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Challenges and Problems for Indian Economy due to Population Explosion

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Introduction

India which for long has been defined as an undeveloped country is now being called a developing economy. A developing economy is not just a new and a more respectable name of an undeveloped economy but it is recognition of the fact that the poor backward country is making deliberate and conscious efforts to shed its poverty and stagnation and move on the path of economic progress and prosperity.

Indian economy is a mixed economy. A mixed economy is that form of economic organisation where elements of capitalist economy and those of a socialist economy are found mixed up together. The Indian economy can be analysed from various angles such as the form of economy organisation structure of the economy and stage of its growth and development. Organisation setup the Indian economy possesses features of capitalism and socialism commonly know as mixed economy. Structures wise India has a dualistic character where the small but growing modern sector is coexisting with vast and sprawling traditional sector.

Capitalism or a free enterprise system as it is also called refers to that types of economic organisation where there is freedom of enterprise freedom of occupation and freedom to have private property. It implies a competitive market where the maximization of private profits motivates the sole objective of production exchange and distribution.

A socialist or a controlled economy on the other hand is one where there is a central authority or the government which directs the entire economic activity. Means of production are no longer a private property.

Effect of Population Growth Rate on Economic development is one of the most searchable topics on earth. There are a lot of theories which show that rise in population has negative effect on both economic growth and development of a country. All these debates have started since Malthus proposed his theory in his book "Essay on the Principle of Population". He tried to find out the reason for diminishing returns in most of the countries and he said that Population growth is the major reason. His theory goes in as follows

- Population increases by compounding
- Food Production doesn't get compounded
- The new population will not get sufficient amount of food.
- Some adverse event(Starvation, crisis etc) causes decline in the population. Then this leads to food production and population coming back to the equilibrium. There are generally three different types of views on how population effects the economic development of a nation. 1. Opposing the positive impact on economic development. 2. Supporting the negative effect of economic development. Three. they believe that there is no relation between economic development and population growth. This also rises from the fact that any growth in the economic development needs human capital as its main weapon and the rise in population can act as a provider of human capital. According to this view population growth is the real strength and power of a country. They also say that with higher population, we will

have high labour force and this will help for creating labour diversity in the nation and in turn will help for the rise in output of a nation. But here is a possibility of other way around too. This population rise can be a disaster if we don't use them properly. This is the major problem with most of the developing countries face. Both the stands of views present their arguments about population growth and economic development. Each of the views is supported both theoretically and empirically.

Objective of the Study:

The main objective of the study is to highlight the Problems of Indian Economy. I focused Reasons of India undeveloped economy and main problems of the Indian economy I studied the growth oriented features of the Indian economy..

Challenges of Indian Economy:-

1.Population Growth:-

India ranks second after China in its total population. Its population has grown 20% per decade, leading to problems that include food deficits, sanitation deterioration, and pollution. Although economic growth numbers look promising, the living standards of most citizens are not changing.

2.Indians live below the poverty line:

Malnutrition is a severe problem in India that is causing childhood stunting, anemia in women of reproductive age, and overweight adult women, according to The Hindu Business Line. Only 6% of India's poor have access to tap water versus 33% of the non-poor. Sanitation is a massive ongoing problem that the government has been unable to address.

For example, 21% of India's poor has access to toilets versus 62% of the non-poor. Most of those without access are people who live in urban slums and rural areas. A large populace in the rural areas still defecates in the open.

China, the United States, and India are the three most egregious environmental polluters in the world in that order. India uses coal for 75% of its power requirements, and it has been slow to transition to cleaner energy sources. New Delhi and other cities in India are among the most polluted in the world, and car emissions in these urban areas are creating breathing and other health problems.

3.Deteriorating Infrastructure:-

India has struggled to improve its deteriorating infrastructure in business, education, and healthcare. India's power grid is overstressed, and power failures have been daily occurrences in the most developed areas of Delhi, Mumbai, and Bangalore. The need for generators to provide power and air conditioning during power failures results in additional costs that businesses must subsume.

Public transportation and roadways have not kept pace with population growth, and the education infrastructure is backward with a literacy rate of 72%. India's healthcare infrastructure is in need of reform. India provides healthcare to all its citizens, but the 90% who must use public health services and don't have private insurance through an employer receive poor care in substandard facilities.

To combat crumbling infrastructure, infrastructure lending has risen three-fold since 2014. For 2019, the government has increased its estimated budgetary and extra-budgetary expenditure on infrastructure to Rs 5.97 lakh crore.

