

# PrepAlpine

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**PrepAlpine**

Email: [info@PrepAlpine.com](mailto:info@PrepAlpine.com)

Website: PrepAlpine.com

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## GS Paper II: Polity

### 1. Office of the Speaker of the Lok Sabha

#### a. Introduction

The Speaker of the Lok Sabha occupies one of the most significant positions in India's parliamentary system. As the presiding officer of the Lower House of Parliament, the Speaker ensures that legislative proceedings are conducted in an orderly, fair, and rule-bound manner. The office symbolises the authority, dignity, and institutional continuity of the House.

Although the Speaker is elected from among the members of the Lok Sabha, the office is expected to function above partisan considerations. The Speaker represents the collective will of the House rather than the interests of any political party. This expectation of neutrality is essential for the credibility of parliamentary democracy. By regulating debate, maintaining discipline, and interpreting parliamentary rules, the Speaker safeguards legislative accountability and ensures a balanced interaction between the government and the opposition.

#### b. Constitutional Basis of the Office

The Constitution of India establishes the office of the Speaker under Articles 93 to 97, thereby providing formal authority and institutional protection to the position. These provisions define the framework for the election, tenure, powers, and privileges of the Speaker and the Deputy Speaker.

##### Key Constitutional Provisions

- **Article 93** – Mandates that the Lok Sabha shall choose two members to serve as Speaker and Deputy Speaker.
- **Article 94** – Provides for resignation and removal of the Speaker.
- **Article 95** – Allows the Deputy Speaker to perform the duties of the Speaker when the office is vacant or when the Speaker is absent.
- **Article 96** – States that the Speaker shall not preside over proceedings when a motion for removal is under consideration.
- **Article 97** – Provides for the salaries and allowances of the Speaker and Deputy Speaker.

Through these provisions, the Constitution ensures that the office enjoys both institutional authority and procedural independence, enabling the Speaker to discharge responsibilities effectively.

#### c. Election and Tenure

##### Election

- The Speaker is elected by the members of the Lok Sabha from among themselves.
- The election takes place soon after the constitution of a new Lok Sabha, usually during the first session of the House.
- Although the candidate is typically proposed by the ruling party or coalition, parliamentary practice encourages broad consensus so that the office commands respect across political parties.

##### Tenure

- The Speaker normally remains in office for the duration of the Lok Sabha.
- The tenure may end earlier if the Speaker resigns, is removed by the House, or ceases to be a member of the Lok Sabha.
- A distinctive feature of the office is institutional continuity. Even after the dissolution of the Lok Sabha, the Speaker continues in office until a new Speaker is elected by the next House.

This continuity ensures that the institutional authority of Parliament remains intact during the transition between two Lok Sabhas.



#### **d. Powers and Functions of the Speaker**

The Speaker exercises procedural, disciplinary, legislative, and administrative powers that enable the Lok Sabha to function as an effective deliberative body.

##### **i. Presiding Over the Lok Sabha**

- The Speaker presides over the sittings of the Lok Sabha and ensures adherence to parliamentary procedures.
- The Speaker recognises members who wish to speak and allocates time for debates.
- The Speaker maintains the overall structure and order of legislative discussions.

By ensuring that debates remain orderly and relevant, the Speaker enables Parliament to function as a deliberative institution rather than a forum of disorder.

##### **ii. Interpretation of Rules of Procedure**

- The Speaker is the final authority in interpreting the Rules of Procedure and Conduct of Business in Lok Sabha.
- Situations frequently arise where procedural rules require clarification or interpretation.
- In such cases, the Speaker's ruling becomes authoritative and binding.

This interpretative authority allows the Speaker to shape parliamentary practice and maintain procedural consistency.

##### **iii. Maintaining Discipline in the House**

- The Speaker can warn members who violate parliamentary decorum.
- The Speaker may direct members to withdraw from the House for disorderly behaviour.
- In cases of persistent disruption, the Speaker can suspend members.

These disciplinary powers help preserve the dignity of parliamentary proceedings and ensure that legislative work continues despite political disagreements.

