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MPPSC Mains Paper-2 Part-B



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MPPSC Mains

Paper 2 Part-B

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Paper- 2 Part B

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Subsidies



A subsidy is a **benefit given by the government to producers** in the form of cash payment or a tax reduction and to **consumers** in the form of reduction in prices of commodities.

Reasons for subsidies

A subsidy is generally used as a form of support for particular sections of a nation's economy. It can assist the poor by reducing prices of food articles for them or encourage new businesses by providing financial support to them.

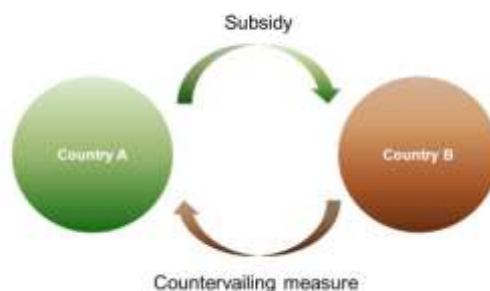
Direct versus Indirect Subsidies

Direct subsidies involve a direct payment towards a particular group or industry. In a direct subsidy, bank payment can be provided to the specified group.

Indirect subsidies do not hold a predetermined monetary value that is specifically directed towards a particular industry or individual. It is given in form of price reductions for required goods or services. This allows the needed items to be purchased below the current market rate, resulting in a saving that is ultimately determined by the amount of participating activity.

Subsidies in India

Subsidy and International trade



Subsidies constitute nearly one-eighth of the total central government expenditure. Apart from the central government subsidies, there are separate subsidies given by state governments. The share of subsidies as a proportion of total expenditure has decreased since 2012, when it reached a peak value of 18.23%. Among the central government subsidies, three subsidies – **food, fertilizer, and fuel** subsidy constitute a major chunk of all the subsidies.

Food Subsidy

Minimum support price (MSP) is the price at which the government purchases crops from farmers. MSP helps to incentivize the framers and thus ensures adequate food grains production in the country. Currently, MSP is announced by the Government of India for 25 crops at the beginning of each season, Rabi and Kharif.

Table 2: Expenditure on food subsidy during the period 2010-11 to 2020-21 (in Rs crore)

Year	Food subsidy	% increase over the previous year	% of allocation utilized
2010-11	63,844	9%	113%
2011-12	72,822	14%	120%
2012-13	85,000	17%	133%
2013-14	92,000	8%	102%
2014-15	1,17,671	28%	102%
2015-16	1,39,419	18%	112%
2016-17	1,10,173	-21%	82%
2017-18	1,00,282	-9%	69%
2018-19	1,01,327	1%	60%
2019-20	1,08,688	7%	59%
2020-21	1,15,570	6%	-

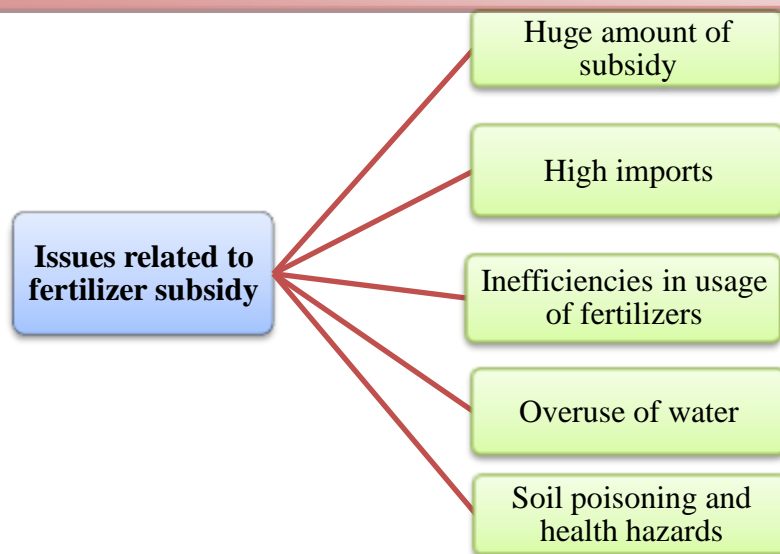
The government decides the MSP for various agricultural commodities after taking into account the recommendations of Commission for Agricultural Costs and Prices. The Cabinet Committee on Economic affairs takes the final decision on MSP on behalf of the Government.

