

Description of an underdeveloped Economy : With reference to India



Economics

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Mrs. Seema Goyal

Lecturer-in-Economics, Apeejay Sarawati P.G. College for Girls, Charkhi Dadri

ABSTRACT

India, which for long has been defined as the underdeveloped country, now is called a developing economy. It is an economy which has shed off some of its backwardness and making perceptible progress in many socio-economic spheres. Thus a developing economy is one which has many sections that are making rapid progress, but has many activities still stepped in stagnation and backwardness. The world today present a picture of applying contrast. Some of the countries though a few in number are fabulously rich. On the other hand, nearly three-fourth of the world population in habiting more of the countries of Asia, Africa, Latin America, Eastern Europe can barely afford a minimum existence. India is a developing economy but it has features of an underdeveloped economy like low per capita income, low levels of living, Rapid growth of population, unemployment, poor quality of human capital etc. The above features point out that India is an underdeveloped country. The other underdeveloped countries of the world also possesses similar features. In the year after independence the government of India has awakened to the need for economic development of the country and has made an organized efforts. As a result of there efforts the pace of development has gathered momentum.

Introduction :

An underdeveloped country is simply one which has a real per capita income, that is low in relation to the present day per capita income of rich countries like Canada, USA, Western Europe generally.

The world today present a picture of applying contrast. Some of the countries though a few in number are fabulously rich. On the other hand, nearly three-fourth of the world population inhabiting more of the countries of Asia, Africa, Latin America, Eastern Europe can barely afford a minimum existence.

Majority of the people in these countries lives in misery, aqualor and hunger. The contrast seems to be all the more stunning when we find that these poor nations accounting for seventy percent of the world population having a fifteen percent share in world income.

Whereas the richer nations with just one sixth of the world population claim over the seventy percent of the global income. Usually an underdeveloped nation is that is regarded as being capable of substantial improvement in its income paper.

The broad features of underdeveloped countries can be summed up as follows:

- 1.The per capita real income in these countries is very low as compared with the income levels of the advanced countries.
- 2.These countries have a low capital bare and a lower rate of capital formation, which is one of the main cause of their underdevelopment.
- 3.They have large amount of actual or potential natural resources which have been not exploited due to the lack of capital and technology.
- 4.They have substantial manpower resources which have been not fully utilized.
- 5.They can be put on the road to economic development only if some serious large scale efforts are made in this direction.

Underdeveloped countries(UDC's) or less

developed countries(LDC's) are now called developing

Countries ;which is indicator of the fact that these poor backward countries are capable of....

....Developing and are making efforts of getting rid of their poverty and stagnation.Well coordinated and organized efforts are being made in more of these countries to put them on the road to property and economic growth.

These developing countries are also known by the name of third world countries.A name that is used to distinguish them from the first world meaning developed free market economies and the second world which comprised of the countries of socialist bloc.Sometimes,the world north and south are also used to describe the rich developed countries and poor underdeveloped countries respectively.

INDIA:A DEVELOPING ECONOMY

India, which for long has been defined as the underdeveloped country, now is called a developing economy. A developing economy is not just a new and a more respectable name of an underdeveloped economy, but it is a recognition of the fact that poor backward country is making

Deliberate and conscious efforts to shed its poverty and stagnation and move on the path of economic progress and prosperity. Thus, a developing economy is characterized by a mixture of features of an underdeveloped stagnant economy and those of a steadily progressive economy. Essentially a developing economy is an underdeveloped economy on the march to prosperity and development.

It is an economy which has shed off some of its backwardness and making perceptible progress in many socio-economic spheres. Thus a developing economy is one which has many sections that are making rapid progress, but has many activities still stepped in stagnation and backwardness.

India is a developing economy. It has features of an underdeveloped economy.

Features of India's underdeveloped economy:

1.Low per capita income:-

India's per capita income is very low as compared to the developed countries of the world. India's per capita income is about 70 times lower than that of Switzerland,35 times lower than the USA,30 times lower than UK and Germany.

2.Low levels of living:-

Low level of income in underdeveloped countries result in very much depressed levels of living of their people. Per capita daily calorie supply in India is only 2104 whereas in the USA it is 3666,In Canada It is 3447 and of Switzerland it is 3547.

3. Technological Backwardness:-

The techniques of production employed in most of the sectors of the underdeveloped economics are obsolete or outdated. In India, agriculture is largely carried on with the techniques which are centuries old. Modernisation in the industrial sector is also

very limited, most of the industries still employ techniques which have been long discarded in the west. The transport sector still needs improvements.

4. Low productivity:-

There are wide differences in the level of productivity in different sectors between the advanced and the backward countries. The average productivity in Indian Agriculture is about one forth of the productivity level in USA and Canada. Not only agriculture but also is agriculture and tertiary sectors productivity is very low.

5. Excessive dependence upon agriculture:

In India over half is of the working force directly engaged in agriculture. Contribution of agriculture and allied activities to India's GDP is now around 15% as against 55% in 1950-51. Though share of agriculture in the last six decades, it is still very high. But now it has gone down. This shows that the production of non-agriculture in India is much smaller as compared to the advanced countries.

6. Rapid growth of population:-

The rate of growth of population in underdeveloped countries is generally very high. Increasing population adds to the liability of the society as more and more provisions has to be made for food, shelter, stay, medical care, education etc. This calls for a higher rate of economic progress in order to maintain even the same levels of livings.

7. Existence of unemployment and disguised unemployment:-

Unemployment in India has become more widespread in spite of the tremendous efforts that have been made to create more and more job opportunities during five year plans. In the agriculture sector of the economy is disguised unemployment exists to a considerable degree. All these people share the nation's income, without making any contribution in the production. This, they are a drain upon the country's resources and a hindrance in the way of its development.

8. Poor quality of human capital:-

Yet another feature of the underdeveloped countries is the poor quality of human capital. Expenditure on education, medical care and social services goes a long way to improve the quality of labour. Unfortunately, in India masses still countries to be illiterate and ignorant. According to the census of 2012, the literacy rate had gone up to 74% compared to just around 32% in 1951. Though this is big achievement. Yet still over a quarter of country's population is illiterate, which needs education to improve their skills and efficiency.

9. Dualistic Economy:

The underdeveloped economies including the India are dualistic in nature. The modern sector of the economy and the traditional ones exists side by side, each having own its distinct identity. In India some sectors of the economy are well organized while large areas remains unorganized and backward.

The above features point out that India is an underdeveloped country. The other underdeveloped countries of the world also possesses similar features. In the year after independence the government of India has awakened to the need for economic development of the country and has made an organized efforts and initiated the process of development in the country. As a result of these efforts the pace of development has gathered momentum and the country is making a steady, though somewhat a slow process.

The role of the government in India's economic development has thus indeed been pioneering and paternal. It has not only directly participated in the economy to ensure its faster growth, but has helped and guided the private sector to become an effective agent of development. With the recent changes in government's economic policies which incorporates a far greater degree of liberalization, privatisation and computation. The private sector is being given a greater responsibility for country's development, but the government would not shrink from its responsibility of helping and guiding the private sector. Even now the government has taken upon itself the vital role of providing and developing economic and social infrastructure services. The private sector will not be able to contribute its maximum potential to the development process. Hence while the private sector has now been asked to assume greater role in directly productive activities, the government would act as a guide and a facilitator of development by providing adequate essential development infrastructural services.

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