#### **iv. Certification of Money Bills**

- The Speaker determines whether a bill qualifies as a Money Bill under Article 110 of the Constitution.
- Money Bills deal with taxation, government borrowing, and expenditure from the Consolidated Fund of India.
- The Speaker's certification is decisive because the Rajya Sabha has only limited powers regarding Money Bills.

The Rajya Sabha may recommend amendments but cannot reject or amend such bills independently. Consequently, the Speaker's decision has significant implications for the legislative process.

#### **v. Role Under the Anti-Defection Law**

- The Speaker decides cases related to defection by members of the Lok Sabha.
- Defection may occur when a member voluntarily gives up membership of a political party or violates the party whip.
- The Speaker examines the case and determines whether disqualification should occur.

These decisions can influence the balance of power within the House and therefore play a crucial role in maintaining political stability.

#### **vi. Administrative Responsibilities**

- The Speaker supervises the Lok Sabha Secretariat.
- The Speaker oversees the functioning of parliamentary committees.
- The Speaker coordinates parliamentary business in consultation with the government and opposition leaders.

Through these administrative responsibilities, the Speaker ensures that the institutional machinery of the Lok Sabha functions efficiently.

#### **e. Removal of the Speaker**

The Constitution provides a carefully structured mechanism for removing the Speaker while preserving the dignity and stability of the office.

##### **Constitutional Provision**

- According to Article 94(c), the Speaker may be removed by a resolution passed by a majority of all the members of the Lok Sabha.
- This requirement constitutes an absolute majority, meaning more than half of the total membership of the House.

##### **Procedural Requirements**

- The procedural details are contained in the Rules of Procedure and Conduct of Business in Lok Sabha (Rules 200–203).
- A written notice must be submitted to the Secretary-General of the Lok Sabha.
- At least fourteen days' notice must be given before the motion is taken up.

##### **Conduct of Proceedings**

- When such a motion is under discussion, the Speaker does not preside over the House.
- The Speaker may participate in the debate as a member of the House.
- The Speaker may vote in the first instance but cannot exercise a casting vote in the event of a tie.

This procedure balances accountability with institutional stability.

## **f. Importance of the Speaker in Parliamentary Democracy**

The Speaker occupies a central position in maintaining the integrity and effectiveness of parliamentary institutions.

### **Guardian of Parliamentary Procedure**

- The Speaker regulates debate and enforces procedural rules.
- The Speaker ensures that parliamentary discussions remain structured and meaningful.

### **Protection of Members' Rights**

- The Speaker protects the rights of both government and opposition members.
- Equal opportunities for participation in debates strengthen parliamentary deliberation.

In this sense, the Speaker functions as the guardian of the House, preserving both the dignity of parliamentary institutions and the democratic legitimacy of legislative processes.

## **g. Challenges Facing the Office**

### **i. Allegations of Political Bias**

- The Speaker is elected from among members who previously belonged to political parties.
- Decisions related to defection cases, recognition of parties, or certification of Money Bills may attract allegations of bias.
- Even legally valid decisions may generate perceptions of partiality.

Such perceptions can weaken public confidence in parliamentary institutions.

### **ii. Growing Political Polarisation**

- Increasing political polarisation has led to frequent disruptions in Parliament.
- The Speaker must balance the need for maintaining order with protecting the right of members to express dissent.
- Managing this balance has become increasingly complex in contemporary politics.

### **iii. Weakening of Parliamentary Conventions**

- Parliamentary systems depend not only on written rules but also on conventions and mutual respect.
- The weakening of these conventions has made the Speaker's role more contentious.
- Greater pressure is therefore placed on the office to maintain neutrality.

## **h. Measures to Strengthen the Office**

### **Reinforcing Political Neutrality**

- Political parties should respect the expectation that the Speaker functions independently once elected.
- Strengthening this convention is essential for institutional credibility.

### **Enhancing Transparency**

- Greater transparency in rulings related to Money Bills and anti-defection cases can improve public confidence.
- Clear reasoning in decisions can strengthen institutional legitimacy.

### **Improving Parliamentary Cooperation**

- Dialogue between the government and opposition can reduce disruptions.
- Greater cooperation enables the Speaker to manage proceedings more effectively.

