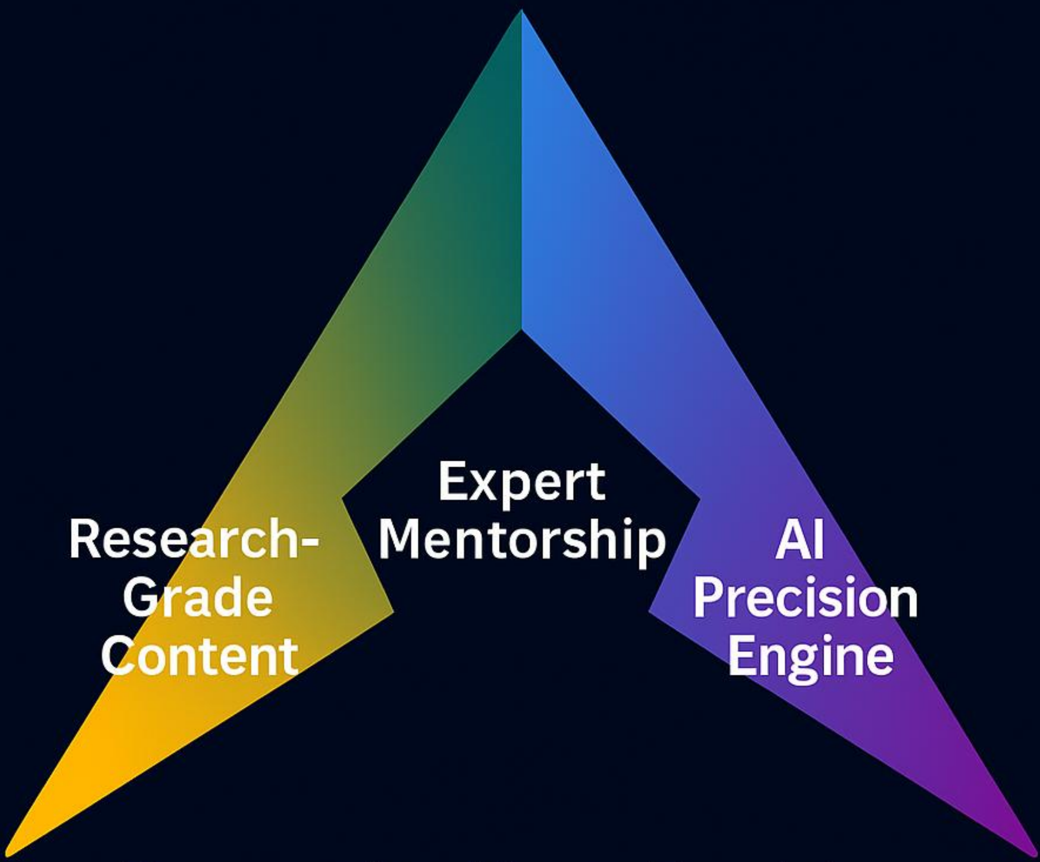
PrepAlpine

The Next-Generation UPSC Institution

Where Research Meets Mentorship & Precision



Preparation Meets Precision

A Next-Generation Learning Institution

For permission requests, please write to:
PrepAlpine
Email: info@PrepAlpine.com
Website: PrepAlpine.com

Disclaimer

The information contained in this book has been prepared solely for educational purposes. While every effort has been made to ensure accuracy, PrepAlpine makes no representations or warranties of any kind and accepts no liability for any errors or omissions. The use of any content is solely at the reader's discretion and risk.

