



Sanskriti IAS



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SUMMARY OF IMPORTANT EDITORIALS

26th May 2026

TOPICS:-

- 1. Finance Commission transfers and equity issue**
(GS Paper II Governance)
- 2. Water governance in peri-urban areas**
(GS Paper II Governance)
- 3. Health indicators point to gains, and disparities**
(GS Paper I Society)

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1. FINANCE COMMISSION TRANSFERS AND EQUITY ISSUE

(GS Paper II Governance)

This editorial 'Finance Commission transfers and equity issue' was published in **The Hindu** on 26th May 2026, highlights how Finance Commission transfer design **affects fiscal equity, State autonomy and efficiency incentives.**

Fiscal Pressures and Equity Concerns

- The **Finance Commission** distributes Union tax revenues to address vertical and horizontal imbalances, with the 16th FC retaining 41% vertical devolution.
- States argue rising **cesses and surcharges** above 15% shrink the divisible pool, while non-tax revenues from resources, monetisation and RBI surplus remain with the Centre.
- State finances face pressure from **GST rationalisation**, rising debt, slower central-tax buoyancy and higher cost-sharing under Centrally Sponsored Schemes.
- Frequent changes in **devolution criteria** reduce predictability, while States seek lower income-distance weight and purchasing-power adjustment for cost-of-living variations.
- Transfers increasingly favour poorer States, with Bihar, Madhya Pradesh, Uttar Pradesh and West Bengal rising from **42.5%** under the Sixth FC to 51% under the 15th FC.
- Better-performing southern States declined from **24.8%** to 15.8%, weakening incentives for revenue mobilisation, fiscal discipline and administrative efficiency.
- Fiscal transfers have not ensured **service convergence**, as Bihar's health and elementary education spending remains far below Arunachal Pradesh and Sikkim.

16th FC Formula and Limited Efficiency Gains

- The 16th FC accepted that **cesses and surcharges** cannot be shared, abolished revenue-deficit and sector-specific grants, and advised fiscal-deficit discipline below 3%.
- Its criteria kept **income distance** dominant at 45%, while adding State contribution to national GDP at 10% in place of tax effort.
- The **square-root transformation** of GSDP sharply reduced gains for stronger States, lowering Maharashtra, Tamil Nadu and Karnataka's effective GSDP shares.
- Compared with the 15th FC, overall changes were marginal: fourteen States gained slightly, fifteen declined, and poorer States retained larger shares.

Alternative Devolution and Reform Direction

- Alternative formulas show that higher **GSDP weightage** or actual GSDP shares would significantly raise Maharashtra, Karnataka and Tamil Nadu's devolution shares.
- Given total transfers of **₹104 lakh crore**, small percentage gains translate into large amounts, such as ₹2.49 lakh crore for Maharashtra.
- India's transfer politics differs from federations such as Australia and China, as politically influential States are not always **economically stronger**.
- Future FCs should place greater emphasis on **fiscal outcome** indicators and adopt data-driven methods such as principal component analysis.

BEYOND EDITORIAL

Cooperative Federalism Beyond Formula-Based Transfers

- **Institutional dialogue:** Fiscal devolution needs regular Centre-State consultation through the **GST Council**, so Finance Commission recommendations are not the only federal bargaining forum.
- **Outcome accountability:** Higher transfers to weaker States should improve health, education and infrastructure outcomes, as seen in **Aspirational Districts** tracking service gaps.
- **Fiscal transparency:** Union and State finances need clearer disclosure of off-budget borrowings and liabilities, as seen in **State DISCOM** debt pressures.
- **Local empowerment:** Fiscal federalism remains incomplete without predictable funds for Panchayats and Urban Local Bodies, as stressed by the **15th FC**.
- **Performance incentives:** Transfer formulas should support poorer States while rewarding tax effort and fiscal discipline, as seen in **FRBM**-linked reform debates.
- **Trust deficit:** Disputes over cesses, surcharges and changing devolution weights create friction, as seen in States' concerns over the **divisible pool**.
- **Balanced federalism:** A stronger fiscal system must combine equity, efficiency and accountability, as cooperative federalism requires both **redistribution** and performance.

2. WATER GOVERNANCE IN PERI-URBAN AREAS

(GS Paper II Governance)

This editorial 'Water governance in peri-urban areas' was published in **The Hindu** on 26th May 2026, highlights the need to address India's peri-urban water and sanitation **crisis** through **accountable governance, source protection** and **decentralised infrastructure**.

Peri-Urban Governance Gap

- India's **Jal Jeevan Mission** expanded rural tap-water access, but peri-urban settlements remain caught between unreliable villages and under-served cities.
- The **peri-urban expanse** is a transitional zone where farmland and scattered habitations become factory sheds and dense settlements without clear governance.
- Census towns rose from **1,362** to **3,784**, a 178% increase, yet many are neither governed as villages nor recognised as cities.
- Rawta and Gurgaon show how **service gaps** persist despite pipelines or municipal inclusion, forcing residents to pay urban prices without urban services.
- Peri-urban stress spreads through **groundwater pollution**, rural-to-urban water diversion and weak accountability, making surrounding villages bear city expansion costs.

