agency approach for agricultural and rural credit in India. With equity holdings by the central government, the concerned state governments and the sponsor bank in the proportion of 50:15:35.

Data for RRBs shows that for the period 2007 to 2009 as on December, 2009, Bihar had 1,451 RRBs. The table shows that while the total number of branches increased only marginally over the years, their total deposits increased substantially by nearly US \$ 710.74 million (INR 3,200 crore) during the period, from nearly US \$ 1.60 billion (INR 7,200 crore) in 2007 to more than US \$ 2.31 billion (INR 10,400 crore) in 2009. But the credit given by the RRBs increased only by about US \$ 355.57 million (INR 1,600 crore).

Thus, while the rural economy of Bihar deposited an additional amount of US \$ 710.74 million (INR 3,200 crore) in two years to the RRBs, only about half of it flowed back to the rural economy in the form of credit.

Branches and Deposits of Regional Rural Banks

State	December (2007)			December (2008)			December (2009)		
	No. of Branches	Total Deposit (INR crore)	Total Credit (INR crore)	No. of Branches	Total Deposit (INR crore)	Total Credit (INR crore)	No. of Branches	Total Deposit (INR crore)	Total Credit (INR crore)
Bihar	1429	7245	3027	1439	8917	3661	1451	10426	4612

Deposits and Credits

Per Capita Deposits and Credits of Scheduled Commercial Banks

It has been observe that there has been significant growth in total deposits in Bihar in 2009-10 over the previous year by US \$ 3.29 billion (INR 14,800 crore). Simultaneously, the expansion of credit in 2009-10 has also remarkably improved. The credit had expanded by US \$ 1.20 billion (INR 5,400 crore) compared to only US \$.61 billion (INR 2,751 crore) in 2008-09.

In 2008-09, the expansion of credit was only by 15 percent of the additional deposits collected during that year. In 2009-10, the expansion of credit was as much as 36 percent over the previous year. But while Bihar's share in the total deposits of scheduled commercial banks remained the same in these two years at 2.2 percent, its share of credit has improved marginally from 0.83 percent to 0.87 percent.

The table below shows the deposits and credits of scheduled commercial banks in Bihar

State	Per Capita Deposits (in INR)		Deposits Per Branch (in INR million)		Per Capita Credit (in INR)		Credit Per Branch (INR million)	
	2009	2010	2009	2010	2009	2010	2009	2010
Bihar	9119	10525	226.5	251.8	2486	3011	61.7	720

Source: Statistical Tables Relating to Banks in India, 2009-10, RBI

It was noted that both in terms of per capita deposit and per capita credit, Bihar ranks the lowest among the major Indian states. The population served by a bank office in Bihar also remains the highest in the country. While the per capita deposit of Bihar has increased significantly in 2009-10 by Rs. 1406, compared to an increase of Rs. 1437 the year before, the increase in per capita credit was only one-fourth of this, i.e. by Rs 103 compared to an increase of Rs 63 one year back.

The credit flowing into any economy depends on its absorption capacity which in turn is determined by the physical infrastructure, but banks still need to take much more proactive measures in increasing the credit flow by opening more branches in the unbanked areas, and relaxing some of their stringent credit norms. It has been noted earlier that the expansion of bank branches in Bihar in 2009-10 has been skewed in favour of urban and semi-urban areas, which already had relatively better banking facilities.

Bihar's Industrial Scenario

The enterprises sector in Bihar is the smallest in India and consists of only 1.22 percent of the country's share. Bihar's industrial sector contributes only about 16 percent to its GSDP as against 26 percent for the national average. As a consequence of bifurcation, the share of net value added of the industrial units in the residual Bihar in 2002-03 remained only 17.9 percent, with Jharkhand getting the remaining share of 82.1 percent. This was on account of nearly whole of mineral producing region becoming part of Jharkhand State, leaving only a limited number of large, medium and small scale enterprises in present Bihar.

Though broad based recovery from recession in industrial sector at national level had started in 2009-10, Bihar presented a downward trend in respect of mining / quarrying and manufacturing sector both registered and unregistered. The contribution of manufacturing sector as a whole is less than 5 percent to the GSDP, and the registered manufacturing sector with much less share recorded a sharp drop over the period. The share of mining and quarrying also recorded a decline in 2009-10.