DAILY CURRENT AFFAIRS DATED 26.05.2026

GS Paper II: Current Affairs

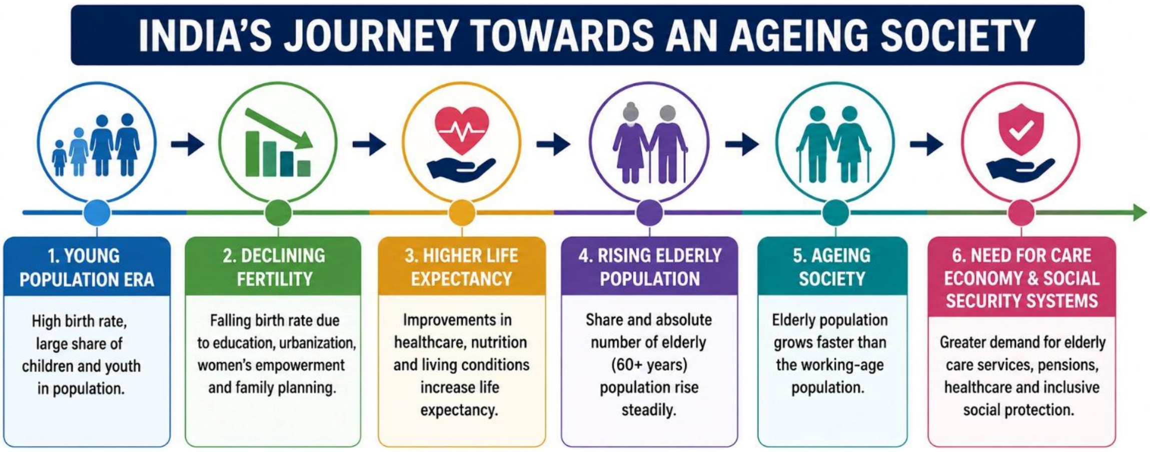
1. Kerala's Elderly Welfare Department and India's Ageing Challenge

a. Introduction

Kerala has announced a dedicated Department for the Welfare of Elderly People, reportedly the first such initiative of its kind in India. This step is significant because Kerala is experiencing the fastest ageing transition among Indian states. The development is not merely a state-level welfare measure; it signals a wider demographic challenge that India will increasingly face in the coming decades.

As fertility declines and life expectancy rises, India's population structure will gradually shift from a predominantly young society towards an ageing one. This transition will have implications for healthcare, pensions, housing, labour markets, migration, social security and family structures. Kerala is facing this challenge earlier than most other states, making it an important case study for India's future demographic planning.

Thus, Kerala's initiative should be understood not only as a welfare innovation, but also as an early institutional response to India's coming ageing transition.



b. Key Demographic Context

- **Kerala's Advanced Ageing Profile:** Kerala's elderly population was around 16.5 percent in 2021, compared to the national average of 10.1 percent. By 2036, Kerala's elderly share is projected to rise to 22.8 percent, while India's elderly population is projected to reach around 15 percent.
- **India's Future Ageing Challenge:** At the national level, India's elderly population is expected to reach around 20.8 percent by 2050, amounting to nearly 34.7 crore people. This means that ageing will no longer remain a marginal welfare concern. It will become one of the central social policy challenges of the twenty-first century.
- **Drivers of Ageing in Kerala:** Kerala's ageing is driven by four major factors. The state has a low fertility rate, higher life expectancy, large-scale outmigration of working-age people and return migration of retired workers from abroad. Together, these factors have created a society where the proportion of elderly citizens is rising rapidly, while the family support base is weakening.

This demographic context explains why Kerala has had to respond earlier than other Indian states to the social and institutional challenges of ageing.

c. Ageing as a Development Challenge

- **Beyond Narrow Welfare:** Kerala's initiative reflects an important shift in policy thinking. Ageing is no longer being treated only as a narrow welfare issue involving pensions or old-age homes. It is increasingly being recognised as a broader development challenge that requires changes in healthcare systems, social protection, urban design, housing, digital services and community support.
- **Need for Age-Sensitive Public Policy:** A society with a rising elderly population requires a different kind of public policy. Hospitals need geriatric care. Local bodies need elderly mapping and regular outreach. Public transport must become accessible. Housing must be age-friendly. Welfare delivery must account for digital exclusion. Labour markets must recognise both the care needs and productive potential of elderly citizens.
- **Structural Nature of Ageing:** Therefore, ageing must be approached not as a burden, but as a structural demographic reality that requires long-term planning.

This wider understanding is important because the success of ageing policy will depend on whether the state can redesign institutions before demographic pressure becomes severe.

d. Why Kerala Is Facing the Challenge Earlier

- **Demographic Success and Its Consequences**
  Kerala's demographic transition is more advanced than that of most Indian states. The state has achieved better health outcomes, higher literacy, lower fertility and longer life expectancy. These achievements are positive, but they have also produced a rapidly ageing population.
- **Impact of Outmigration**
  At the same time, Kerala has witnessed significant outmigration of its working-age population, both to other Indian states and to foreign countries, especially in the Gulf region. As younger adults migrate for work, many elderly parents remain in Kerala without regular family support.
- **Return Migration**
  Return migration also adds another dimension. Many workers who spent their productive years abroad return to Kerala after retirement. They may have savings, but they also require healthcare, social support, community engagement and assisted living arrangements.

