

share of the population living on less than \$ 1.25 in 2011 per day is 7.9 (forecast 4.1 in 2015) per cent in East Asia and the Pacific, 4.6 % in Latin America and the Caribbean, 24.5 (forecast 18.1 in 2015) % in South Asia.

5) Greater Social Fractionalisation

Low-income countries more often have ethnic, linguistic and other forms of social divisions, sometimes known as fractionalisation. This is sometimes associated with civil strife and even violent conflict, which can lead developing societies to divert considerable energies to working for political accommodation if not national consolidation.

Today, more than 40% of the world's nations have more than five significant ethnic populations. In most cases, one or more of these groups face serious problems of discrimination. Over half of the world's LDCs have recently experienced some form of interethnic conflict.

Ethnic and religious diversity need not necessarily lead to inequality, instability. There have been numerous instances of successful economic and social integration of minority or indigenous ethnic populations in countries as diverse as Malaysia and Mauritius. The ethnic and religious composition of a developing nation and whether or not that diversity leads to conflict or cooperation can be important determinants

low education, high infant mortality and low life expectancy.

Some other performers among now ^{nearly} developed economies such as South Korea and Taiwan were once among the poorest in the world. Some middle-income countries are also relatively stagnant, but others are growing rapidly - China, India most spectacularly.

At very low income levels, in fact a vicious cycle may set in, whereby low income leads to low investment in education and health as well as plant and equipment and infrastructure, which in turn leads to low productivity and economic stagnation. This is the well-known vicious cycle referred to variously as the poverty trap.

In India, at the time of Independence, the life expectancy at birth was 32 and literacy was only 18%. Poverty ratio i.e. percentage of population below poverty line was above 50%. As a result of planned economic development during the last six decades, expectation of life has improved to 66.1 in (2006-2010). Since 2011 literacy rate has marginally improved to 71% in rural India and 86% in Urban India.

Poverty ratio has also declined considerably from more than 50% to around 20% but the total number of poor is still very high 26.9% (2012). In spite of significant improvement in various human development indicators, India's rank is still low in several of these indicators.

Development economists use the concept of absolute poverty to represent a specific minimum level of income needed to satisfy the basic physical need of food, clothing and shelter in order to ensure continued survival. These minimum minimum subsistence levels will vary from country to country and region to region, reflecting different physiological as well as social and economic requirements.

The overall dependency burden (i.e. both young and old) represents only about one-third of the populations of developed countries but almost 40% of the populations of the less developed nations.

Average annual growth rate of population during 2000-2012 has been estimated at 1.4% as compared to 0.6% for high-income countries, 1.2% for middle-income, 1.3% in low and middle income and 2.2% for low income countries (World Development Report, 2012)

therefore, that not only are developing countries characterised by higher rates of population growth, but they must also contend with greater dependency burdens than rich nations.

4. Higher Levels of Inequality and Absolute Poverty

The magnitude and extent of poverty in any country depend on two factors: the average level of national income and the degree of inequality in its distribution, for any given level of national per capita income, the more unequal the distribution, the greater the incidence of poverty. Similarly, for any given distribution, the lower the average income level, the greater the incidence of poverty.

The incidence of extreme poverty varies widely around the developing world. The global incidence of extreme poverty has been increasingly centred in South Asia and Sub-Saharan Asia. The World Bank estimates that the

Productivity level in Indian economy has been low on account of backward or poor technology and this applies to all sectors of the economy - whether it is agriculture, industry or the tertiary services.

A comparison of productivity levels in Indian agriculture with the level in other countries shows how low the productivity in Indian agriculture, is.

International comparisons reveal a wide

② Lower Levels of Human Capital

Human capital → health, education and skills is vital to economic growth

and human development. Compared with developed countries, much of the developing world has lagged in its average levels of nutrition, health (as measured by life expectancy) and education (measured by literacy). The under-5 mortality is still 15 times higher in low-income countries than in high-income countries.

Still, in fields such as primary school education completion, low-income countries are also making great progress, for eg. enrolments in India are up from 68% in the early 1990s to 89% by 2005.

③ High Rate of Population Growth and Dependency Burden

From 1990 to 2005, population in the low-income ^{income} ~~income~~

Developed and Underdeveloped countries

epi disease, malaria, small pox, cholera, typhoid, etc.

over 75% of world population lives in the poor underdeveloped countries. While just about 25% people inhabit advanced and developed countries. The developed economies have high per capita income that gives these people high standard standards of living. The USA, the UK, France, Germany, Japan etc., are among the developed economies. These countries have well developed and diversified diversified economic structure and growth high rates of savings and investment that make their growth process self-sustained.

The underdeveloped countries on the other hand have low levels of per capita income and low living standard of their masses. The underdeveloped countries today are also known as developing economies b/c they are capable of and indeed making efforts towards economic progress through better utilization of their actual and potential resources. The underdeveloped countries are also known as the Third World countries.

The Three Objectives of Development

Today → Known development economist

Acc to Todaro → development is both a physical reality and a state of mind

All society societies must have at least the following three objectives -

- 1) To increase the availability and ^(supply) widen the distribution of basic life-sustaining goods such as food, shelter, health and ^(defence) protection.
- 2) To raise level of living, including in addition to higher incomes, the provision

(*) Stratification → division or classification

of the success or failure of development efforts.

6)- Larger Rural populations but Rapid Rural-to-Urban Migration

One of the hallmarks of economic development is a shift from agriculture to manufacturing and services. In developing countries, a much higher share of the population lives in rural areas. Although rural areas are poorer and tend to suffer from missing markets, limited information and social stratification. A massive population shift is also under way as hundreds of millions of people are moving from rural to urban areas, fueling rapid urbanisation.

7)- Substantial Dependence on Agricultural Production and Lower Levels of Industrialisation and Manufactured Exports.

The vast majority of people in the Third World nations live and work in rural area. Almost 80% are rural based compared with less than 35% in economically developed countries. The proportion of labour force engaged in agriculture in less developed countries is 66% compared with 21% for developed nations, agriculture contributes about 32% to the GNP of the former, while it accounts for only 8% of GNP of the latter.

2%
1.1%
0.7%
Low income
Middle income
High income

countries than in the high-income countries
the ~~high~~ high-income countries

countries grew at 2% per year, compared to 1.1% in the middle-income countries, the high income countries grew at 0.7% per year, reflecting both births and immigration. The birth rate is almost three times higher in the low-income countries than in the high-income countries.

Developing countries also have higher death rates. However, given their youthful population, overall death rates are now lower in developing countries. As of 2005, the average rate of population growth has about 1.5% in the developing countries.

A major implication of high rates in least development countries (LDC) is that children under age 15 make up almost 32% of the total population in these countries as opposed to 17% of the total population in the developed countries. Thus in most developing countries, the active labour force has to support proportionally almost twice as many children as it does in richer countries.

Both older people over the age of 65 and children are often referred to as an economic dependency burden in the sense that they are non-productive members of society and therefore must be supported financially by the country's labour force (usually defined as citizens b/w the ages of 15 and 64.)