However, the construction sector proved to be the key driver in the growth course of the State, whose share increased to almost twice in 2009-10 (11.18 percent) compared to 2004-05 (5.52 percent).

Proportion of Mining / Quarrying, Manufacturing, Construction and Electricity, Water Supply and Gas units to the GSDP of Bihar

Sector	2004-05	2007-08	2009-10
1. Mining / Quarrying	0.06	0.06	0.05
2. Manufacturing	5.79	5.31	4.16
(a) Registered	1.48	1.17	0.86
(b) Unregistered	4.3	4.14	3.31
3. Construction	5.52	9.76	11.18
4. Electricity / Water Supply / Gas	1.52	1.36	1.27

Source: Directorate of Statistics and Evaluation, GOB

Structure of Industries in Bihar.

Particulars	Percentage share of Total Output
Agro Based:	
Food Products / Beverages / Tobacco	10.29
Textile / Textile Products	0.36
Leather & Leather Products	0.45

Wood / Wood Products	0.13
Paper / Printing / Publishing	1.43
Non Agro Based:	
Coke / Petroleum / Nuclear Fuel	80.5
Chemicals / Chemical Products	0.43
Rubber / Plastic Products	0.22
Glass / Non Metallic	1.62
Mineral Products	3.75
Machinery / Electric Equipments	0.32

Source: Department of Finance, Government of Bihar

Large and Medium Units in Bihar

Sector	Percentage
Food, Beverages, Tobacco	34
Cotton, Wool, Jute, Paper, Leather	33
Rubber, Plastic, Chemicals	16
Material, Metal, Machine, Transport Equipments	17

Source: Department of Finance, Government of Bihar

Major Industrial Centers in Bihar

Divisions	Food, Tobacco, Beverages	Cotton, Wool, Jute, Paper	Material, Metal, Machine	Rubber, Plastic, Chemicals	Total	%
Patna	22	18	52	07	99	38.2
Magadh	06	01	09	09	25	9.7
Bhagalpur	02	03	03	02	10	3.9

Munger	02	03	01	12	18	6.9
Saran	12	01	01	00	14	5.4
Tirhut	21	06	16	13	56	21.6
Darbhangha	09	09	00	01	19	7.3
Purnia	08	06	03	01	18	6.9
Total	82	47	85	45	259	100

Source: Economic Survey of Bihar 2006-07

The main industrial centres are Patna, Magadh, Muzaffarpur, Barauni, Bhagalpur, Munger, Darbhanga and Tirhut.

According to the Department of Industries, the number of large and medium industries in the State is only 259, of which the highest concentration (38.2 percent) is in Patna division, followed by Tirhut (21.6 percent) and Magadh (9.7 percent). Out of 38 districts spread over in 9 divisions, 10 do not have any large/medium industrial unit.

Patna is an important business and agricultural centre of eastern India, exporting grain, sugarcane, sesame and medium-grained rice. It has also emerged as a big and rapidly expanding consumer market, both for fast moving consumer goods (FMCG) and consumer durable items. The government plans to develop Patna as the second international gateway in eastern India (after Kolkata) to exploit its tourism potential and for promotion of trade and commerce with neighbouring countries in the east.

Muzaffarpur district is home to several industrial units, the major ones being Prabhat Zarda, Indian Drugs and Pharmaceuticals Ltd (IDPL), Bharat Wagon and Engineering Ltd, Leather Development Corporation and Muzaffarpur Dairy (a unit of the Bihar State Dairy Corporation). It is an also important trade centre for textiles and fruits. (Mango and Litchi)

The Barauni refinery of Indian Oil Corporation Ltd (IOC) is one of the country's biggest oil refineries. It has a capacity of 6 million metric tonnes per annum (MMTPA). State-owned Bihar State Electricity Board (BSEB) signed a memorandum of understanding (MoU) with Vikash Metal and Power Ltd (VMPL), a Kolkata-based company, for setting up a power plant at Barauni at an estimated cost of US \$500 million.

