

Economic Problems Of India Since INDEPENDENCE

BASIC CHARACTERISTICS OF INDIAN ECONOMY AS DEVELOPING ECONOMY:

Poor rate of capital formation

Capital deficiency is one of the characteristic features of the Indian economy. Both the amount of capital available per head and the present rate of capital formation in India is very low. Consumption of crude steel and energy are the two important indicators of low capital per head in the under-developed countries like India.

Inequality in the distribution of wealth

Another important characteristic of the Indian economy is the mal-distribution of wealth. The report of the Reserve Bank of India reveals that nearly 20 per cent of the households owing less than Rs 1000 worth of assets possess only 0.7 per cent of the total assets.

Low level of technology

Prevalence of low level of technology is one of the important characteristics of an underdeveloped economy like India. The economy of our country is thus suffering from technological backwardness. Obsolete techniques of production are largely being applied in both the agricultural and industrial sectors of our country.

Under-utilisation of natural resources

In respect of natural endowments India is considered as a very rich country. Various types of natural resources, viz., land, water, minerals, forest and power resources are available in sufficient quantity in the various parts of the country.

But due to its various inherent problems like inaccessible region, primitive techniques, shortage of capital and small extent of the market such huge resources remained largely under-utilised. A huge quantity of mineral and forest resources of India still remains largely unexplored.

#### Lack of infrastructure

Lack of infrastructural facilities is one of the serious problems from which the Indian economy has been suffering till today.

These infrastructural facilities include transportation and communication facilities, electricity generation and distribution, banking and credit facilities, economic organisation, health and educational institutes etc.

The two most vital sectors, i.e. agriculture and industry could not make much headway in the absence of proper infrastructural facilities in the country. Moreover, due to the absence of proper infrastructural facilities, development potential of different regions of the country largely remains under-utilised.

#### Low level of living

The standard of living of Indian people in general is considered as very low. Nearly 25 to 40 per cent of the population in India suffers from malnutrition. The average protein content in the Indian diet is about 49 grams only per day in comparison to that of more than double the level in the developed countries of the world.

#### Poor quality of human capital

Indian economy is suffering from its poor quality of human capital. Mass illiteracy is the root of this problem and illiteracy

at the same time is retarding the process of economic growth of our country. As per 2011 census, 74 per cent of the total population of India is literate and the rest 26 per cent still remains illiterate.

Inadequate development of economic organization

Poor economic organisation is another important characteristic of the Indian economy. For attaining economic development at a satisfactory rate certain institutions are very much essential. As for example, for mobilisation of savings and to meet other financial needs, more particularly in the rural (areas, development of certain financial institutions are very much essential.