Editorial of the Day – 02.12.2025

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1. War clouds- On the U.S. and Venezuela (TH)

GENERAL STUDIES 3- International Relation

TOPIC: Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

Introduction

The geopolitical landscape in the Americas has witnessed a sharp escalation following Donald Trump's declaration that Venezuela's airspace is "closed in its entirety." This move has heightened fears of a looming military confrontation. While Washington frames these aggressive maneuvers as a necessary component of the "war on drugs," critics view the military build-up as a pretext for regime change, exploiting Venezuela's deepening internal political and economic collapse.

Escalating US Pressure and Justification

The "Closed Airspace" Declaration - Donald Trump's assertion that Venezuela's airspace is closed has acted as a flashpoint, triggering immediate fears of a potential US military strike.

Narrative of "War on Drugs" - Washington justifies its intensified operations in the Caribbean and Pacific as measures targeting alleged drug traffickers. The US administration explicitly alleges that President Nicolás Maduro leads the Cartel de los Soles, which they have designated as a foreign terrorist organization.

Strategic Military Build-Up Around Venezuela

The US has significantly boosted its regional military presence, signaling a potential shift from diplomatic pressure to kinetic action -

Naval Deployment - The USS Gerald R. Ford aircraft carrier has been positioned in the region, along with two amphibious ready groups containing over 4,500 Marines and sailors.

Aerial Dominance -F-35 fighter jets and MQ-9 Reaper drones are stationed in Puerto Rico, in close proximity to Venezuela. B-1 Lancer bombers have been flown along the Venezuelan coastline as a show of force.

Political Alignment - These military moves coincide with open support for opposition leader María Corina Machado, suggesting a coordinated push toward regime change.

Venezuela's Internal Political and Economic Crisis

Governance Failures - The Maduro regime is accused of rigging the 2024 election and presiding over a near-total economic collapse, marked by hyperinflation and shortages.

Humanitarian Impact - The instability has caused millions of Venezuelans to flee the country.

The Drug Trade Nuance - While Venezuela is an established transit route for drugs coming from Colombia, the text notes that the US has provided no concrete evidence linking Maduro personally to drug trafficking.

Legacy of Opposition Support - The US and Europe previously recognized figures like Juan Guaidó to delegitimize Maduro, a strategy that is being revisited.

Sovereignty, Sanctions, and Historical Lessons

Impact of Sanctions - US-imposed sanctions have arguably exacerbated the economic distress faced by ordinary Venezuelans rather than just targeting the regime.

Violation of International Law - Recent US strikes resulting in civilian deaths are flagged as violations of international law.

Question of Sovereignty - Threats against the state are viewed as an assault on Venezuela's sovereignty, irrespective of Maduro's governance failures.

Risk of Repetition - Critics warn that the US risks repeating the costly interventionist mistakes of Afghanistan (2001–2021) and Iraq (2003).

Conclusion

The situation in Venezuela presents a complex dichotomy - while the rule of Nicolás Maduro is marred by legitimacy crises and governance failures, the escalating US military pressure threatens to undermine regional stability and sovereignty. Drawing from the lessons of Afghanistan and Iraq, a path rooted in dialogue, de-escalation, and diplomacy is advocated as the only sustainable solution to prevent another destabilizing crisis in the Americas.

Source - https -//www.thehindu.com/opinion/editorial/cautious-optimism-on-india-and-growth/article70345469.ece# -~ -text=India's%20challenge%20is%20to%20maintain%20the%20growth%20momentum&text=Growth%20has%20been%20led%20by,also%20provided%20a%20modest%20boost.

2.Give states their fair share, protect their fiscal space(IE)

GENERAL STUDIES 2 - Governance

TOPIC - Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure.

Introduction

Fiscal federalism in India is the constitutional mechanism that ensures a balanced distribution of financial resources between the Union and the States, enabling both tiers of government to meet their developmental and welfare obligations effectively. While the 14th Finance Commission marked a paradigm shift by increasing the states' share in the divisible pool of central taxes from 32% to 42%, thereby enhancing their fiscal space, the subsequent 15th Finance Commission period witnessed a marginal decline. As the 16th Finance Commission begins its deliberations, critical questions regarding equitable allocation, fiscal autonomy, and the shrinking fiscal space—particularly for high-income states—have taken center stage. Addressing these is vital for maintaining cooperative federalism and preventing overdependence on the Centre.