Thus, Kerala's ageing challenge is shaped by both demographic success and migration-led social change.

e. Changing Family Structures and Elder Care

- **Decline of Traditional Support Systems:** Traditionally, elderly care in India was largely provided within the family. Joint families, co-residence and intergenerational support formed the basis of old-age security. However, urbanisation, migration, smaller families and changing work patterns are weakening this traditional support system.
- **Elderly Living Alone:** In Kerala, this change is particularly visible. Many elderly persons live alone or with an elderly spouse because their children work outside the state or abroad. This creates demand for home-based care, institutional care, geriatric medicine, mental health support, palliative care and community-level assistance.
- **Limits of Legal Compulsion:** The Maintenance and Welfare of Parents and Senior Citizens Act, 2007, focuses mainly on the responsibility of children and relatives. While family responsibility remains important, law-based compulsion alone cannot solve the problem. Penal measures may help in cases of neglect, but they cannot replace a strong public elder-care ecosystem.

This makes it necessary to move from a family-only model of elder care to a family-plus-state-plus-community model.

f. Gender Dimension of Ageing

- **Vulnerability of Elderly Women:** Ageing has a strong gender dimension. Women generally live longer than men and are more likely to face widowhood, income insecurity and dependence in old age. Many elderly women may not have independent pensions, formal property rights or adequate financial savings.
- **Unpaid Care Burden on Women:** At the same time, much of elder care in India is informally provided by women within households. Daughters, daughters-in-law, wives and other female relatives often carry the unpaid burden of caregiving. This affects their education, employment, health and personal autonomy.
- **Formalisation of Care Economy:** Formalising the care economy can reduce this unpaid burden. It can also create new employment opportunities in nursing, home care, physiotherapy, counselling, assisted living services, community health work and geriatric support. Thus, elder-care policy can also become a pathway for women's employment and social protection.

The gender dimension shows that ageing policy must protect elderly women while also reducing the invisible burden placed on women caregivers.

g. Care Economy and Employment Potential

- **Rising Demand for Care Workforce:** The ageing transition creates a major need for a trained care workforce. India will require caregivers, nurses, physiotherapists, counsellors, palliative care workers, community health workers and assisted living professionals.
- **Employment Opportunity:** If properly planned, the care economy can generate dignified employment. However, this requires certification, training standards, regulation, fair wages and protection against exploitation. Without regulation, care work may become informal, underpaid and unsafe for both workers and elderly persons.
- **Role of Kerala's Dedicated Department:** Kerala's dedicated department can help build such a structured care ecosystem. It can coordinate training, service standards, registration of care providers and grievance redressal mechanisms.

This makes elder-care policy not only a welfare necessity, but also a potential employment and skill-development opportunity.

h. Gaps in Existing Elder-Care Systems

- **Coverage, Regulation and Financing Gaps:** Existing elder-care systems in India face gaps in coverage, regulation and financing. Old-age pensions are often inadequate. Geriatric healthcare is limited. Assisted living facilities are unevenly regulated. Mental health services for elderly persons remain weak. Home-based care is often expensive and informal.
- **Digital Exclusion:** Digital exclusion is another problem. Many welfare services are increasingly delivered through digital platforms, but elderly citizens may face difficulties in using smartphones, online forms, biometric authentication and digital payment systems.
- **Departmental Silos:** There is also insufficient integration between health, pensions, housing, disability support, local governance and social welfare. Elderly citizens often need multiple forms of support at the same time, but departments function in separate silos.
- **Need for Coordination:** A dedicated elderly welfare department can improve coordination, but it must work closely with local self-government institutions, health departments, social justice agencies, pension systems and community networks.

These gaps show that elderly welfare requires a whole-of-government approach rather than scattered schemes.

i. Welfare and Productive Inclusion

- **Beyond Dependency:** Ageing policy should not view elderly citizens only as dependents. Many elderly persons remain socially active, skilled and capable of contributing to society.

They can participate in community education, mentoring, local governance, cultural activities, voluntary work and family support.

