Characteristics of LDCs

Exports of Primary Goods:

The primary and agricultural products are the main exports of these countries. The international trade. For example the main exports products of Pakistan are rice, cotton yarn, fish and garments etc.

Capital Deficiency:

The deficiency of capital in an important feature of developing countries. Therefore they are often called capital poor economies. The shortage of capital is reflected in the very low capital labour ratio in these countries.

Over Dependence on Agriculture:

68% population in Pakistan is living in 46,894 villages, back-ward agriculture is the major occupation of the population. Agriculture sector is back ward due to old and traditional methods of cultivation. In-efficient farmers, tack of credit facilities, unorganized agriculture market etc. 66.7% population is directly or indirectly depending on agriculture sector in Pakistan.

Natural Resources:

Mostly there is shortage of natural resources in developing nations and this is also a cause of their economic backwardness. In various poor countries natural resources are available but they remain un- utilized under-utilized and miss- utilized due to capital shortage, less efficiency of labour, lack of skill and knowledge and limited home market.

Out Flow of Best Brain:

The brilliant and brightest students of developing countries go to developed countries for higher education. After completing their education, they do not want to come back in their own country due to un-satisfaction with low salaries and material comforts, Therefore, they remain in search of better jobs in foreign countries.

Market Imperfections:

The market imperfections are found in developing countries. It is due to imperfection of markets, the productive efficiency in these countries is low and resources are misallocated.

Inflation:

High rate of inflation in poor nations causes economic backwardness. Due to high level of price, purchasing power and saving of the consumers tend to decrease. Rate of inflation is 13.3 in 2009 in Pakistan.

Control of Govt.:

In poor countries, wealthy persons, landlords and elite class not only control the Government but also they have full control over all the major sectors of the economy. This rich class is not interested to solve the problems of the poor for their welfare but make government policies for their own improvement.

Capital formation:

In developing countries the per capita income is very low as compared to the developed countries. So their savings and investments are also low. Due to low savings and investments capital formation rate is also low. Per capital income of Pakistan is $1051 but it is more than $24000 in developed countries,

High Degree of Illiteracy:

The illiteracy rate is high in developing countries as compared to developed countries as compared to developing countries. The illiterate persons do not know the importance of economic development. Pakistan literacy rate is 57% while in advanced countries; it is near to 100%.

Agricultural & Industrial Backwardness:

Agricultural & Industrial sectors of developing countries are backward. The country like Pakistan depends mostly on Agricultural sector. In Pakistan, the agricultural sector is contributing 21.5% of G D P in 2009-10. Due to low investment and improper utilization of industrial sector is also backward.

Rapid Population Growth:

A rapidly increasing population growth rate is a one common feature of the developing countries (2.5 in Pakistan), despite of diversity exist in size, density and age structure. An increasing population growth rate adds to low per capita income and low rate of capital formation and there is no marked improvement in the living standards of masses. The death rate has fallen due to advance in medical sciences but birth rate does not yet show any significant decline.

Agriculture, the main occupation:

Most under developed countries are predominantly agricultural. A great maturity of population is engaged in agriculture and allied occupations. This excessive dependence is due to the fact that non-agricultural occupations have not grown at a rate compared with the increase in population. Hence, the growing labour force has to be absorbed in agriculture sector.

Consumption pattern:

The low level of earnings of the people is reflected in their low level of living in developing countries. The major portion of their income is spent on basic necessaries of life i.e. food, fruits, meet, eggs, milk etc. The proportion of expenditure on housing and clothing is very small and general poverty is reflected in their lives.

Technical backwardness:

Under developing countries are also in the backward state of technology which is reflected high cost of production, high labour output and capital output rates, general low productivity, unskilled and untrained workers, thus, it may be pointed out that technological backwardness is not only the cause of economic backwardness but it is also the result of it.

External Resources dependence:

The international trade, political activities and other economic activities are under the influence of other advanced countries in less developed countries. Their development plans are financed by the loans giving countries: these plans are made to serve the interests of foreign countries. So, poor nations are loans and grants receiving nations.

Rare Collection:

The developing countries do not have such a huge capital or investment that they can produce large number of basic needs of life. Rate of production is also low in developing countries. It is due to rare collection in the country.

Inadequate infrastructure:

To enhance the process of economic development, proper infrastructure is needed which is not available in poor economies. In these nations: roads, transport, telecommunication, sanitation, health and education facilities are not at their best level. Government has reserved an amount of Rs,133 billions to develop the infrastructure.

Social Aspects:

Under developed countries have also some factors such as joint family system, cast system, cultural and religious views, beliefs and values that badly affect their economic development.32.17% population is working population and remaining 67.83% population is depending on them in Pakistan.

Trade deficit:

Undeveloped countries usually exports raw material but import finished goods. The price of raw material is low but the price of finished goods is high. So, balance of payment is unfavorable. In Pakistan, deficit balance of trade was $ 3.5 billion in 2009.

Influence of feudal lords:

In lower developed nations, the poor class is under the influence of feudal lords and tribal heads. The feudal lords want to keep the people backward and do not appreciate the development of the poor. About 50.8% poor borrow from land lords and 57.4% poor are working for feudal lords without wages in Pakistan.

Circle of poverty:

The main cause of under developed countries remaining poor and under developed is that they are caught up in the vicious circle of poverty. It is because of their per capita income is low, low saving and investment, lack of capital, low purchasing power, low productivity thus the vicious circle is completed and a country remain poor because it is poor.