Government agencies, such as the Food Corporation of India, transfer agricultural commodities from surplus to deficit regions with the help of railways. Finally, agricultural commodities are distributed through fair price shops at reduced rates. The Antyodaya beneficiaries (poorest of the poor) are given agricultural commodities at even lesser rates. The difference between the MSP and the price at which commodities are sold at ration shops is the subsidy burden borne by the government.

Fertilizer Subsidy

However, the efficiency of these units varies to a large extent. Apart from domestic procurement, the central government is required to import a huge amount of fertilizers from abroad. Though fertilizer subsidy is required to make fertilizers available at cheap rates to the farmers, there are certain issues with fertilizer subsidy.

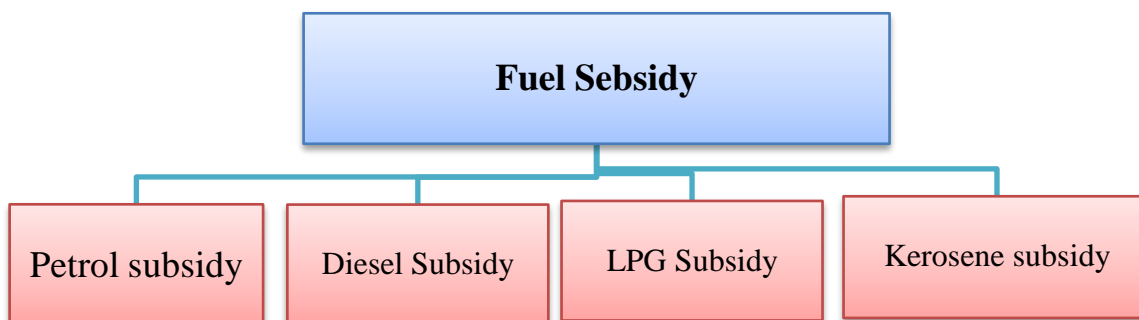
On the introduction of Green Revolution, the central government established fertilizer units across the country under the National Fertilizers Limited. The government purchases fertilizers from these units. The price at which the government purchases is decided keeping in mind the cost of production of these units.



Issues related to fertilizer subsidy

- **Huge amount of subsidy:** Fertilizer subsidy poses a huge burden on central government finances.
- **High imports:** To overcome the shortfall in domestic fertilizer production, a large amount of fertilizers are imported from foreign nations.
- **Inefficiencies in usage of fertilizers:** Farmers keep on applying urea, which is a common fertilizer and is available at cheap rates, irrespective of the nutrient requirements of the soil.
- It is estimated that on an average the outcome derived from the use of fertilizers is 33% for nitrogen, 15% for phosphorous, and 20% for potassium. The inefficiency in the usage of fertilizers is due to faulty agricultural practices, such as application of fertilizers without knowing nutrient requirements of the soil, inappropriate seed, inappropriate farming methods, overuse of misuse of water, etc. To improve the efficiency in usage of fertilizers, the government has introduced the Soil Health Card scheme.
- **Overuse of water:** Fertilizers require water in order to penetrate deep into the soil. As a result overuse of fertilizers requires overexploitation of water resources, which further leads to problems of water scarcity.
- **Soil poisoning and health hazards:** Chemical fertilizers cause soil poisoning, which leads to harmful effects on people who consume the crops grown in that soil. Moreover, the groundwater and nearby canals also get polluted, which further leads to health problems among the local population.

On account of all these factors, there is a need to rationalize fertilizer subsidy in India.