The Indian government plans to build 10,000 km of national highways, more than India has ever constructed, which should add 10 million jobs and 3% to the GDP. High-tech transportation with Metrino, hyperloop, magnetic levitation, and buses that run on clean fuel are included in the infrastructure reforms.

The government is also investing in water reforms, trade hubs including the development of inland waterways for transportation, port development, such as ports, coastal shipping and cruise transportation.

4. Corruption:-

The Corruption Perceptions Index (CPI) ranks 180 countries and territories by their perceived levels of public sector corruption among experts and businesspeople. It rendered India the 78th most corrupt country in the world in 2018.

The CPI states that efforts to curb corruption in the Asia-Pacific are having little effect, and countries in the region are experiencing decreasing press freedoms and shrinking civil society. Transparency International found India to be one of the worst offenders.

Doing business in a corrupt country is difficult because there is little respect for the rule of law, there are competing government bureaucracies, and there are often unclear and unfair regulatory and taxation systems.

5. Looking Forward:-

India is set to make strides in 2019 with the injection of funds into its failing infrastructure. Investment combined with the application of new technologies and job creation will boost GDP and economic growth. However, problems such as population growth and corruption are likely to be items on the policy agenda for a long time to come.

6. Impact of Overpopulation on India's Growth:-

Overpopulation is a serious threat to our own existence. The whole world needs to address this issue and not just a few countries. The world's population is increasing mainly due to medical advancements and increases in agricultural productivity. Countries like Brazil, China and India add more to their woes by neglecting substantial increases in their populations.

India is now the home to 1.2 billion. Furthermore India's population is expected to grow to 1.8 billion before stabilizing around the middle of this century, if sufficient measures are taken. Today India is stretched to its limit due to overpopulation. 57 billionaires control 70 percent of India's wealth. This economic inequality leads to poverty, lack of free medical assistance, lack of social security and bad living conditions. The issues are even more critical due to the advancements in Artificial Intelligence and Automation. Automation threatens 69 percent job losses with millions of job losses already occurring in the IT and production sectors. E-commerce has failed to pick up so far due to job cuts and prices that are not as competitive as in the local marketplace.

Problems of Indian Economy:-

1. **Low level of national income and per capita income:** Economic growth of any country can be viewed from its level of national income and per capita income. It is said that higher the level of national income, higher is the rate of economic growth.

India's net national product (NNP) at factor cost in 2007-08 at 1999-2000 prices stood at Rs 27,60,325 crore. Population during the time stood at 1124 million. This amounts to saying that per capita NNP came to Rs 24,256 or Rs 2 021 per month. Standards of living of masses are miserably low. Even the basic necessities are beyond the means of the majority of population. Comparing India's per capita income with the other countries of the world, one comes to the conclusion that India is one of the poorest nations of the world.

2. **Vast inequalities in income and wealth:** Not only per capita income is low, but Indian economy is also marked by great inequalities in the distribution of income and wealth. In India, as years roll on, inequalities are on the rise. The logical corollary of this inequality is mass poverty. Nearly 60 p.c. of the total population share one-third of India's national income while only rich 5 p.c. of the total population enjoy the same amount of national income.

This inequality widens the problem of poverty. Even in 1972-73, more than 50 p.c. of the total population lived below the poverty line. Thanks to some economic progress it has come down from 36 p.c. in 1993-94 to about 27.5 p.c. in 2004-05, poverty estimate based on Uniform Recall Period. In short, Indian economy still reels under the vicious circle of poverty.

3.Predominance of agriculture: Less developed countries live mainly upon agriculture and extractive industries, like mining, fisheries and forests. Predominance of agriculture is explained from the viewpoint of sectorial composition of national income and occupational pattern.

In India, in 1950- 51, more than 55 p.c. of our GDP came from the agricultural sector or the so- called primary sector. In 2007-08, however, the contribution of this sector toward GDP came down to 19.4 p.c.the contributions of the secondary and tertiary sectors were 24.9 p.c. and 55.7 p.c., respectively. Thus, even after 58 years of planning, agriculture alone contributes less than one-fifth of our national income. Occupational structure also tells a story of predominance of the agricultural sector and the backwardness of the industrial sector.

In India, 52 p.c. of the total population was engaged in agriculture in 2004-05. Though agriculture occupies a predominant position in India, it is still backward.

4. Tremendous population pressure: In LDCs, the rate of growth of population is very high. So far as the size of population is concerned, India ranks second next only to China (1312 million in 2006). India's population is now 1110 million in 2006- 07. During the decade of 1991, the growth rate of population in India was 1.61 p.c. per annum, as compared to 0.7 p.c. growth rate of population of developed countries.

