

## Indian Agriculture: What is the Economic Effect of the Flooding in Bihar

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Recent flooding in India has been disastrous for millions. And while this may not significantly affect the Indian economy, it is affecting the economies of hundreds of villages.

In north Bihar, more than 500 villages have been inundated, most of them in Sitamarhi, Muzaffarpur, Sheohar, Darbhanga, East and West Champaran, Madhubani and Saharsa. Crops such as bananas, lentils, maize, and various vegetables have been destroyed resulting in the loss of about US \$34 million in crops, according to India's State Agriculture Department.

India's agricultural output is 22% of its \$2.965 trillion economy, or slightly more than \$652 billion per year. Economically, this flooding is trivial. Its losses represent only 0.005% of the nation's annual agricultural output, and an immeasurable 0.001% of the country's GDP.

The flooding started in July 2008 when the Kosi river, which enters India from Nepal, overflowed, ruining farmland and homes. The Kosi is a fast-moving river which carries an abundance of silt, further contributing to the flood damage. This silt, which has a high salt content, may have lasting effects on cropland even after the flood has subsided.

Bihar is almost entirely rural and is one of the least-developed regions in India. Much of the peasantry seen today in Bihar is due to Bihar's history. When the British took control of it in 1793, farms were under zamindars, which were like landlords who would collect rent from the farmers and pay a percentage of it to the British. This system established an agrarian society which has largely remained.

Then, after an 1857 mutiny against the British, which involved many Biharis, tensions grew between the Biharis and the British, which eventually led to the Biharis rejecting any British concepts or ideas that would help modernize it. Furthermore, failed land reforms in Bihar have resulted in farmers not having land, but working for landlords just to scrape by.

So this means Bihar is sharply divided between rich and poor. Of course, it is the poor who will suffer from this flooding and loss of crops. Millions of people in Bihar depend on farming. In fact, 35% of the economy in Bihar is from agriculture, despite inadequate investment in agricultural infrastructure there. So while the economic effect, in terms of Indian GDP and even agricultural GDP is almost nothing, the humanitarian damage is massive.

**Source: Economy Watch**