- **Protection with Participation:** Therefore, elderly welfare should combine protection with participation. The goal should be to ensure dignity, health, security and social inclusion. Age-friendly societies are those where elderly citizens are not pushed into isolation, but are enabled to remain part of social and public life.
- **Value of Elderly Knowledge:** This approach is especially important in India, where older persons carry valuable social knowledge, occupational experience and community memory.

Thus, the elderly should be seen not only as beneficiaries of welfare, but also as active contributors to social and community life.

j. Way Forward

- **Develop Elder-Care Missions:** India should develop state-level and national elder-care missions with clear financing, service standards and accountability. Such missions should bring together health, social justice, local bodies, housing, pensions and digital governance.
- **Strengthen Geriatric Healthcare:** Geriatric healthcare must be strengthened at primary, secondary and tertiary levels. Public hospitals should have geriatric departments, trained staff, palliative care services, mental health support and home-based care linkages.
- **Formalise the Care Economy:** The care economy should be formalised through trained care workers, certification, regulation and decent wages. This will improve service quality while also creating employment opportunities.
- **Expand Social Security:** Old-age pensions, health insurance coverage and community-based support systems must be expanded. Welfare schemes should especially focus on elderly women, single elderly persons, disabled elderly citizens and those living alone.
- **Build Age-Friendly Cities and Villages:** Cities and villages must become age-friendly. This requires accessible transport, safe footpaths, public seating, barrier-free buildings, age-sensitive housing, digital assistance and inclusive public spaces.
- **Use Local Institutions for Outreach:** Local bodies, self-help groups, Anganwadi workers, ASHA workers and community health workers can be used for elderly mapping, regular household visits, identification of vulnerable elderly persons and grievance redressal.
- **Balance Family and Public Responsibility:** India must balance family responsibility with public responsibility. Families remain important, but ageing can no longer be managed only through informal household care or punitive laws. A rights-based public care ecosystem is essential.

A strong ageing policy must therefore combine healthcare, social security, local outreach, gender-sensitive care and productive inclusion.

Conclusion

Kerala's elderly welfare department is an early response to a demographic future that awaits the rest of India. As India ages, the country will need to rethink healthcare, pensions, housing, migration, social security and community life.

Ageing should not be treated merely as a welfare burden. It is a development priority that requires healthcare reform, social protection, care infrastructure and age-friendly governance. A timely shift from informal family-based care to a formal, rights-based care ecosystem will be essential for dignified ageing.

In this sense, Kerala's initiative provides a model for anticipatory governance in an ageing India.

GS Paper III: Economics

2. Finance Commission Transfers and the Equity Debate

a. Introduction

A debate has emerged over the approach of the 16th Finance Commission to tax devolution, particularly its continued emphasis on equity-based transfers to poorer States. While such transfers are necessary for reducing regional inequalities, better-performing States have raised concerns that their fiscal share is declining despite stronger revenue contribution, better demographic performance and improved administrative capacity.

The issue lies at the heart of Indian fiscal federalism. India is a Union of States with wide differences in income, population, revenue capacity, administrative strength and developmental needs. Therefore, the Finance Commission must perform a difficult balancing role. It has to ensure that poorer States receive adequate resources to provide basic public services, while also maintaining incentives for fiscal discipline, revenue mobilisation and efficient governance.

This makes the debate important not only for public finance, but also for cooperative federalism, regional equity and political trust among States.

b. Constitutional Context

- **Constitutional Basis:** The Finance Commission is constituted under Article 280 of the Constitution. It recommends the distribution of the Union's tax revenues between the Centre and the States, and also among the States.
- **Link with Fiscal Federalism:** This issue is linked with several core themes of Indian polity and public finance: fiscal federalism, cooperative federalism, vertical fiscal imbalance, horizontal fiscal imbalance, State fiscal autonomy and the role of constitutional bodies in balancing national integration with regional equity.
- **Vertical and Horizontal Fiscal Imbalance:** A vertical fiscal imbalance arises because the Union government has greater taxation powers, while States carry major expenditure responsibilities in areas such as health, education, agriculture, local infrastructure and welfare. A horizontal fiscal imbalance exists because different States have different levels of income, tax capacity and expenditure needs. The Finance Commission attempts to address both these imbalances.