High birth rate (23.5 per 1000) coupled with low death rate (7.5. per 1000 in 2005-06) is the genuine cause for population explosion in India. In the 20th century, India's population went up by 5 p.c. as against 3 p.c. increase in the world's population as a whole.

5. Massive unemployment: In LDCs, not only natural resources are under-utilised but also a massive wastage occurs in the case of manpower resources. Slow economic growth rate on the one hand, and rapid growth of population on the other hand, has accentuated the problem of unemployment in India.

Between 1971 and 1999, the number of unemployed in India increased by 10 times though the number of job-seekers increased by 2.5 p.c. annually; but the employment possibilities increased by a modest rate of 1.8 p.c. Number of registered job-seekers in 2006-07 stood at 40.7 million. Unemployment rate has been rising persistently since the days of economic reforms began. It rose from 1.96 p.c. in 1993-94 to 2.39 p.c. in 2004-05.

However, employment growth in 2004-05 that stood at 2.89 compared to 0.98 p.c. in 1999-2000 is an encouraging development. But employment growth in recent decades is not commensurate with the labour force growth rate. What we experience now is the 'jobless growth'.

The rate of growth of employment in the organised sector came to a negative of 0.31 p.c. during 1994-2005 as compared to 1.20 p.c. in 1983-1994. Some people call it 'job loss growth'. Not only this, Indian agriculture exhibits a considerable amount of under-employment and disguised unem-ployment. In the urban areas also, we find disguised unemployment. It is somewhat tragic as well as paradoxical that, despite massive investment made during the plan period, unemployment problem has assumed a gigantic proportion. This amounts to huge wastage of human capital.

6. Scarcity of capital and low rate of capital formation: As people in LDCs are poor, their capacity to save is low. This results in a low rate of capital formation. That is why development economists suggest that to break the vicious circle of poverty it is necessary to push up the rate of investment. Since India is a capital-poor country, capital per head is low. This scarcity of capital causes overall back-wardness of the Indian economy.

In 1950-51, net savings and net investments stood at slightly more than 6 p.c. and these two increased to 14.8 p.c. and 16 p.c., respectively in 2001-02. The position, however, in recent times has improved a lot. These two figures increased to 27.1 p.c. and 28.4 p.c. of NDP in 2006-067. This is an encoura-ging development for the Indian economy.

Along with the low volume of physical capital, human capital formation is also low. As per 2001 Census, 34.62 p.c. of the total population at that time was illiterate. The literacy rate has gone up to about 64.8 p.c. by 2001—of course, by mathematical jugglery.

Mass illiteracy acts as an impediment to India's economic development. India has the dubious distinction of having largest number of illiterate population (304 million) in the world. India has an adverse sex ratio with only 933 women per 1,000 men in 2001.

7. Underdeveloped infrastructure: Being an LDC, India's infrastructural facilities or economic and social overheads of capital are inadequate. It consists of (a) transport and communications, (b) energy, (c) finance, housing and insurance, (d) science and technology, and (e) health, education, etc.

Availability of these infrastructures creates the conditions for favourable growth. The superstructure of an economy largely depends on the availability of infrastructural facilities.

As far as social and economic overheads are concerned, India is poor. It is indeed true that her railway and road networks are comparable to the developed nations. But her demand for infrastructural facilities and services outpace their supplies. Per capita energy use (oil equivalent) of an Indian in 2004 was 531 kg vis-a-vis USA's 7,921 kg. Even China's per capita energy use was higher (1,242 kg.) than India's. Compared to other countries, India is poor in information technology. In 2005, the use of personal computers per 1,000 Indians was as low as 16 as against 762 per 1,000 US people. India's health expenditure as a percentage of GDP was 1.39 p.c. in 2007-8 over the USA's 15 p.c. of GDP.

Thus, India's social infrastructural facilities are not only inadequate compared to the needs, but also awfully low compared to different countries of the world.

8. Low level of technology: Due to illiteracy, use of advanced or sophisticated technology is rather an exception in India. Because of the limited growth of technological institution, we are forced to use primitive methods of technology whose productivity is low.

Though modern industrial sectors employ advanced technology, village industries still employ old and hackneyed methods even in the age of modern science and globalized world. This is nothing but technological dualism that persists in LDCs like India. Truly speaking, low productivity of Indian labour is explained in terms of low level of technology.

Conclusion:-

To conclude, one of the determining factors in India for moving forward would be the reforms in governance that are critical to strengthen state capacity to perform its core function more effectively and equitably. The business community has a vital stake in the improvement of the quality of governance can prevail only when public institutions function fairly and efficiently.

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