Bhagalpur is famous worldwide for its silk production. A silk culture institute and an agricultural research station are also located in the city, which has major road and rail connections. Other industries include rice and sugar milling and wool weaving.

Gaya is another major weaving centre with around 8,000 power looms.

Annual Survey of Industries (ASI) Report

According to the Annual Survey of Industries (ASI) in 2005-06, the share of total factories in Bihar was 1.19 percent, which recorded a modest increase to 1.22 percent in 2007-08. But in terms of other characteristics, like working capital, persons engaged and value of output, the State registered a decline in 2007-08. However, the share of net value added recorded an increase (from 0.14 percent in 2005-06 to 0.24 percent in 2007-08).

Annual Survey of Industries (2005-06 and 2007-08)

Characteristics	2005-06			2007-08		
	India	Bihar		India	Bihar	
		Total	%		Total	%
Number of Factories	140,160	1,669	1.20	146,385	1,785	1.20
Fixed Capital (Rs. lakh)	60,694,028	292,352	0.50	84,513,209	301,470	0.40
Working Capital (Rs. lakh)	18,446,260	141,541	0.80	31,695,306	163,563	0.50
Total Persons Engaged	9,111,680	67,447	0.70	10,452,535	73,676	0.70
Value of Output (Rs. lakh)	190,835,548	1,678,498	0.90	277,570,904	2,187,362	0.80
Net Value Added (Rs. lakh)	31,186,419	42,223	0.10	48,159,268	115,947	0.20

Source: ASI, 2005-06 and 2007-08

The number of factories at all-India level increased in 2007-08 over 2005-06, both in agro-based and non-agro based categories, but the increase was higher in case of the latter.

However, in case of Bihar, the number of agro-based factories registered a decline in 2007-08, and the number of non-agro based factories increased. Again, the percentage of agro-based factories in operation in Bihar declined drastically from 93.62 percent in 2005-06 to 86.70 percent in 2007-08. As against this, the percentage of non-agro-based industries in operation increased from 81.73 percent in 2005-06 to 91.66 percentage points in 2007-08.

Number of Factories in Operation (2005-06 and 2007-08)

Categories of Industry	No. of Factories			Factories in Operation			% in Operation	
	India	Bihar	%	India	Bihar	%	India	Bihar
2005-2006								
Agro Based	61,936	470	0.8	57,863	440	0.76	93.50	93.62
Non-Agro Based	78,224	1,199	1.5	75,028	978	1.30	95.79	81.73
Total	140,160	1,669	1.2	132,891	1,418	1.07	94.80	85.08
2007-2008								
Agro Based	62,189	466	0.8	59,124	404	0.68	95.07	86.70
Non-Agro Based	84,196	1,319	1.6	81,443	1,209	1.48	96.73	91.66
Total	146,385	1,785	1.2	140,567	1,613	1.15	96.03	90.36

Source: ASI, 2005-06 and 2007-08

Value of Output and Net Value Added in 2007-08 of Selected Agro and Non Agro-based Industries (Bihar and India)

(INR in crore)

Industrial Group	Value of Output			Net Value Added		
	India	Bihar	%	India	Bihar	%
Agro Based Products						
Food Products / Beverages / Tobacco	351,820.93	2,865.34	0.81	41,101.13	884.19	2.15
Textile / Textile	200,293.36	93.88	0.05	30,395.01	30.26	0.1
Leather / Leather	23,801.26	74.33	0.31	2,814.91	10.94	0.39

Source: Annual Survey of Industries, 2007-08

Value of Output and Net Value Added in 2007-08 of Selected Agro and Non Agro-based Industries (Bihar and India)

(INR in crore)

Industrial Group	Value of Output			Net Value Added		
	India	Bihar	%	India	Bihar	%
Wood / Wood	7,192.21	31.63	0.44	927.80	11.40	1.23
Paper / Printing / Publishing	58,771.38	231.28	0.39	12,082.65	84.29	0.7