Water, Sanitation and Urban Future

- Nearly **40 million** urban households depend on on-site sanitation, but irregular desludging and illegal septage dumping undermine Swachh Bharat gains.
- A single **5,000-litre** tanker dumping waste in the open can undo the sanitation benefits of thousands of toilets.
- By **2047**, India will need 230 million new housing units and 500 new cities, making today's peri-urban fringe tomorrow's city centre.

Action Agenda for Peri-Urban Water Security

- States must create **Nagar Panchayats** for Census towns and build functional capacity where legal reclassification has already occurred.
- Drinking-water security needs **source protection** through catchment safeguards, anti-encroachment action, solid-waste control and community-led source inspections.

- A peri-urban **Swachh Bharat 3.0** should build faecal sludge plants, GPS-track desludging and support mini-cesspools for narrow lanes.
- Decentralised treatment by startups such as Indra Water and Tigrēn needs **policy support**, procurement mandates and markets for treated used water.
- Peri-urban water requires **strategic financing**, with models like Uttarakhand's blended structure extending concessional loans to septage and decentralised treatment.

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Climate-Resilient Urban Planning for Peri-Urban India

- **Climate stress:** Peri-urban water systems face heatwaves, erratic rainfall and groundwater depletion, as seen around Delhi-NCR's aquifer stress and Bengaluru's tanker dependence.
- **Land-use planning:** Urban expansion must protect water bodies, recharge zones and natural drains, as Chennai's 2015 floods showed after wetland encroachment.
- **Blue-green infrastructure:** Lakes, ponds, wetlands and urban forests can improve recharge and reduce flooding, as seen in Bengaluru's lake revival efforts.
- **Equity lens:** Migrants and informal workers need affordable water and sanitation access, as unauthorised colonies around Gurugram often depend on private tankers.
- **Disaster resilience:** Peri-urban governance must connect with disaster planning, as Mumbai's Mithi River flooding showed the cost of blocked drainage.
- **Data-based planning:** Satellite mapping and groundwater monitoring can identify stress zones early, as Bhuvan and CGWB mapping support evidence-based planning.
- **Sustainable transition:** Peri-urban areas should be planned as future city centres, as Delhi's Master Plan 2041 attempts through integrated regional planning.

3. HEALTH INDICATORS POINT TO GAINS, AND DISPARITIES

(GS Paper I Society)

This editorial ‘**Health indicators point to gains, and disparities**’ was published in **The Indian Express** on 26th May 2026, highlights India’s **demographic gains** alongside persistent rural, State-wise and fertility-related **health disparities**.

Health Gains with Uneven Outcomes

- The **SRS 2024** report shows demographic progress, with birth rate declining from 21 in 2014 to 18.3 per 1,000 population.
- The **IMR** fell from 39 in 2014 to 24 in 2024, reflecting sustained public-health investment and institutional interventions.
- Gains reflect expanded **immunisation**, fewer preventable deaths and improved institutional deliveries under the National Health Mission.
- However, the **rural-urban** gap remains sharp, with rural IMR at 27 deaths per 1,000 live births against 17 in urban areas.

Inter-State and Social Disparities

- Chhattisgarh records the highest **IMR** at 36, followed by Madhya Pradesh and Uttar Pradesh at 35, exposing persistent local failures.
- Kerala’s IMR at eight, with **Tamil Nadu**, Delhi and Himachal Pradesh at 11, shows better health systems and care access.
- Health disparities reflect unequal **infrastructure**, maternal nutrition, awareness and access, especially in poorer and rural regions.

Fertility Transition and Demographic Divergence

- India’s **TFR** remains below replacement level at 1.9, but States show divergent fertility patterns.
- Delhi records the lowest **fertility rate** at 1.2, while Bihar remains high at 2.9, widening demographic divergence.
- Nearly 10% of India’s population now aged **60 and above**, even as advanced States age faster.
- India is entering its **demographic dividend** phase, but uneven demographic realities demand differentiated policy responses.

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From Demographic Dividend to Healthy Ageing

- **Life-cycle approach:** Health policy must cover adolescents, workers and elderly citizens together, as **RKSK** and Ayushman Bharat show the need for age-specific care.
- **Ageing challenge:** Low-fertility States need geriatric care, pensions and chronic-disease management, as **Kerala** and Tamil Nadu already face faster ageing.
- **Productive workforce:** Better nutrition, preventive healthcare and mental health support can convert demographic advantage into productivity, as **POSHAN** and Health and Wellness Centres aim.
- **State-specific planning:** High-fertility States need reproductive health and child survival support, while ageing States need elderly care, as **Bihar** and Kerala show.
- **Gender dimension:** Women's health, education and workforce participation must improve together, as **NFHS** trends link female schooling with lower fertility and better outcomes.
- **Health federalism:** India needs flexible State-level strategies, since **Bihar's** fertility challenge and Kerala's ageing needs cannot be addressed through uniform national targets.
- **Long-term preparedness:** India must plan for young and ageing populations simultaneously, as **SRS 2024** shows falling fertility alongside a rising elderly share.