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Role of fiscal policy in controlling social injustice

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Abstract
A growing concern over the widening income gap between the affluent and the poor, as well as policy misalignment in addressing relative poverty and income inequality, has prompted an increase in the number of research concentrating on the relationship between equity and efficient growth. The developed world has faced serious issues and trade-offs between substantial welfare services and economic progress. Social injustice generates situations that are harmful to people' and communities' health. In recent years, the notion of social justice has entered the political discourse. The administration of justice is the most important task of the state in modern organized society. Access to Justice is regarded as one of the most important Human Rights of every human. It denies people and groups equitable access to meeting their basic human requirements. It is a violation of fundamental human rights. It exemplifies a lack of fairness or equity. Rising income disparity and reduced social injustice has coupled with increased popular support for income redistribution in industrialized and emerging nations. This occurs at a time when fiscal prudence is a top goal in many industrialized and emerging nations.

Keywords: Fiscal policy, social injustice, control, tax and economy

Introduction

The literature on inequality, poverty, and their relationship to economic growth is extensive. Many researchers argue that economic expansion improves poverty while increasing inequality at first stage of development. The current negative or rather weak economic development has harmed the equity. This has heightened attention in fiscal policy and its impacts on progressivity and distributive consequences. Following volumes of study on the problem of inclusive growth have been actively released, particularly issues of expanded income disparities between high and low-skilled workers. Globalization and liberalisation of factor and product markets; skill-biased technological change; increases in labour force participation by low-skilled workers; declining top marginal income tax rates; increasing bargaining power of high earners; and the growing share of high-income couples and single-parent households have all been blamed for rising inequality (OECD, 2008; Alvaredo and others, 2013; Hoeller, Joumard, and Koske, 2014) [11-13]. Many of these advancements have had a positive impact on both national and global prosperity and poverty alleviation (Chen and Ravallion, 2010; Milanovic, 2012) [14, 15].

The general belief that the affluent become richer and the poor get poorer appears to be substantially accurate, especially in the current global situation. Furthermore, acute or absolute poverty, defined as earning only enough to survive, is still prevalent. Inflation has grown in the most affluent nations, former Soviet bloc countries, and certain sections of Africa, but has stayed constant in Latin America and reduced in Asia. Extreme poverty and the misery it causes afflict a substantial part of humanity, and major attempts by governments and international organizations to decrease or abolish poverty have so far failed to achieve the intended outcomes.

The need for fiscal policy is dependent on the government's aims and objectives, and its impact may differ across different strata of persons in the economy depending on how it is used. For example, if the government decides to decrease taxes in the economy, the middle class will profit more than any other class of people since they are the greatest economic group in any community.

Similarly, if the government raises taxes during a period of diminishing economic activity, this group (middle class) will be forced to pay more taxes than the other classes.

Unlike general justice, social justice is a relatively new idea, arising of the battles surrounding the industrial revolution and the introduction of socialist (and subsequently, in certain areas of the world, social democratic and Christian democratic) perspectives on societal order. It is a concept with a shaky foundation in Anglo-Saxon political culture. It is not mentioned in the Charter, the Universal Declaration of Human Rights, or the two International Covenants on Human Rights. Social justice, which was frequently addressed in the Copenhagen Declaration and Programed of Action adopted by the World Summit for Social Development in 1995, was barely mentioned five years later in the United Nations Millennium Declaration.

Meaning of Fiscal Policy

In general, fiscal policy is concerned with raising and spending financial resources, as well as public debt operations, in order to impact the community's economic activity in desirable ways. It is also concerned with the distribution and utilization of resources between the public and private sectors in line with national objectives and priorities. It intends to use its three key instruments—taxation, public spending, and public debt—as balancing elements in the economy's development.

- The employment of government spending and tax policies to impact economic circumstances is referred to as fiscal policy.
- Fiscal policy is heavily influenced by the theories of British economist John Maynard Keynes.
- Rather than allowing markets to correct themselves, Keynes claimed that governments might stabilize the business cycle and regulate economic activity.
- A fiscal policy that is expansionary reduces tax rates or boosts expenditure in order to increase aggregate demand and drive economic growth.
- Contractionary fiscal policy boosts interest rates or reduces spending in order to avoid or lower inflation.

Social Injustice

Social injustice occurs when one person or group unfairly treats another person or group within a society, resulting in a disadvantage to that person or group. What does social injustice imply for individuals who are victims of it? Social injustice can lead to missed opportunities in school, employment, housing, health care, and other areas. Furthermore, experiencing uneven access at just one of these levels may result in a cascade of challenges in the other areas. A person who is stuck in a low-paying employment, for example, may be compelled to live in substandard housing. Lower salary may also imply that the individual will have trouble affording health insurance.

Causes of social inequality

There are several sources of social injustice that show prejudice towards specific populations. Some of the main causes of social injustice are racism, economic inequality, and class prejudice, although social injustice may harm everyone. Social injustice arises when a group with wealth, power, or authority provides preferential treatment to members of its own group over members of another group. This particular problem is known as structural injustice.

Social Injustice in India

Hindrise Foundation, a social welfare NGO in India, is working to eliminate social inequality in the country. The most pressing topic of the day is whether social inequality still exists in India. The answer is 'Yes,' since social injustice cases have decreased in recent years, but we continue to learn about fresh examples of social injustice. The term "social injustice" refers to unjust and unfair activities that occur in society. It's sad that individuals are not being treated equally. They are classified as affluent or poor, and most significantly, they are subjected to various sorts of tyranny and injustice throughout India, particularly in the less developed regions.