Thus, Finance Commission transfers are not merely accounting exercises. They are constitutional instruments for balancing fiscal capacity with developmental responsibility.

c. Key Features of the Debate

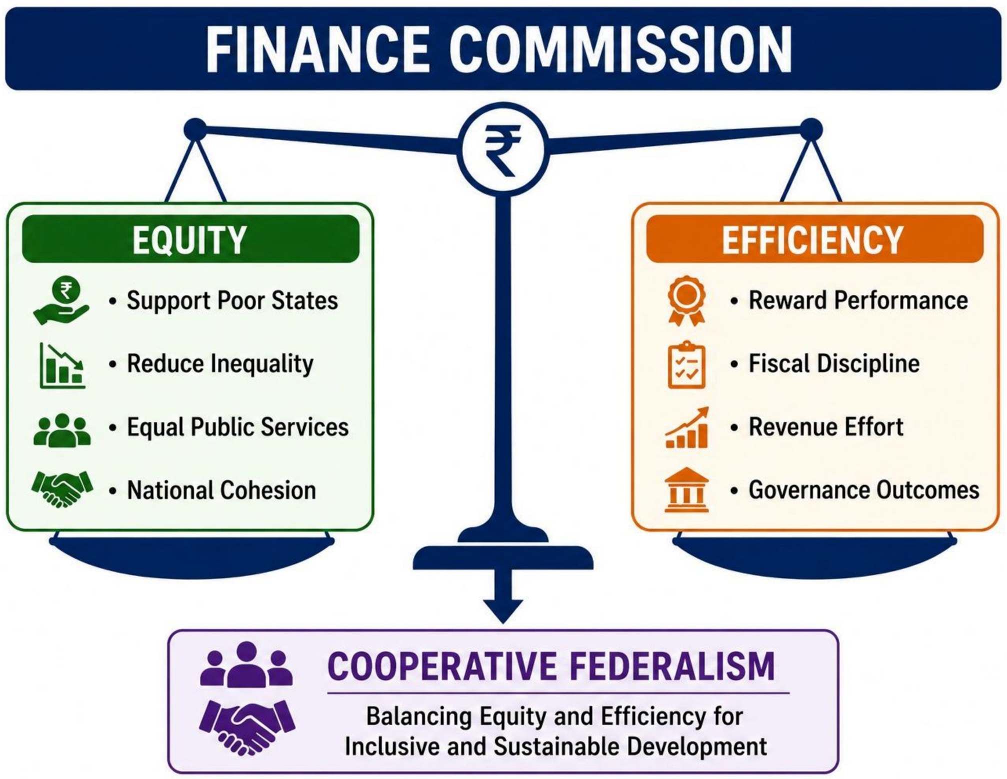
- **Vertical Devolution Share:** The 16th Finance Commission has retained the vertical devolution share of 41 percent for States. This means that 41 percent of the divisible pool of Union taxes is to be shared with the States.
- **Income Distance Criterion:** In horizontal devolution, the Commission has continued to give high weight to income distance. Income distance measures how far a State's per capita income is from that of the relatively richer States. Since poorer States have a larger income distance, this criterion gives them a higher share in tax transfers.
- **Major Devolution Criteria:** The major criteria used in devolution include income distance, population, area, forest cover, demographic performance or population growth, and contribution to national gross domestic product.
- **Concerns Raised by States:** States have raised concerns over several issues. These include the rising share of cesses and surcharges, which are not part of the divisible pool; limited State flexibility due to Centrally Sponsored Schemes; higher debt and post-pandemic fiscal stress; and the declining share of economically better-performing States.
- **Concern of Better-Performing States:** The core concern of better-performing States is that excessive reliance on equity criteria may weaken incentives for revenue mobilisation, population control, economic efficiency and fiscal discipline.

The debate therefore centres on how India should balance redistributive justice with performance incentives in a diverse federal system.

d. Equity as a Constitutional and Developmental Need

- **Need for Redistribution**
  Equity remains a central objective of Finance Commission transfers. Poorer States have lower own-revenue capacity but higher developmental needs. If they do not receive larger transfers, citizens in these States may be denied access to basic public services such as education, healthcare, roads, drinking water and social protection.
- **Equal Citizenship Across States**
  In a federal democracy, the quality of citizenship should not depend entirely on the accident of birth in a richer or poorer State. Fiscal transfers therefore help maintain national cohesion by reducing extreme regional disparities.
- **Preventing Regional Traps**
  This is especially important in India, where historical inequalities, uneven industrialisation, geographical disadvantages and demographic pressures have created wide inter-State differences. Without redistributive transfers, poorer States may remain trapped in a cycle of low revenue, low public expenditure and weak human development.