### **Clarifying Procedural Guidelines**

- Clearer guidelines regarding discretionary powers may reduce controversies.
- Consistency in decision-making can strengthen parliamentary stability.

### **Conclusion**

The Speaker of the Lok Sabha stands at the centre of India's parliamentary democracy. By regulating debate, enforcing rules, and safeguarding the rights of members, the Speaker ensures that Parliament functions as a responsible and deliberative institution.

Although the Constitution provides safeguards for the independence of the office, its credibility ultimately depends on impartial conduct, respect for parliamentary conventions, and cooperation among political actors. Strengthening these foundations is essential for preserving the dignity, effectiveness, and democratic legitimacy of India's Parliament.

## **GS Paper III: Economics**

### **2. Fiscal Federalism in India and the Debate on the "41 Percent Share"**

#### **a. Introduction**

India's constitutional system is based on a federal structure in which powers and responsibilities are divided between the Union and the States. While the Union government controls several major sources of taxation, the States carry substantial expenditure responsibilities in sectors such as health, education, agriculture, rural development, and welfare programmes. This structural imbalance makes an effective system of fiscal transfers essential for maintaining equilibrium within the federation.

The Constitution addresses this challenge through the framework of fiscal federalism, which regulates the distribution of financial resources across different levels of government. At the centre of this framework stands the Finance Commission, a constitutional body that periodically recommends how Union tax revenues should be shared with the States.

In recent years, an important policy debate has emerged around the "41 percent share of States in the divisible pool of Union taxes." On the surface, this figure appears to indicate strong fiscal devolution. However, many analysts argue that the actual financial transfers reaching States may be shrinking. The debate therefore raises a deeper question: whether the formal language of devolution is being matched by the real distribution of fiscal power within India's federal system.

#### **b. Meaning of Fiscal Federalism**

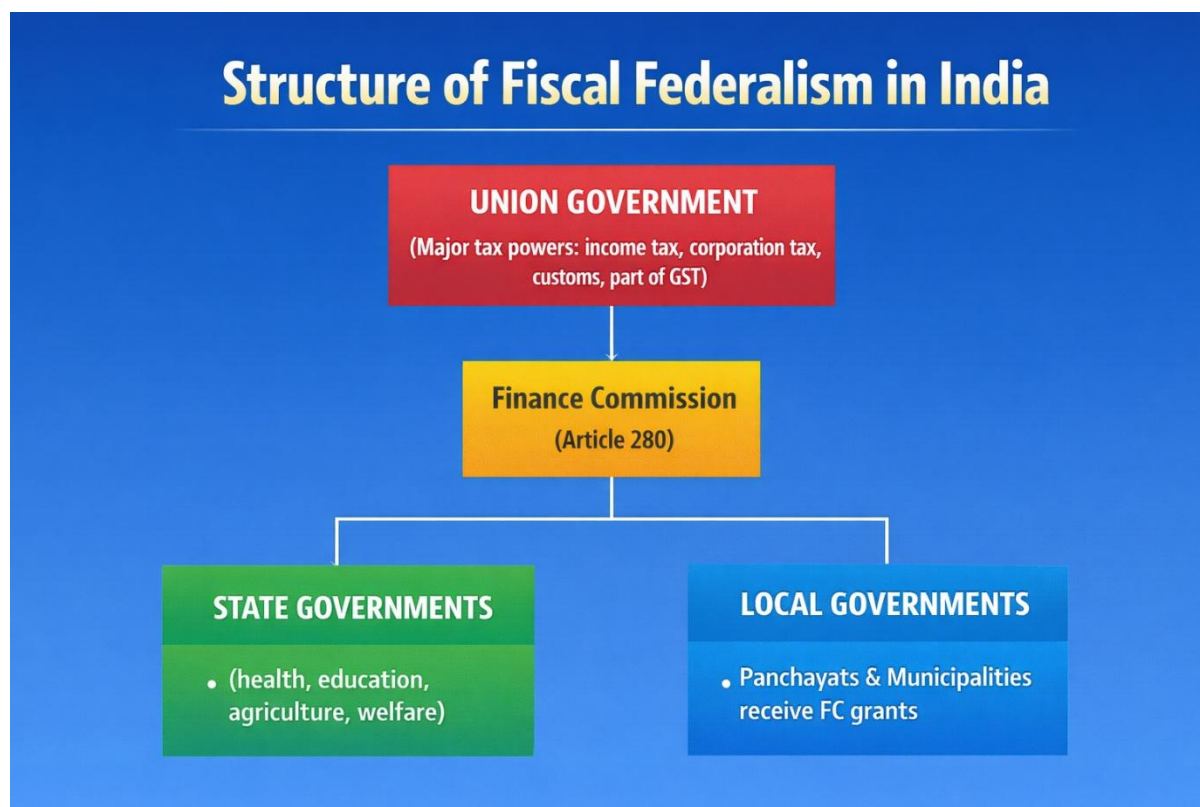
Fiscal federalism refers to the system through which financial powers, expenditure responsibilities, and inter-governmental transfers are distributed among different tiers of government in a federal polity. It addresses three basic questions:

- Who raises revenue?
- Who undertakes expenditure?
- How should transfers be designed to correct imbalances?

In India, fiscal federalism is not merely a matter of administrative convenience. It is designed to ensure that States have adequate financial resources to discharge their constitutional and developmental responsibilities. At the same time, it seeks to promote:

- Balanced regional development
- Reduction of inter-State disparities
- Cooperative federalism
- Administrative and developmental efficiency

Since States differ significantly in revenue capacity, economic base, and development level, fiscal transfers also play an equalisation role by directing greater support towards fiscally weaker regions.



### c. Role of the Finance Commission

#### i. Constitutional Basis

The Finance Commission is established under Article 280 of the Constitution. The President constitutes it every five years, although the timing may be altered when necessary. It serves as the principal constitutional mechanism for regulating fiscal transfers between the Union and the States.

#### ii. Major Functions

The Commission performs several crucial functions in maintaining financial balance within the federation.

##### Vertical Devolution

- It recommends the distribution of tax revenues between the Union and the States.
- This determines the overall share of resources available to the States from Union taxes.

##### Horizontal Devolution

- It determines how the States' collective share should be distributed among individual States.
- This distribution is based on criteria such as equity, need, performance, and fiscal capacity.

##### Grants-in-Aid

- It recommends grants to States requiring financial assistance.
- Such grants help address revenue deficits and support specific developmental needs.

##### Support to Local Governments and Disaster Management

- It recommends financial support for panchayats and municipalities.
- It also addresses the funding needs of disaster management institutions.

Through these functions, the Finance Commission acts as a key constitutional instrument for sustaining the fiscal dimension of cooperative federalism.

#### **d. Understanding the Divisible Pool**

The divisible pool of taxes refers to that portion of Union tax revenues which must be shared with the States in accordance with the recommendations of the Finance Commission. It generally includes major central taxes such as:

- Income tax
- Corporation tax
- Components of the Goods and Services Tax
- Union excise duties

#### **What Is Excluded**

Not all Union tax revenues form part of this pool. Certain categories, especially cesses and surcharges, are excluded and retained entirely by the Union government.

This distinction is critical because the size of the divisible pool determines the actual financial resources available for devolution to the States. Therefore, even a high percentage share for States may not translate into adequate fiscal transfers if the divisible pool itself shrinks.

#### **e. The “41 Percent Share” of States**

##### **i. Recommendation of the Fifteenth Finance Commission**

The Fifteenth Finance Commission, for the period 2021 to 2026, recommended that States should receive 41 percent of the divisible pool of Union taxes. This was a slight reduction from the earlier 42 percent recommended by the Fourteenth Finance Commission.

##### **ii. Reason for Reduction from 42 to 41 Percent**

- The adjustment was made mainly because of the reorganisation of the erstwhile State of Jammu and Kashmir into Union Territories.
- Since Union Territories are administered differently, the change required a corresponding modification in devolution percentages.

##### **iii. Continuity in the Sixteenth Finance Commission Phase**

The Sixteenth Finance Commission, covering the period 2026 to 2031, has retained this 41 percent share. On paper, this suggests continuity and stability in fiscal devolution.