Trends in Fiscal Transfers

The core of states' fiscal resources comprises tax devolution and grants from the Centre. The trends over recent Finance Commission (FC) periods reveal significant shifts -

14th Finance Commission Era - The vertical devolution share of states in central taxes was raised sharply from 32% to 42%. This led to an increase in the post-transfer fiscal space for states, rising from 63.85% to 68.08% of combined receipts.

15th Finance Commission Era - There was a slight reversal in gains, with states' fiscal space declining marginally to 67.39%. The reduction in pure tax devolution was only partially offset by specific Finance Commission grants and non-FC grants, indicating a shift from "untied" funds (devolution) to potentially "tied" or conditional funds (grants).

State-wise Variations and Regional Disparity

The impact of these fiscal shifts has not been uniform, with developed states facing a deeper crunch -

Impact on High-Income States – States like Haryana, Karnataka, Kerala, Maharashtra, and Tamil Nadu experienced a notable fall of 0.38 percentage points in their fiscal space during the 15th FC period.

Dual Blow - These states faced a simultaneous reduction in their own revenue receipts and central transfers. This reflects the uneven impact of horizontal distribution formulae (which often prioritize equity/need over contribution) and the rising prevalence of non-sharable cesses.

Structural Factors Affecting Fiscal Space

Several policy and structural changes are eroding the revenue autonomy of states -

Rise of Non-Sharable Cesses & Surcharges - The Centre has increasingly resorted to collecting revenue through cesses and surcharges. Unlike the divisible pool of taxes, these are not shared with states, effectively shrinking the pie available for devolution despite high tax collections.

Horizontal Distribution Criteria - The use of "Income Distance" and other equity-based weights in the devolution formula tends to disadvantage high-income states relative to less developed states, reducing the incentive for performance and contribution.

GST Reforms & Compensation - The potential GST 2.0 reforms, which may include rate rationalization (reductions), pose a revenue risk. The cessation of the GST compensation cess has removed a guaranteed revenue cushion, exposing states to market volatilities and reducing their revenue autonomy.

Implications for Governance and Development

Constrained Developmental Spending - Reduced fiscal space directly limits the ability of states to finance critical sectors such as infrastructure, public health, education, and social welfare programs.

Erosion of Autonomy - A shift from high tax devolution to grant-based transfers often come with central conditionalities. Excessive central control strains the spirit of cooperative federalism and undermines the fiscal autonomy of states to plan according to local needs.

Equity vs. Efficiency - While equity is necessary, the current trajectory risks alienating performing states. Balanced and predictable transfers are essential to maintain harmony while respecting both contribution (efficiency) and need-based (equity) principles.

Way Forward

Role of 16th Finance Commission - The Commission needs to revise the horizontal distribution formulae to better account for regional disparities while addressing the concerns of contributing states regarding revenue shortfalls.

Rationalization of Cesses - The Centre must limit the use of non-sharable cesses and surcharges or devise a mechanism to share a portion of these proceeds, preventing the erosion of the divisible pool.

Enhancing Revenue Efficiency - Both Union and State governments must focus on improving tax buoyancy and implementing efficient collection mechanisms to expand the overall resource base rather than fighting over a shrinking pie.

Transparency - Establishing a transparent and equitable transfer mechanism will reinforce trust, support sustainable economic growth, and strengthen the federal fabric

Conclusion

Ensuring a fair share for states in central transfers is not merely a fiscal imperative but a constitutional necessity for cooperative federalism. Protecting the fiscal space of states enables them to meet their specific developmental obligations and reinforces equitable growth across India. The path ahead requires a dual strategy - strengthening the overall tax base through economic growth and reforms, and rationalizing the transfer mechanism to sustain fiscal stability while respecting the twin principles of equity and contribution.

Source - https -//indianexpress.com/article/opinion/columns/give-states-their-fair-share-protect-their-fiscal-space-10396773/