Therefore, equity-based transfers are essential for national integration and balanced development. However, equity must be designed in a way that does not weaken incentives for better governance.



e. The Efficiency Concern

- **Argument of Better-Performing States:** While equity is necessary, efficiency cannot be ignored. Better-performing States argue that they have invested in population control, human development, revenue mobilisation and economic growth. If the devolution formula reduces their share too sharply, they may feel penalised for better performance.
- **Concerns of Southern and Western States:** This concern is particularly visible among southern and western States. These States often contribute significantly to national tax revenue but receive a smaller share in tax devolution due to their higher per capita income and better demographic indicators.
- **Redistribution without Penalising Performance:** Their argument is not against helping poorer States. Rather, the concern is that redistribution should not become so one-sided that it weakens incentives for good governance, fiscal discipline and demographic responsibility.

- **Need for Balanced Formula:** A well-designed fiscal transfer system must therefore combine equity with performance. It should support poorer States, but it should also reward revenue effort, efficiency in spending, improvements in human development and responsible population policies.

This balance is necessary to preserve both solidarity and accountability within Indian federalism.

f. The Problem of Limited Convergence

- **Persistent Service Delivery Gaps:** A major issue in this debate is that decades of fiscal transfers have not fully eliminated gaps in public service delivery. Poorer States continue to spend much less per person on health and education compared to richer or smaller States.
- **Limits of Transfers Alone:** This suggests that fiscal transfers alone cannot ensure convergence. Money is necessary, but it must be accompanied by administrative capacity, accountability, planning quality and outcome-based governance.
- **Need for Outcome Orientation:** If additional funds do not translate into better schools, hospitals, roads, nutrition outcomes and local infrastructure, the redistributive purpose of devolution becomes weakened. Therefore, future devolution must give greater attention to service delivery outcomes, not only fiscal need.

The convergence problem shows that fiscal federalism must move from transfer adequacy to transfer effectiveness.

g. Cesses and Surcharges: Shrinking the Divisible Pool

- **Nature of the Problem:** A major concern raised by States is the rising use of cesses and surcharges by the Centre. These are taxes collected by the Union government but not shared with States through the divisible pool.
- **Impact on State Finances:** This creates a problem. Even if the headline devolution share remains 41 percent, the actual amount available for sharing may shrink if a larger portion of Union revenue is collected through cesses and surcharges.
- **Federalism Concern:** For States, this reduces fiscal space at a time when their responsibilities in health, education, welfare, rural development, urban services and infrastructure remain high. It also weakens the spirit of fiscal federalism because the Constitution envisages shared tax revenues as an important mechanism of Centre-State balance.

Therefore, the debate is not only about the percentage of devolution, but also about the size and integrity of the divisible pool.

h. Centrally Sponsored Schemes and State Autonomy

- **Role of Centrally Sponsored Schemes:** The growing role of Centrally Sponsored Schemes also affects State fiscal autonomy. These schemes are designed by the Centre but implemented by States, often with a required matching contribution from State governments.
- **Benefits and Constraints:** While such schemes help maintain national priorities in areas such as health, education, nutrition and rural development, they can also reduce State flexibility. States may be forced to allocate money to centrally designed schemes even when their own local priorities are different.
- **Need for Flexibility:** This creates a practical tension. States bear expenditure responsibilities, but they may not have enough freedom to design spending according to their social and regional needs. A strong federal system requires not only adequate transfers, but also flexibility in the use of those resources.

Thus, State autonomy is affected not only by how much money is transferred, but also by how freely States can use it.

i. Post-Pandemic Fiscal Stress

- **Rising Expenditure Pressures:** The fiscal position of States has also been affected by post-pandemic pressures. Health expenditure, welfare commitments, infrastructure needs and debt servicing obligations have increased. At the same time, many States face limits on borrowing and revenue mobilisation.
- **Importance of Predictable Transfers:** This makes Finance Commission transfers even more important. If transfers are insufficient or unpredictable, States may be forced to cut developmental expenditure or increase debt. Both outcomes can harm long-term development.
- **Need for Stability:** Therefore, predictability in devolution is essential. States need stable and reliable fiscal flows to plan public investment, welfare delivery and infrastructure expansion.

