

## Development Issues of Indian Economy

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### Article History

Received: 25. 11.2020

Revised: 15. 12.2020

Accepted: 22. 12.2020

### INTRODUCTION

India getting sustained growth rate however, it is also a low-income developed country. And now, almost 25 percent of India's population remains below the poverty line. In India, many human and natural capitals are underutilized. In this post, we find out about economic issues in India.

#### **The Economic Issues in India:**

India is a developing country and one of the fastest growing economies in the world, there are some unique economic issues in India which are given below.

#### ➤ **Low per capita income:**

Developing economies typically have a low per capita income. Moreover, apart from the low per capita income, India also has a problem of unequal income distribution, which adds to the problem of poverty. Poverty is a crucial one and a significant barrier to the country's economic growth. Low per capita income is thus one of India's key economic problems. Even today, almost 25% of India's population lives below the poverty line.

#### ➤ **Huge dependence of population on agriculture:**

The Indian agriculture sector has managed to meet the demands of the fast-growing population of the country. Approximately 64 per cent of India's population lives in rural areas that are directly or indirectly dependent on agriculture. In India, a large number of marginal and small-scale farmers have 0-1 ha and 1-2 ha of land, whereas in India, about 80 per cent of farmers have marginal and small-scale farmers. These farmers have the issue of seasonal unemployment.

#### ➤ **Heavy population pressure:**

Today, India is the second most populous nation in the world, the first of which is China. We have a high level of birth rates and a declining rate of death. In order to sustain an increasing population, the administration needs to take care of the basic necessities of food, clothes, housing, medication, education, etc. There is therefore an increased economic pressure on the economy of India.

➤ **The existence of chronic unemployment and under-employment:**

The massive unemployed working population is another factor that leads to economic problems in India. There is an excess of labor in our country, which makes it difficult for the entire population to have a productive job. The deficiency of resources also has related to a lack of innovation in secondary and tertiary occupations. This also led to persistent unemployment and under-employment in India. And nearly half of the working population engaged in agriculture in agriculture, the marginal product of the farmer has become negligible. The problem of a growing number of trained unemployed has also contributed to the country's woes.

➤ **Slow improvement in Rate of Capital Formation:**

India has always had capital deficiency. However, in recent years, India has seen a slow but steady increase in capital creation. The only way to raise living conditions is to increase the rate of gross capital accumulation.

➤ **Inequality in wealth distribution:**

The uneven distribution of income is definitely one of India's main economic problems. According to Oxfam's study 'The 99 percent economy,' in 2017, the difference between rich and poor in the world is broad. In the planet, eight men have the same income as the 3.6 billion people that make up the poorest half of humanity. In India, only 1% of the population has 58% of the total Indian income. Also, 57 billionaires have the same amount of income as the bottom 70% of India.

➤ **Poor Quality of Human Capital:**

In the broader sense of the word, capital formation requires the use of any resource that improves production potential. The knowledge and training of the population is therefore a form of capital. Expenditure on schooling, professional training and study and health improvement is also part of human capital.

➤ **Low level of technology:**

Any new technology needs resources and skilled and qualified staff. The deficiency of human resources and the scarcity of skilled

labor are therefore major obstacles to the spread of technology in the economy. Another factor that adds to the economic issues in India is that poor farmers are not even able to buy essential goods such as improved crops, fertilizers and machinery such as tractors, investors, etc. Furthermore, the majority of companies in India are micro or small. They cannot afford, therefore, new and more efficient innovations. Every day, new technologies are being developed. However, they are expensive and people with a considerable amount of skill have to apply them to production.

➤ **Lack of access to basic amenities:**

According to the Indian Census, almost 7% of India's population lives in rural and slum areas in 2011. In addition, only 46.6 per cent of households in India have access to drinking water within their premises. In addition, only 46.9 per cent of households have toilet facilities in their household premises. This adds to the low productivity of the Indian workforce. Dedicated and trained healthcare workers are also required for the efficient and effective delivery of health services. However, ensuring that such professionals are available in a country like India is a huge challenge.

➤ **Demographic characteristics:**

According to the 2011 Census, India had a population density of 382 per square kilometer, compared to a world population density of 41 per square kilometer. In addition, 29.5 per cent were in the age group 0-14 years, 62.5 per cent were in the working age group 15-59 years, and around 8 per cent were in the age group 60 years and older. This proves that the burden of dependence on our society is very high.

➤ **Under-utilization of natural resources:**

India is rich in natural resources such as soil, water, minerals and oil. However, due to problems such as inaccessible areas, primitive technology and a lack of capital, these tools are largely underutilized. This is contributing to economic problems in India.



➤ **Lack of infrastructure:**

In India, the development of funding is one of the deep issues. These problems included transport, communication, generation and

distribution of electricity, banking and credit facilities, health and educational institutions, etc. The capacity of the various regions is therefore still under-utilized.