



Validating the Need of Social Welfare State in 21st Century

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Abstract

The Indian Economy is under severe pressure for the last ten years. The reduction in demand of goods and services, and at the same time policies of Government to create supply-driven economy; increased in the rate of inflation; in addition to fluctuating Government Policies results in demand of goods are majorly restricted to the necessity and need. The demand of products and services for the improvement of the standard of living is restricted nearly among 70% of the population. The policies of the Government leading the situations towards the suffering by the orphanage, superannuated people, and that results into productive population (between the age of 19 to 55) suffering a loss. These changes will largely determine and strongly suggest to move towards Social Welfare State, in the nearest years, to maintain the productivity of the country in the longer term. Such Indian cataclysms usually re-shape recently established trends, turning them into socially beneficial levels.



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Role of Government

The Social Welfare State, which has evolved since the end of World War II, demonstrates the importance of government in producing a good society.

The underlying thesis is that changes in the labour market, as well as the structure and preferences of families, represent the same type of systematic changes in modern economies as

those that occurred as a result of the Industrial Revolution and Tayloristic production at the turn of the twentieth century.

Few modifications are external from the standpoint of the Welfare State; others can be viewed as endogenous behaviour adjustments made by individuals in reaction to the Welfare State.

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The concept of trust is a good place to start when thinking about citizen-government interactions. The honesty of taxpayers could be due to social norms as well as trust ties. It may not be accurate to conclude that Indians have less faith in their governments than inhabitants of other countries. Widespread tax evasion and avoidance in India is as consistent with a breakdown in trust as it is with a deterioration of social standards. The author believes that not only the government but also the language employed by government officials, might be mistrusted. The ambiguity of budgeting language, which can hide as much as it discloses, can be inferred.

In the context of a series of challenges related to current budgeting practices, the conceptual division of the government's activities into Allocation, Distribution, and Stabilization through sub budgets creates confusion. Progress toward the aim of a more informed budgetary "language", one that is less reliant on arbitrary institutional labelling, must be founded on a nonarbitrary description of an individual's economic environment as it will be influenced by the government.

Duty of Policymakers

Fiscal policymakers have a responsibility to summarize current income and asset disparities in terms of individual budget constraints and levels of public goods offered. The citizens of India expect unambiguous financial language, yet there is still much to be clarified regarding both the exercise of the objectives and the specifics of problem-solving procedures.

When one or more private marketplaces are imperfectly competitive, optimum taxation is used. When governments are unable to use lump-sum taxes to provide corrective subsidies that result in efficient outcomes. Perfect tax policies represent a compromise between the benefits of subsidising output in imperfectly competitive sectors of the economy to protect the standard of living of all citizens of the country, without regard to race, community, or other factors, and the costs of imposing higher statutory taxes.

Fiscal and monetary policymakers should show a direct link between policy guidelines for correcting

externalities and competitive flaws, as well as a study of how governments should behave in a setting where the degree of market imperfection is unknown.

Perfect corrective tax policy is of smaller size when governments have ambiguous knowledge of the degree of competition in product marketplaces than when the degree of competition is known with certainty. Once government authorities and regulatory organization's allow for differential tax rates, politicians may use them to tax some items highly while subsidising others based on political concerns rather than efficiency or equity. As a result, if differentiation is allowed, a rule that all rates must be equal may be more efficient than the real outcome.

Over time, however, it has become evident that tax collection, subsidisation, and giving state-of-the-art support to sustain the level of living of Country citizens, while seemingly distinct in concept, are inter twined in practice. Furthermore, the relative importance of the Stabilization Branch has decreased as economics has progressed.

The majority of the stabilising responsibility has shifted from public finance to monetary analysis. The goal of monetary policy should be to offer a suitable return to the country's savers while also providing capital to productive investors (industry, trade, and commerce) at a reasonable cost. The government's tax revenues should be used to compensate for any shortages or losses in the financial system. This would aid in the development of a demand-driven Indian economy.

Tax and spending policies are currently regarded as minor or ineffective short-term stabilising instruments, but they continue to have significant long-term effects on national saving and, as a result, long-term economic growth, as well as resource allocation and income distribution.

Temporal Desynchronization

The ensuing temporal misalignment of a person's consumption needs and actual income flows necessitated (justified) new mechanisms to reallocate income over his life cycle and shield him from income hazards. At the same time, urbanisation hampered the family's ability to provide these

demands, partially because various generations of the family were frequently separated geographically. It is also generally understood that voluntary market solutions would be unable to meet these increased demands due to individual myopia and free riding, as well as the well-known constraints in private insurance markets due to adverse selection, cream-skimming, and moral hazard. (Piore 1987; Atkinson 1991).

In industrial and urban civilizations, the family would also be unable to provide the rising need for education and healthcare. All of this, of course, is the context for the (legitimate) claim that the Welfare State may be justified in the Indian Continental not just on distributional (social) grounds, but also in terms of efficiency.

Furthermore, we can assume that pandemic scenarios made impoverishment among minorities less socially acceptable during the second decade of the twenty-first century. As a result of better affluence and more widespread education, social (political) inclinations eventually shifted to some extent.

Meanwhile, we can debate whether this form of social preference reflects selflessness or "enlightened self-interest." The need for income protection for citizens of a country has been underscored by macroeconomic uncertainty in Indian society in the recent past decade. Furthermore, fast economic expansion in the first decades of the twenty-first century provided the economic resources required to meet these needs to a significant extent.

Indeed, Welfare State arrangements are the need of the twenty-first century in both developing and developed countries to gradually transform from poverty relief and basic ("minimum") income support into broad income maintenance programs and further expansion of tax-financed education and health services.

A variety of socioeconomic characteristics would help the Welfare State to be both financially viable and well-adjusted to emerging needs. A homogeneous labour force, full employment (for men), relatively stable families and favourable demography are among these characteristics (a large fraction of the population of working age).

Conclusions and Suggestions

The Indian government is currently under financial strain as a result of a combination of demographic, economic, and cultural issues. Population aging, early retirement, shorter work hours, persistently high unemployment, and increasingly mobile tax bases all combine to raise demand for government spending relative to tax collection potential.

The author also suggests that government policies should take the required efforts to establish norms that would support the country's economic viability. The author considers the effects of funding a portion of the orphanage's standard of living, superannuated people's health care, and the provision of a basic education using the country's tax revenue, as opposed to adopting a high level of uncertainty and charging or penalising societal members without any budget discussions. Several steps should be taken by the government to compensate for income shortages caused by events such as education, childbirth, short-term sickness, short-term unemployment, and so on, which everyone would face at some point throughout their working career.

To a large part, these transfers and accompanying taxes essentially smooth an individual's disposable income throughout his active life, rather than redistribute lifetime income among persons.

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Conflict of Interest

The author is of the opinion that, few crony capitalists' behaviorists, and few government officials and leaders may have conflict of interest as the write up may directly or indirectly affecting them.

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