Fuel Subsidy

The various types of fuels widely consumed are **petrol, diesel, liquefied petroleum gas (LPG), and kerosene.**

Petrol subsidy: Among the fuel subsidies, petrol subsidy was the first to be withdrawn. Rise in petrol prices is borne by the owner of automobiles, who are middle and upper classes of the society and have the capacity to bear hike in

prices.

Diesel subsidy: Diesel is used for transportation of goods. Thus, increase in diesel prices on account of withdrawal of diesel subsidy was expected to result in overall price rise in the economy.

However, diesel subsidy was putting burden on government finances. As a result, the government finally withdrew diesel subsidy in 2014. Low international crude oil prices facilitated the withdrawal of diesel subsidy.

LPG Subsidy: If LPG subsidy is withdrawn, many poor households would not be able to afford LPG cylinder and as a result would shift to wood, cow dung cakes, or kerosene stoves for cooking.

The government, thus, continues to provide LPG subsidy. However, certain reforms have been taken. There is a restriction on the number of subsidized cylinders (at present 12 per year). Earlier, the cylinder was available at subsidized rates. Now, a cylinder is purchased at the full rate but subsidy is credited to the bank account of beneficiary. This step has eliminated wrongful claim of LPG subsidy to a large extent.

Moreover, taxpayers with an annual income of more than Rs. 10 lakh are not eligible for subsidized LPG.

Kerosene subsidy: Kerosene is used mainly by the poor for a variety of needs such as lighting, cooking, etc. At present, kerosene is made available to the poor at subsidized rates through **fair price shops** (public distribution shops).

UNIT-IV

Elements Of Social Harmony



Social Harmony can be defined as a procedure of assessment, articulate, and encourage trust, admiration, peace, harmony, respect, generosity and equity upon other people in any particular society regardless of their religion, caste, gender, race, age and occupation etc. among other aspects. Hence Social harmony is relatively important for truly being social which also means living pleasantly with each other.

Wellbeing is not just the absence of disease or illness. It is a complex combination of a person's physical, mental, emotional and social health factors. Wellbeing is strongly linked to happiness and life's satisfaction. The discipline of social work has a long history of evolution from charity-based tradition to the autonomous profession of today. Social work education has evolved in these continents as a response to various social and cultural perspectives on common problems in human development.

The history of social work education continues to evolve as a response to these varied social and cultural perspectives on common problems in human development. Social workers have taken up the challenge of not only addressing the immediate suffering of those whom they serve, but also critiquing and working to improve economic, political, and social circumstances defining both individual and collective well-being.

It is important as it promotes understanding, tolerance and friendship among human beings in their diversity of religion, belief, culture and language, and observance of human rights and fundamental freedoms for all, regardless of their race, gender, language or religion. It also attempts to draw a linkage between social harmony and role of Social Worker. Moreover it looks into the Social Work methods and tools which can be used to build social harmony.

Benefits of Social Harmony:-

Foster peace.

Boost economic growth.

Improvement in standard of living.

Increases per capita income.

Enhance social outlook.

Improve responsiveness.

Gender disparity reduces.

Crime reduction.

Growth of new ideas.

Improvement in art, literature, music etc

The following points are noteworthy, so far as the difference between culture and civilization is concerned:

Culture

The term 'culture' refers to the embodiment of the manner in which we think, behave and act.

Our culture describes what we are,

Culture is an end; it has no measurement standards.

The culture of a particular region can be reflected in religion, art, dance, literature, customs, morals, music, philosophy, etc.

Culture denotes the greatest level of inner refinement, and so it is internal.

Culture can evolve and flourish, even if the civilization does not exist.

Civilization

the improved stage of human society, where members have the considerable amount of social and political organisation and development, is called Civilization.

civilization explains what we have or what we make use of.

civilization has precise measurement standards, because it is a means.

the civilization is exhibited in the law, administration, infrastructure, architecture, social arrangement, etc. of that area.

civilization which is external, i.e. it is the expression of state of the art technology, product, devices, infrastructure and so forth.

civilization cannot grow and exist without culture.

म.प्र. गृहमंत्री

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