

Characteristics of an **Underdeveloped** Countries:

The following points highlight basic characteristics of underdeveloped countries. Some of the characteristics are: **1. Low Level of Income 2. Mass Poverty 3. Lack of Capital Formation 4. Heavy Population Pressure 5. Agricultural Backwardness 6. Unemployment Problem 7. Unexploited Natural Resources and Others.**

Characteristic # 1. Low Level of Income:

Underdeveloped countries are maintaining a very low level of income in comparison to that of developed countries. The per capita incomes of these groups of countries are extremely low if we compare it with that of developed countries. Moreover, inequality in the distribution of income along with this low level of income worsens the situation in these economies to a disastrous level.

Characteristic # 2. Mass Poverty:

Existence of chronic mass poverty is another characteristic of underdeveloped economies. This problem of poverty arises not due to any temporary economic maladjustment but arises mainly due to existence of orthodox methods of production and social institutions. The degree of poverty in these economies gradually increases due to increase in its size of population, growing inequality in income and increasing price level.

Nearly 76.8 per cent of the world populations are living in those underdeveloped or developing countries of the world, enjoying only 15.6 per cent of total world GNP.' In these countries, majority of the population are living below the poverty line.

Characteristic # 3. Lack of Capital Formation:

Developing or underdeveloped countries of the world are suffering from poor rate of capital formation. As the level of per capita income in these countries is very low thus their volume and rate of savings are also very poor. This has resulted lack of capital formation and which is again responsible for low rate of investment in these countries.

As for example, the rate of investment in countries like India and Pakistan is lower than even 10 per cent but, on the other hand, the same rate is ranging between 15 to 30 per cent in developed countries like U.S.A., Canada etc. Thus this poor rate of capital formation is one of the major obstacles towards the path of development of these underdeveloped countries of the world.

Characteristic # 4. Heavy Population Pressure:

The underdeveloped countries are also characterised by heavy population pressure. The natural growth rate of population in these countries is very high due to its prevailing high birth rate and falling death rate. This excessive population pressure has been creating the problem of low standard of living and reduction in the average size of holding.

This has also resulted in low rate of capital formation in these countries. The population in these countries is increasing by 2 to 3 per cent per annum which has created various problems like scarcity of agricultural land, small size of holding, problem of unemployment, food crisis, poverty etc.

Characteristic # 5. Agricultural Backwardness:

The underdeveloped countries are also suffering from agricultural backwardness. Although being the most important sector, agricultural sector in these countries remains totally underdeveloped. But what is more peculiar is that these countries are depending too much on this agricultural sector.

Nearly 60 to 70 per cent of the total population of these countries is depending on agriculture and about 30 to 40 per cent of the total GNP of these countries is generated from agricultural production. Agricultural productivity in these countries remained still very poor in spite of its great importance.

In these underdeveloped countries, agriculturists are still following traditional methods and are applying modernized techniques on a very limited scale.

Characteristic # 6. Unemployment Problem:

Excessive population pressure and lack of alternative occupations have resulted in huge unemployment and underemployment problem in these underdeveloped countries. In the absence of growth of alternative occupations both in the secondary and tertiary sector of these countries, this increasing number of population is being thrown on land to eke out their living from agricultural sector.

This sort of increasing dependence on agricultural sector leads to disguised unemployment or under-employment in these economies to a large scale. Moreover, problem of educated unemployment in these economies is also increasing gradually day by day due to lack of industrial development.

Characteristic # 7. Unexploited Natural Resources:

For maintaining a rapid pace of economic growth in these underdeveloped countries, possession of different types of natural resources in sufficient quantity and its utilisation are very important. But under-developed countries are either suffering from scarcity of raw materials or from un-exploited natural resources of its own.

If we look at the endowment position of these countries then we can see that some of the underdeveloped countries are having natural resources like land, water, minerals, forest etc. in sufficient quantity but these resources remain largely under-utilized or even untapped due to various difficulties faced by these countries.

These difficulties include inaccessibility of the region, shortage of capital, lack of proper attention, primitive technology, transport bottlenecks and small extent of the market. Thus by utilising its natural resources, underdeveloped countries can develop their economies with minimum initiative of their own.

Characteristic # 8. Shortage of Technology and Skills:

Underdeveloped countries are facing low level of technology and acute shortage of skilled manpower's. Poor technology and lower skills are responsible for inefficient and insufficient production which leads to poverty of masses. The pace of economic growth in these countries is very slow due to application of poor technologies.

But the application of modern sophisticated technology both in agricultural and industrial sector is of utmost need in these countries. This requires sufficient amount of capital, technological advancement and training.