The Indian economy is a mixed economy in which both the public and private sectors are permitted to function. The private sector's primary goal is 'Profit Maximization.' While the public sector strives for economic growth as well as "social justice," every firm now has a "social obligation" to society. Despite a significant growth in national revenue, the poor have not seen an increase in their share of income. Overall economic expansion has not resulted in an increase in social services such as health, education, family welfare, water supply, sanitation, and the welfare of SC/ST and BC members of society. Basic societal problems, such as gender inequality, child labour, and a fall in the sex-ratio, remain largely unchanged.

Fiscal Policy in controlling social injustice

According to long-term fiscal policy, the major contribution of fiscal policy to poverty alleviation must come from effective programs for (1) mobilizing additional resources that can be used to finance anti-poverty programs, (ii) improving the social and economic services on which the poor primarily rely, and (iii) financing the large investments in infrastructure required to sustain agricultural and industrial growth. Government funding is required for anti-poverty programs and social services. Fiscal policy must be designed in such a way that the government has the resources to finance social expenditures that assist the poor. Another significant strategy for fiscal policy to help to poverty reduction is to promote rapid economic growth and the quick expansion of productive employment possibilities. Taxation has a considerable impact on the economy's savings and investment, the allocation and use of resources across various sectors, and the efficiency with which resources is used. Following Factors are controlling social injustice:

1. **Raise the capital creation rate:** To encourage and sustain economic growth, capital formation rates must be significantly greater than those found in most developing nations. A high rate of economic growth that is sustained throughout time is required to achieve a growing standard of living. Because an increase in the pace of GDP does not happen by itself, the primary goal of fiscal policy is to allocate greater resources for investment while restricting consumption.
2. **Income and wealth inequality should be reduced:** Fiscal policy makes an important contribution by reducing the detrimental distributional impact of government initiatives. For example, in a developing country like India, the necessity for poverty alleviation is self-evident. However, there is little indication that the economic growth process has had any positive economic influence on the underprivileged strata.

Mobilization of resources to finance anti-poverty programs such as the Integrated Rural Development Programed, Jawahar Rozgar Yojana, employment guarantee schemes, and so on is an essential goal of Indian fiscal policy. In any event, political realities in a democratic society would not allow for any expansion of distribution patterns that now exist. The present fiscal policy offers significant potential for lowering income inequality, either alone or in concert with other measures of social and economic change. Cumulative inequities may take some time to disappear.

3. **Growth that is balanced:** The overwhelming reliance of emerging nations on agriculture rather than manufacturing and other non-agricultural vocations is a key element of their economic picture. Economic growth resulted in a broader range of economic professions, reduced reliance on land, and the need to hire extra labour as a result of increasing population pressure. Through suitable fiscal policy instruments, the government may achieve balanced development not just across income classes, but also across regions. Another type of balance is that which exists between the public and private sectors. A pure market economy or a completely centrally planned economy do not exist. Once the proper mix and the state's economic role have been determined, fiscal policy tools are used to effect the necessary policy changes.
4. **Education and health spending:** Despite advancements, disparities in access to excellent education and health care services between socioeconomic levels persist in many nations. Males with postsecondary education, for example, live up to 14 years longer than those with secondary education or less in sophisticated nations. Better public expenditure can assist, for example, by reallocating education and health spending from the wealthy to the poor while maintaining overall public education and health spending constant. According to the Fiscal Monitor, eliminating the inequality gap in basic health coverage may increase life expectancy in emerging and developing nations by 1.3 years on average.
5. **Structure of progressive taxes:** Taxes and subsidies have direct effects for the poor insofar as they bear the burden of taxes or benefit from handouts. The tax structure in a growing nation like India is mainly based on indirect taxes. This is not surprising considering the country's stage of development, the majority of people's low-income levels, and the potential for commodity taxes provided by the expansion of industry and commerce. The government should aim to broaden the scope of the indirect tax system by lowering tax rates on important goods and subsidizing the distribution of food grains, edible oils, and sugar.
6. **Overheads, both economic and social:** Fiscal policy must be designed in such a way that the government has the resources to finance social expenditures that assist the poor. Heavy expenditures in infrastructure are required to support agricultural and industrial expansion. Transport and communication infrastructure, water management and irrigation projects, and large-scale expenditures in health and education cannot be left to the private sector. Such investments are substantial and, in most cases, beyond the capabilities of the private sector. The private sector is often interested in initiatives that provide adequate and timely profits.
7. **Inflation control:** Inflation can be caused by a variety of factors. There may be too much money in people's hands and too few products and services available for purchase. A rise in government spending leads to an increase in salary and wage payments, as well as purchases of products and services. People will have more money as a result of this. Wage rises for industrial employees improve money revenue. Wages are also considered input expenses. Prices rise as costs rise. This is known as cost-push inflation. Thus, inflation occurs either because there is too much demand (due to increasing purchasing power) for too few items, or because input costs have grown, causing prices to rise.

Conclusion

Based on the data, the paper suggests that in order to minimize social inequality among middle-income nations through fiscal policy, governments in such countries should focus their efforts primarily on income taxation, profits, and capital gains. This argues that fiscal measures, particularly the abolition or reduction of capital taxes, should be approached with prudence, as such policies would mostly benefit rich households and individuals while reducing social inequality. Fiscal policy is involved with obtaining financial resources and spending them, and using public debt operations to affect the community's economic activity in desired ways. It is also concerned with the distribution and utilization of resources between the public and private sectors in line with national objectives and priorities. Fiscal policy objectives are increase the rate of capital formation in order to promote and sustain a high rate of growth; to reduce economic inequalities of income and wealth through poverty alleviation programs, job creation, a progressive tax structure, and a system of subsidies that benefit the poor balanced growth; provision of economic and social overheads; inflation control; and a progressive growth.

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