Sub Total	641,879.14	3,296.46	0.51	87321.50	1021.08	1.17
Non-Agro Based						
Coke / Petroleum /Nuclear Fuel	436,659.53	16,839.22	3.86	65,515.19	(97.40)	-0.15
Chemicals / Chemical	301,217.61	96.64	0.03	61,662.90	15.20	0.02
Rubber / Plastic	78,660.23	38.48	0.05	11,623.34	3.02	0.03
Glass / Non-Metallic	95,416.04	339.60	0.36	31,631.09	88.86	0.28
Mineral	513,701.08	949.97	0.18	105,401.89	95.22	0.09
Machinery / Electric Equipments	247,434.97	77.67	0.03	49,724.56	11.40	0.02
Ship Bldg & Repair Transport equipment etc	55,927.62	10.97	0.02	10,440.63	2.82	0.03
Furniture / Jewellery / Sports goods/Toys etc	61,279.38	5.16	0.01	6,581.02	0.54	0.01
Others	86,942.37	219.44	0.25	12,406.75	18.75	0.15
Sub-Total	1,877,238.83	18,577.15	0.99	354,987.37	138.41	0.04
Grand Total	2,519,117.97	21,873.61	0.87	442,308.87	1,159.50	0.26

Source: Annual Survey of Industries, 2007-08

Large Industries

The division of the State in 2000 gave a severe blow to Bihar's economy and the State became particularly devoid of large industries. Nearly all-big industrial houses fell to the share of Jharkhand and very few remained with Bihar. Primarily on account of lack of well-developed infrastructural facilities and flight of capital from the State, the large-scale units could not be established here.

Again, due to change in the capital based definition of enterprises, various large-scale industries are now counted among the medium scale units. As a result, the State has only four units under food and beverages group in the large-scale sector, one each in the districts of Banka, Begusarai, East Champaran and Rohtas. Besides the above, there are four more large-scale units under private sector, which include Indian Tobacco Company (ITC) and Gangotri Iron. Under the central sector, there are six large units, of which four are National Thermal Power Corporation (NTPC) units; one is Indian Oil Corporation (IOC) and one Ordinance Factory. The above facts confirm that the State has very limited number of large units.

For the promotion of large / medium industries sector and village / small industries in the State under the Industries Department, a sum of US \$ 86.62 million (INR 390 crore) was earmarked in 2008-09 which was later revised to US \$ 114.39 million (INR 515 crore). For the year 2009-10 and 2010-11 an outlay of US \$ 102.66 million (INR 462.22 crore) and US \$ 104.93 million (INR 472.45 crore) respectively have been provisioned

Micro, Small and Medium Enterprises (MSME)

Micro, small and medium enterprises account for 45 percent of manufactured output and around 40 percent of exports of the country. High labour to capital ratio, high growth and high dispersion make them crucial for achieving inclusive growth. The 4th All India Survey of micro, small and medium enterprises conducted in 2006-07 by Ministry of MSME reveals that, out of a total number of 71,435 enterprises surveyed in Bihar, around 73 percent or 52,188 units were working.

Around 69 percent of these enterprises were manufacturing units and 31 percent services units. While manufacturing units accounted for 81 percent of the total employment, services sector engaged the remaining 19 percent. In the total market value of fixed investment, the share of manufacturing sector was 87.58 percent, whereas its share in the value of net worth was 83.54 percent. Under MSME, around 52 percent are related to food, beverages, tobacco, grain mill products, textiles, clothing, footwear and leather.

The data provided by the Department of Industry, Government of Bihar, gives the total number of registered MSME units as 1.84 lakh upto October 2010. Of this total, around 61 percent were tiny / micro, followed by artisan (38.15 percent) and SSI (0.85 percent). The annual growth rate during the last decade (2001-10) was found to be 5.81 percent in respect of artisan units, for tiny / micro it was 4.77 percent and for SSI units it was 1.78 percent. Another noteworthy feature is that while the annual growth rate of total investment during the decade has been around 16 percent, in case of employment, it worked out to be only around 3 percent.

The State government is making an all out effort to develop the MSME sector and, for this purpose, it increased the fund allotted to the sector, from US \$ 86.62 million (INR 390 crore) in 2007-08 to US \$ 114.39 million (INR 515 crore) in 2008-09. Again in 2009-10, a sum of US \$ 102.66 million (INR 462.2 crore) was earmarked and for 2010-11, the fund allocated is US \$ 104.92 (INR 472.4 crore).