Characteristic # 9. Lack of Infrastructural Development:

Lack of infrastructural development is a common feature of underdeveloped countries. In respect of transportation, communication, generation and distribution of electricity, credit facilities, social overheads etc. these countries are very much backward than most of the developed countries. Thus due to inadequate infrastructural facilities, the pace of economic development in these countries are very slow.

Characteristic # 10. Lack of Industrialization:

Underdeveloped countries are characterized by lack of industrial development. The pace of industrialisation in these countries is very slow due to lack of capital formation, paucity in the supply of machinery and tools and also due to lack of initiative and enterprise on the part of people of these countries.

In spite of having huge potential for industrial development, these countries could not develop the industrial sector on a sound footing. Moreover, whatever industrial development that has been achieved by these countries are very much restricted only to some limited areas.

Characteristic # 11. Lack of Proper Market:

Underdeveloped countries are also suffering from lack of properly developed market. Whatever market these countries have developed, these are suffering from number of limitations viz. lack of market information, lack of diversification, lack of proper relation or connection between markets, lack of adequate demand etc.

Characteristic # 12. Mass Illiteracy:

Underdeveloped countries are mostly characterised by the existence of mass illiteracy. Due to illiteracy the people in these countries are very much superstitious and conservative which is again responsible for lack of initiative and enterprise on the part of people of these countries.

Characteristic # 13. Poor Socio-Economic Condition:

Underdeveloped countries are also suffering from totally poor socio-economic conditions. The path of economic development in these countries is being obstructed by various socio-economic factors like joint family system, universal marriage, costly social customs and the law of inheritance.

Characteristic # 14. Inefficient Administrative Set Up:

Underdeveloped countries are also suffering from its existing inefficient administrative set up. In the absence of efficient and sound administrative set up, these countries are suffering from lack of proper economic organisation, lack of investments and lack of appropriate decisions leading to total mismanagement of these economies.

Some features of Indian economy are given below:

1. Low per Capita Income: India's per capita income is very less as compare to developed countries. As per the estimates of the Central Statistics Office (CSO), the per capita net national income of the country at current prices for the year 2015-16 is estimated to attain the level of Rs. 93231/-. The per capita net national income at constant prices (2011-12) for the year 2015-16 is estimated to attain the level of Rs. 77, 431/-.

As per the CSO's estimates, the per capita net national income at **current prices** is

2012-13Rs. 71050/-

2013-14 Rs. 79412/

2014-15Rs. 86,879/-

The per capita net national income at **constant prices** (base year 2011-12)

2012-13..... Rs. 65,664/-

2013-14..... Rs. 68867/-

2014-15.Rs. 72889/-

2. Agriculture Based Economy: Agriculture and allied sectors provide around 14.2% of Indian GDP while 53% of total Indian population is based on the agriculture sector.

3. Over population: in every decade Indian population get increased by about 20% . During the 2001-11 population increased by 17.6%. Currently India is adding the total population of Australia every year. India is the possessor of around 17.5% population of the whole world.

Income Disparities: a report released by Credit Suisse revealed that the richest 1% Indians owned 53% of the country's wealth, while the share of the top 10% was 76.30%. To put it differently, in a manner that conveys the political economy of this stunning statistic, 90% of India owns less than a quarter of the country's wealth.

5. Lack of Capital Formation: Rate of capital formation is low because of lower level of income. Gross domestic capital formation was 23.3% in 1993-94 increased up to the level of 38.1% in 2007-08 but declined up to 34.8% in 2012-13.

6. Backwardness of Infrastructural Development: As per an recent study, 25% of Indian families don't have reach of electricity and 97 million peoples don't have reach of safe drinking water and 840 million people in India don't have sanitation services. India needs 100 million dollar for infrastructural development up to 2025.

7. Market Imperfections: Indian economy doesn't have good mobility from one place to other which hinders the optimum utilization of resources. These market imperfections create the fluctuations in the price of commodities every year.

Economy is Trapped in the Vicious Circle of Poverty: Prof. Ragner Nurkes says that 'a country is poor because it is poor'. It means poor countries are trapped in the vicious circle of poverty.

9. Use of Outdated Technology: It is very clear that Indian production technique is more labour oriented in nature. So it increases the cost of production of the products made in these countries.

10. Traditional Set Up of Society: Indian societies are trapped in the menace like casteism, communalist, male dominated society, superstitions, lack of entrepreneurship, and '*chalta hai attitude*' of the peoples. These all factors hindered the growth of the country as a whole.