However, the real debate arises because the divisible pool itself forms only a part of overall Union tax revenue. If the Union increasingly raises revenue through channels that are excluded from the pool, the effective share reaching States can decline even when the official percentage remains unchanged.

#### **f. Why the Forty-One Percent Figure Is Considered Misleading**

Critics argue that the headline figure of 41 percent may create an impression of strong devolution while concealing a decline in the actual fiscal resources available to States. This critique is based on several structural developments.

##### **i. Declining Size of the Divisible Pool**

The first major concern is that the divisible pool itself constitutes a shrinking share of total Union tax revenue.

##### **Nature of the Problem**

- States receive 41 percent only of the divisible pool, not of total Union tax receipts.
- If the shareable pool becomes smaller, the effective amount transferred to States also declines.
- Therefore, a stable devolution percentage may coexist with declining fiscal support in practice.

In simple terms, forty-one percent of a smaller pool can mean less money overall.

#### **ii. Rising Use of Cesses and Surcharges**

A second concern is the growing use of cesses and surcharges, which are not shareable with the States.

##### **Why This Matters**

- Cesses and surcharges are imposed for specific purposes such as education, health, or infrastructure.
- These revenues are retained entirely by the Union government.
- As their share rises, the proportion of Union revenue entering the divisible pool decreases.

Examples such as the education cess, health cess, and agriculture infrastructure cess illustrate how the structure of Union taxation can affect the actual size of fiscal transfers.

This trend has led to the perception that fiscal authority is becoming gradually more centralised.

#### **iii. Reduction in Certain Grants**

A third issue concerns the changing nature of grants provided to States.

##### **Earlier Pattern**

- Previous Finance Commissions often recommended revenue deficit grants, sector-specific grants, and state-specific grants.
- These grants helped States manage fiscal stress and address particular developmental requirements.

##### **Recent Change**

- Some categories of grants have been reduced or discontinued.
- As a result, total fiscal support to States may decline even if tax devolution percentages remain unchanged.

Thus, the apparent continuity in tax-sharing may mask a wider contraction in overall transfers.

### **g. Changes in the Horizontal Devolution Formula**

#### **i. Meaning of Horizontal Devolution**

While vertical devolution determines the total share of States in Union taxes, horizontal devolution determines how that share is distributed among individual States.

The formula seeks to balance equity, need, and performance.

#### **ii. Criteria Used Under the Fifteenth Finance Commission**

The Fifteenth Finance Commission used multiple criteria for determining each State's share.

##### **Main Criteria**

- Income distance
- Population
- Demographic performance
- Geographical area
- Forest and ecology

- Tax effort

Among these, income distance received the largest weight. This was intended to support the principle of equalisation by directing relatively more resources to economically weaker States.

### iii. Emerging Changes Under the Sixteenth Finance Commission Discussion

Recent proposals associated with the Sixteenth Finance Commission indicate certain important shifts.

#### Notable Changes

- The earlier tax and fiscal effort criterion has been removed.
- A new criterion linked to contribution to national output has been introduced.

These changes may alter the underlying logic of devolution from one centred mainly on equalisation to one that also rewards economic contribution.

### h. Implications of the New Criteria

The introduction of a criterion based on contribution to national output may significantly influence the distribution of funds among States.

#### Possible Beneficiaries

- States with stronger economic performance, such as Maharashtra, Gujarat, and Karnataka, may gain under this approach.
- Their higher contribution to national income could improve their position in the devolution formula.

#### Possible Concerns

- States with lower income levels and weaker fiscal capacity may gain less from such a criterion.
- This may weaken the redistributive intent historically associated with the Finance Commission process.

#### Competing Perspectives

- Critics argue that this marks a shift away from equalisation towards economic weight.
- Supporters contend that recognising contribution can incentivise growth-oriented policies and reward efficiency.

The debate therefore reflects a broader tension between equity and performance within fiscal federalism.

### i. Conditionality in Local Government Grants

Finance Commissions also recommend grants for rural panchayats and urban municipal bodies, recognising that effective decentralisation requires financial support at the grassroots level.

#### i. Growing Conditionality

In recent years, many such grants have been tied to specific conditions.

