Features of Developing Economies

S.K.Kataria
Dept. of Pub.Adm., MLSU, Udaipur
skkataria64@rediffmail.com

Introduction

- The term ‘developing economies' or ‘developing countries’ are being used interchangeably.
- A developing country (or a low and middle income country (LMIC), less developed country, less economically developed country (LEDC), medium-industrialized country or underdeveloped country) is a country with a less developed to other countries.[However, this definition is not universally agreed upon.

Contd-

- A nation's GDP per capita compared with other nations can also be a reference point. In general, the United Nations accepts any country's claim of itself being ‘developing’.
- a country that is poor <u>and</u> whose citizens are mostly agricul tural workers but that wants to become more advanced soci ally and economically.
- Even though developing nations have very different backgrounds in terms of resources, history, demography, religion and politics, they still share a few common characteristics. Today, we will go over six common characteristics of developing economies.

Features-
Low Per Capita Real Income

- Low per capita real income is one of the most defining characteristics of developing economies. They suffer from low per capita real income level, which results in low savings and low investments.
- It means the average person doesn't earn enough money to invest or save money. They spend whatever they make. Thus, it creates a cycle of poverty that most of the population struggles to escape. The percentage of people in absolute poverty (the minimum income level) is high in developing countries.

High Population Growth Rate

- Another common characteristic of developing countries is that they either have high population growth rates or large populations. Often, this is because of a lack of family planning options, lack of sex education and the belief that more children could result in a higher labor force for the family to earn income. This increase in recent decades could be because of higher birth rates and reduced death rates through improved health care.

High Rates of Unemployment

- In rural areas, unemployment suffers from large seasonal variations. However, unemployment is a more complex problem requiring policies beyond traditional fixes.
- In India,With the gradual development of various sectors of the economy, the country started to generate employment opportunities for the people of the country. The volume of employment generated in India during the First, Second and Third Plan was to the extent of 70 lakh, 100 lakh and 145 lakh respectively.

Dependence on Primary Sector

- Almost 75% of the population of low-income countries is rurally based. As income levels rise, the structure of demand changes, which leads to a rise in the manufacturing sector and then the services sector.
- In India,the sectoral contribution of national income is an important indicator of the degree of development attained in the economy. The contribution of primary sector which is composed of agriculture, forestry, fishery and mining has gradually declined from 56.4 per cent of GDP in 1950-51 to 45.8 per cent in 1970-71 and then finally to 19.07 per cent in 2014-2015.
- The contribution of agriculture alone has also declined from 48.6 per cent of GDP in 1950-51 to 39.7 per cent in 1970-71 and then to 24.0 per cent in 1996-97.

Dependence on Exports of Primary Commodities

- Since a significant portion of output originates from the primary sector, a large portion of exports is also from the primary sector. For example, copper accounts for two-thirds of Zambia's exports.
- The volume of export in India has also recorded a considerable increase in recent years. Total value of exports in India has increased from a mere Rs 947 crore in 1950-51 to Rs 19, 05,011 crore in 2013-2014. With the gradual diversification and growth of the industrial sector, India started to export various types of non-traditional products.

Low National Income

- In India the national income of the country has been increasing at a slow but steady pace. It can be seen that the national income of India at 2004-05 prices has increased from Rs 2, 69,724 crore in 1950-51 to Rs 49,58,849 crore in 2011-12 registering a growth rate of 1738.5 per cent during the last 61 years.

Capital Formation

- Capital formation is playing an important role in accelerating the pace of economic growth of a country. It would be of high interest to look into the estimates of gross domestic savings in India since the inception of planning. During the first four decades of planning, the rate of gross domestic savings has increased considerably.

Expansion of Infrastructural Facilities

- In India, the infrastructural facilities have also expanded to a significant extent. These facilities include development of social infrastructure like transportation and communication facilities, generation of electricity, irrigation facilities etc. and also the development of financial infrastructure like the growth of banking, and non-banking financial institutions, insurance organisations etc.

Development of Human Resources

- In respect of development of human resources, India has achieved a moderate rate of success. The major components of human resource development include expansion of social infrastructure for making adequate provision for education, health care, water supply, sanitation and social security.
- The system of elementary education in India is the second largest in the world with 151.5 million children enrolled in 1996-97 in the age group of 6 to 14 years, covering about 81 per cent of the children in this age group.

Further Readings and Sources

- https://www.economicsdiscussion.net/indian-economy.1313
- www. Intelligenteconomist.com
- Wikipedia.
- Surendra Kataria, *Aarthik niti evm Prashasan*, Malik and Co., Jaipur, 2014.