This post-pandemic context strengthens the case for a devolution framework that is both adequate and predictable.

j. Delimitation and the Future Political Economy of Transfers

- **Future Demographic Tensions:** The issue may become more complex in the future due to delimitation. If parliamentary representation is revised on the basis of updated population figures, more populous States may gain greater political representation.
- **Fiscal and Political Implications:** This could affect the political economy of fiscal transfers. States with larger populations may gain stronger bargaining power, while States that achieved demographic transition earlier may fear both political and fiscal disadvantage.
- **Need for Transparent Criteria:** Therefore, future Finance Commissions must adopt transparent, data-driven and balanced criteria. The devolution formula must be seen as fair by both poorer and better-performing States. Otherwise, fiscal federalism may become a source of political tension.

This makes fairness in devolution not only a fiscal issue, but also a future stability issue for Indian federalism.

k. Way Forward

- **Rebalance Equity and Efficiency:** India needs to revisit the balance between equity and efficiency in horizontal devolution. Poorer States must continue to receive support, but the formula should also reward fiscal discipline, revenue effort, demographic performance and improvements in governance outcomes.
- **Rationalise Cesses and Surcharges:** The use of cesses and surcharges should be rationalised. One option is to cap their share in gross tax revenue. Another is to include a portion of such collections in the divisible pool so that States are not deprived of their legitimate fiscal space.
- **Use Outcome-Based Indicators:** Future devolution should use more outcome-based indicators in health, education, fiscal management, revenue mobilisation and service delivery. This would ensure that transfers support not only need, but also measurable improvement.
- **Refine Income Distance:** Income distance may also be refined by taking into account differences in cost of living and purchasing power across States. The same amount of money may not provide equal service delivery capacity in all regions.
- **Ensure Predictability:** States should be given greater predictability by avoiding frequent changes in criteria and weights. Stable rules allow States to plan better.
- **Strengthen Capacity-Building Grants:** Grants for capacity-building in poorer States should be strengthened. The objective should not be only to transfer money, but to improve the ability of States to convert money into outcomes.
- **Make Centrally Sponsored Schemes Flexible:** Centrally Sponsored Schemes should become more flexible. States should be allowed to adapt national schemes to local conditions, especially in areas such as health, education, agriculture, nutrition and urban governance.

A balanced way forward must therefore combine redistribution, incentives, autonomy, accountability and capacity-building.

Conclusion

Finance Commission transfers remain essential for reducing regional inequality and strengthening national cohesion. However, equity cannot be pursued by ignoring efficiency, predictability and State fiscal autonomy.

A fair devolution system must support poorer States while also rewarding revenue effort, demographic responsibility, fiscal discipline and better governance. The future of Indian fiscal federalism depends on a careful balance between redistribution and accountability.

In a diverse country like India, fiscal federalism must not become a contest between richer and poorer States. It should function as a cooperative arrangement where national resources are used to promote balanced development, responsible governance and trust between the Union and the States.

Reader's Note — About This Current Affairs Compilation

Dear Aspirant,

This document is part of the PrepAlpine Current Affairs Series — designed to bring clarity, structure, and precision to your daily UPSC learning.

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

1. Orientation & Purpose

This compilation is curated primarily from the UPSC Mains perspective — with emphasis on conceptual clarity, analytical depth, and interlinkages across GS papers.

However, the PrepAlpine team is simultaneously developing a dedicated Prelims-focused Current Affairs Series, designed for:

- factual coverage
- data recall
- Prelims-style MCQs
- objective pattern analysis

This Prelims Edition will be released separately as a standalone publication.

2. Content Length

Some sections may feel shorter or longer depending on topic relevance and news density.
To fit your personal preference, you may freely resize or summarize sections using any LLM tool (ChatGPT, Gemini, Claude, etc.) at your convenience.

3. Format Flexibility

The formatting combines:

- paragraphs
- lists
- tables
- visual cues

—all optimised for retention.

If you prefer a specific style (lists → paras, paras → tables, etc.), feel free to convert using any free LLM.

4. Monthly Current Affairs Release

The complete Monthly Current Affairs Module will be released soon, optimized to a compact 100–150 pages — comprehensive yet concise, exam-ready, and revision-efficient.