

Education and Skill Development for Economic Growth in Bihar

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Abstract

Education and skill development are essential drivers of economic growth, productivity, and social progress. In Bihar, one of India's most populous states, economic development has often been constrained by low literacy levels, inadequate infrastructure, and limited access to quality education and vocational training. However, recent initiatives such as "Skill India," "Kaushal Vikas Yojana," and state-led education reforms have begun to change this scenario. This article examines how improving education and vocational skills can enhance human capital, reduce unemployment, and accelerate Bihar's economic transformation. The study highlights both the challenges and the potential of education-driven development in the state.

Keywords: Education, skill development, Bihar economic development, literacy levels.

Introduction

Bihar, once celebrated as a hub of knowledge in ancient times with renowned institutions such as Nalanda and Vikramshila, now faces numerous difficulties in its modern education system. Although the state has a growing population and significant economic potential, it still grapples with low literacy levels, inadequate educational infrastructure, and a shortage of skill-oriented job opportunities.

Education is a key factor in developing human capital, which in turn drives economic productivity, creativity, and income growth. Skill development, especially among young people, helps connect formal education with employment opportunities by offering practical, job-focused training. In Bihar, where over half of the population is under 25 years old, strengthening skill-oriented education can convert this youthful population into a major economic strength for the state.

Government initiatives like the Bihar Skill Development Mission (BSDM), Mukhyamantri Nishchay Yojana, and several central schemes have prioritised technical education, entrepreneurship promotion, and digital skill enhancement. Yet, for Bihar to attain long-term and inclusive economic growth, it needs to concentrate on improving the quality of education, upgrading training facilities, strengthening partnerships with industries, and ensuring equal educational opportunities for rural and disadvantaged groups.

Objective

To analyse the relationship between education, skill development, and economic growth in Bihar from 2011 to 2024.

To examine the trends and progress in literacy, schooling, and vocational training in the state.

To identify the major skill gaps in Bihar's labour market and their impact on employability and productivity.

To assess how improvements in human capital contribute to Bihar's Gross State Domestic Product (GSDP) and overall economic development.

Methodology

Data Sources: - The study primarily relies on secondary data, gathered from credible and authoritative sources, including government reports, official surveys, and published research studies.

Data Analysis: - Quantitative analysis entails analysing numerical data, including literacy rates, school enrollment ratios, skill development statistics, and the growth of Bihar's GSDP.

Research Design: - The research adopts a longitudinal approach, spanning 13 years (2011–2024), to observe long-term trends and the effects of policies. It aims to examine how education and skill development programs affect economic indicators, including employment levels, productivity, and the growth of Bihar's GSDP.

Hypotheses:

H₀ (Null Hypothesis): There is no significant impact or relationship between the level of education and skill development in Bihar between 2011 and 2024.

H₁ (Alternative Hypothesis): There exists a significant positive relationship between education and skill development levels and Bihar's economic growth rate during the period 2011–2024.

Quantitative Analysis:

This research employs quantitative techniques to study the connection between education, skill development, and economic growth in Bihar during the period 2011–2024. The analysis is grounded in secondary data obtained from credible sources such as the Census of India, National Sample Survey Office (NSSO), Periodic Labour Force Survey (PLFS), Economic Survey of Bihar, and publications from the Ministry of Skill Development and Entrepreneurship (MSDE).

Qualitative Analysis:

The qualitative analysis focuses on understanding the patterns, perceptions, and policy dynamics that shape the relationship between education, skill development, and economic growth in Bihar. Unlike the quantitative approach, which relies on numerical data, this analysis interprets reports, government policies, institutional performance, and stakeholder perspectives to explore the broader socio-economic context.

The Role of Education and Skills in Bihar's Economic Growth

Bihar has shown significant improvement in literacy rates, along with a considerable reduction in the gender gap in educational attainment.

