

Economic Problems Of India Since INDEPENDENCE

BASIC CHARACTERISTICS OF INDIAN ECONOMY AS
DEVELOPING ECONOMY:

Basic characteristics of Indian Economy as a developing economy

Low per capita income:

In India, the national income and per capita income is very low and it is considered as one of the basic features of underdevelopment. As per World Bank estimates, the per capita income of India stood at only \$ 1900 in 2017.

Excessive dependence of agriculture and primary producing

Indian economy is characterised by too much dependence on agriculture and thus it is primary producing. Out of the total working population of our country, a very high proportion of it is engaged in agriculture and allied activities, which contributed a large share in the national income of our country.

In 2018, nearly 50 per cent of the total working population of our country was engaged in agriculture and allied activities and was contributing about 18.0 per cent of the total national income.

High rate of population growth

India is maintaining a very high rate of growth of population since 1950. Thus the pressure of population in our country is very heavy. This has resulted from a very high level of birth rates coupled with a falling level of death rates prevailing in our country.

In India, the rate of growth of population has been gradually increasing from 1.31 per cent annually during 1941-50 to 2.5 per cent annually during 1971-81 to 2.11 per cent annually during 1981-91 and then finally to 1.77 per cent during 2001-2011.

Thus whatever development that has been achieved in the country, it is being swallowed up by the increased population. Moreover, this high rate of growth of population necessitates a higher rate of economic growth just for maintaining the same standard of living.

Existence of chronic unemployment and under-employment

Rapid growth of population coupled with inadequate growth of secondary and tertiary occupations are responsible for the occurrence of chronic unemployment and under-employment problem in our country. In India, unemployment is structural one, unlike in developed countries, which is of cyclical type.

Here unemployment in India is the result of deficiency of capital. Indian industries are not getting adequate amount of capital for its necessary expansion so as to absorb the entire surplus labour force into it.