

Characteristics of Developing Countries

Dr. Ghazala Shaheen
Guest Faculty
Vanijya Mahavidyalaya

Diverse structures and Common characteristics

The structural diversity of developing economies can be analyzed with the following components

- Size, geographic, population
- historical and colonial background
- Endowments of physical and human resources
- Ethnic and religious composition
- Relative importance of public and private sectors
- Nature of its industrial structure
- Degree of dependence on external economic and political factors
- The distribution of power and political and institutional framework within the economy

Common features of developing nations

- **Low levels of living:**

All developing economies have low levels of living caused by certain factors as:

3. Low per capita income
4. Slower GDP growth rates
5. Income inequality
6. Incidence of poverty
7. Health
8. Education
9. Low HDI values

Common features of developing economies

- **Low levels of productivity**

In addition to low levels of living and deprivations in human development, throughout the developing world levels of labor productivity are extremely low as compared to the developed nation. Many reasons could be triggering the phenomenon, such as

3. Diminishing marginal productivity
4. lack of strategies to raise productivities

Institutional changes are also necessary to maximize the potential of physical and human investment. In developing economies it is equally true that even with the economic opportunities for self improvement, absence of proper institutional and structural arrangements development may not succeed.

- 3 Lower degree of alertness .

Common features of developing nations

- Dependence on primary exports
- Ignorance towards manufacturing sector
- Lack of capital

This leads

5. foreign exchange earning to be spent on the imports of semi finished/finished products
6. Decreasing share of world trade

Common features of developing nations

- **Substantial dependence on Agricultural Production and primary product export**
- 2. Non marketed agricultural output
- 3. modern technology
- 4. Poor organization
- 5. Limited physical and capital inputs

Common features of developing nations

- **Prevalence of imperfect markets and incomplete information**
- **Dominance , dependence and vulnerability in international relations**

Conclusion

- Underdevelopment is to be considered on national and international level
- Successful development not only require appropriate strategies but also a modification of the present international economic order to be more responsive to the development needs of poor nations.