Literacy rate of Bihar

According to the **2011 Census**, Bihar recorded a literacy rate of **61.8%**, the lowest among all Indian states, with **male literacy at 71.2%** and **female literacy at 51.5%**. By contrast, a **2023 state caste survey** indicated remarkable progress, showing an **18% rise in literacy** since 2011, reaching **79.7%**. Furthermore, data from the **Periodic Labour Force Survey (PLFS) 2023–24**, released in **June 2024**,

confirmed Bihar's steady improvement. However, the state still ranks among those with the lowest literacy rates in India for individuals aged seven and above. The report recorded **overall literacy at 74.3%** and **male literacy at 82.3%** and female literacy rate in Bihar in 2024 is 66.1%.

Economic Growth of Bihar

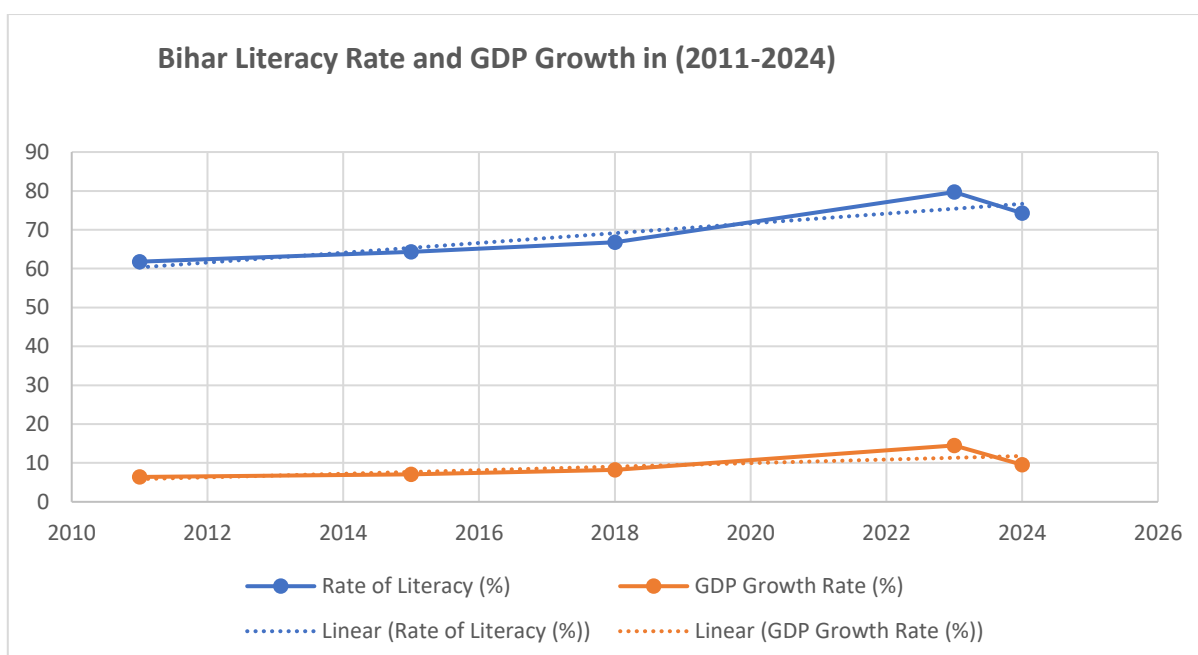
During the fiscal year 2023–24, Bihar's Gross State Domestic Product (GSDP) was estimated at approximately ₹8.54 lakh crore at current prices and ₹4.64 lakh crore at constant (2011–12) prices. The state recorded a growth rate of around 14.5% in current prices and 9.2% in constant prices. Over the period from 2011–12 to 2023–24, Bihar's economy has expanded by nearly 3.5 times in nominal terms. Furthermore, preliminary projections for 2024–25 indicate an expected growth of about 13.1% at current prices and 8.6% at constant prices.