#### Common Conditions

- Maintenance of audited accounts
- Transparency mechanisms
- Compliance with reporting requirements
- Institutional reforms in local governance

#### ii. Impact of Conditionality

While these conditions are intended to improve governance and accountability, they may also create implementation problems.

#### **Practical Difficulties**

- States with weaker administrative capacity may struggle to comply.
- Delays in compliance may reduce the actual flow of funds.
- As a result, local bodies may receive less than the amount formally recommended.

Thus, conditionality can promote accountability, but excessive dependence on compliance frameworks may also weaken fiscal autonomy and actual fund utilisation.

### **j. Fiscal Stress Among States**

Several States in India currently face significant fiscal pressures due to rising expenditure obligations and limited revenue flexibility.

#### **i. Nature of Fiscal Stress**

- Expenditure commitments in welfare, salaries, subsidies, and interest payments continue to rise.
- States have limited capacity to expand their own tax base rapidly.
- This has increased dependence on borrowing.

States such as Punjab, Rajasthan, West Bengal, and Andhra Pradesh have often been highlighted in discussions on high debt burdens.

#### **ii. Quality of Borrowing**

A major concern is that borrowing is frequently used to meet revenue expenditure rather than to finance capital investment.

#### **Why This Is Problematic**

- Revenue expenditure does not usually create productive assets.
- Persistent debt without asset creation weakens long-term fiscal sustainability.
- This can constrain future growth and development spending.

### **k. Broader Concerns for India's Fiscal Federalism**

The trends discussed above have generated wider concerns about the changing character of fiscal federalism in India.

#### **Centralisation of Fiscal Authority**

- The increased use of non-shareable cesses and surcharges allows the Union to retain a larger share of tax revenues.
- This may gradually strengthen fiscal centralisation.

#### **Reduction of State Fiscal Space**

- States continue to bear expanding expenditure responsibilities.
- Yet the resources available to them may not be rising proportionately.

#### **Weakening of the Equalisation Principle**

- Historically, fiscal transfers aimed to reduce regional imbalances.
- Shifts in criteria and grant structures may weaken this redistributive objective.

#### **Growing Dependence Through Conditional Transfers**

- Conditional grants can limit State flexibility in designing development priorities.

- Administrative dependence on the Union may increase.

These concerns suggest that the debate over the 41 percent share is ultimately a debate over the substance of federalism, not merely the mathematics of tax distribution.

## **1. Way Forward**

Strengthening fiscal federalism in India requires a balanced strategy that preserves national fiscal stability while protecting State autonomy.

### **Rationalisation of Cesses and Surcharges**

- A larger proportion of Union tax revenue should be brought into the divisible pool.
- This would improve transparency and strengthen shared fiscal responsibility.

### **Reaffirming the Equalisation Principle**

- Fiscal transfers should continue to support financially weaker States.
- Redistribution remains essential for balanced regional development and social justice.

### **Greater Transparency in Fiscal Reporting**

- Clear disclosure of off-budget borrowings, conditional grants, and actual transfers is necessary.
- This would improve accountability and public understanding of Centre-State fiscal relations.

### **Strengthening Fiscal Discipline Among States**

- States must improve tax collection and strengthen revenue mobilisation.
- Expenditure should be rationalised without undermining developmental needs.
- Borrowing should increasingly be directed towards productive capital investment.

### **Cooperative Approach to Federal Finance**

- Fiscal federalism should not become a zero-sum conflict between the Union and the States.
- Regular institutional dialogue can help align national priorities with State-level needs.

## **Conclusion**

Fiscal federalism remains a cornerstone of India's constitutional and economic architecture. Although the continuation of a 41 percent share for States in the divisible pool appears to preserve continuity in tax devolution, the real picture is more complex. The growing use of cesses and surcharges, changes in allocation criteria, reduction of certain grants, and increasing conditionality in transfers have altered the practical balance of fiscal power.

Therefore, the real issue is not simply whether States receive 41 percent of the divisible pool, but whether the overall design of inter-governmental transfers genuinely supports cooperative federalism, State autonomy, and balanced regional development. Strengthening this framework will remain essential for the health of India's federal system and for the long-term stability of its democratic and developmental order.

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While every effort has been made to balance depth with brevity, please keep the following in mind:

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