Bihar Literacy and Education Progress

Year	Total (%)	Literacy of Male (%)	Literacy of Female (%)	Remarks
2011	61.8	71.2	51.5	The least among all Indian states.
2023	79.7	-	-	A rise of 18% from the 2011 level.
2024	74.3	82.3	66.1	Ongoing progress

Bihar Literacy Rate and GDP Growth in (2011-2024)

Year	Rate of Literacy (%)	GDP Growth Rate (%)
2011	61.8	6.4
2015	64.3	7.1
2018	66.8	8.2
2023	79.7	14.5
2024	74.3	9.5



Bihar's Skill Development Programs

Training and Development Program	Main Area of Estimated Beneficiaries	Estimated Beneficiaries	Benefit
Bihar Skill Development Mission (BSDM)	Technical and occupational training	More than 7 lakhs	Improved job readiness
Kushal Yuva Program (KYP)	Digital Literacy and Soft Skills	More than 10 lakhs	Enhanced youth Skills
PM Kaushal Vikas Yojana (PMKVY)	Government-backed skill certification	More than 4 lakhs	Enhanced youth training
Mukhyamantri Nishchay Yojana	Higher education opportunities and support for women	More than 3 lakhs	Greater inclusion of women in involvement

Literature Review

This literature review brings together research studies and policy reports from 2011 to 2024 that explore the link between education, skill development, and economic growth in Bihar. It analyses patterns in basic education and literacy, evaluates vocational and technical training initiatives, identifies skill shortages in the labour market, and reviews the roles of government and non-governmental organisations. Additionally, it investigates how improvements in human capital contribute to Bihar's overall economic performance at the state level.

Synthesis of Findings and Hypothesis Testing:

The findings from both quantitative and qualitative analyses provide substantial evidence supporting the alternative hypothesis (H_1) and justify rejecting the null hypothesis (H_0). There exists a significant positive relationship between education and skill development levels and Bihar's economic growth rate during the period 2011–2024.

Conclusion and Implications: The analysis clearly shows that education and skill development have played a crucial role in Bihar's economic transformation between 2011 and 2024. During this time, Bihar has seen significant improvements in literacy levels, school enrollment, and young people's participation in vocational and digital skills training programs. Both quantitative and qualitative analyses reveal a strong positive link between the enhancement of human capital and the growth of Bihar's Gross State Domestic Product (GSDP). Although progress has been made, the advantages of education and training remain unevenly spread across different districts and social groups. Rural regions still struggle with issues like inadequate infrastructure, a shortage of teachers, and restricted access to quality vocational training centres. Additionally, the ongoing mismatch between skills and job requirements hampers the employability of Bihar's youth, highlighting the importance of better aligning training programs with labour market needs. For Bihar to achieve sustained and inclusive economic growth, it is essential to focus on quality education, practical skill development.

Scope of the Study: This study aims to examine the pivotal role that education and skill development have played in shaping the socio-economic progress of Bihar between 2011 and 2024. Historically, Bihar has been among India's less-developed states, grappling with challenges such as low literacy levels,

insufficient infrastructure, high unemployment rates, and limited access to quality vocational training. Nevertheless, over the past decade, the state has achieved notable advancements in human capital indicators, including improvements in literacy, increased school enrollment, and higher participation of young people in vocational and digital skills programs. The research seeks to analyse the impact of these developments on Bihar's economic growth, considering metrics such as Gross State Domestic Product (GSDP), employment creation, and entrepreneurial initiatives. In addition, it addresses the ongoing disparities that exist across districts, between rural and urban regions, and among different social groups, highlighting issues like unequal access to educational resources, shortages of qualified teachers, inadequate infrastructure, and persistent mismatches between skills and employment opportunities that constrain youth employability. The study also evaluates the effectiveness of government initiatives, public-private partnerships, and institutional strategies aimed at aligning education and training with labour market needs. By integrating quantitative measures—such as literacy rates, school enrollment statistics, and GSDP growth—with qualitative insights drawn from case studies, interviews, and field observations, the research provides a thorough understanding of how investment in human capital can convert Bihar's demographic potential into sustainable and inclusive economic development. Finally, the study extends to exploring prospects, underscoring the importance of continued investment in quality education, digital literacy, women's empowerment, and entrepreneurship to ensure that Bihar's growth remains equitable, widespread, and capable of meeting the evolving demands of the 21st-century economy.

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