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IAS ACADEMY

# Daily

# **CURRENT AFFAIRS**

 February 16th, 2026



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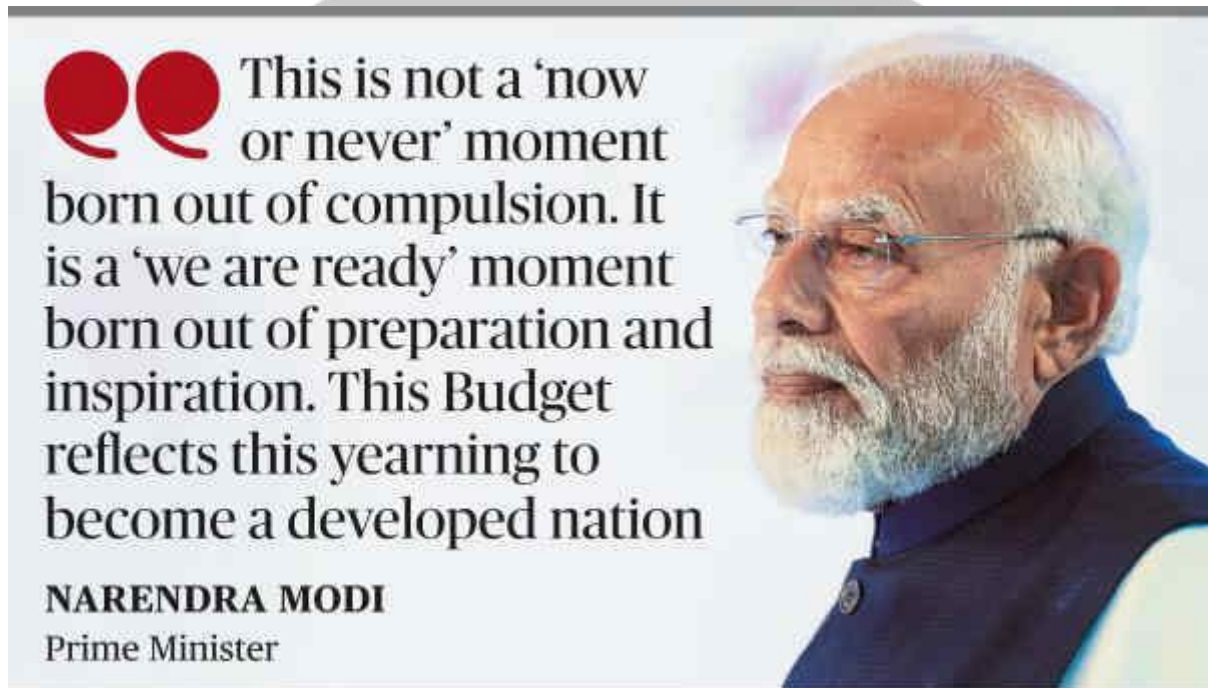
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# 1. Trade deals made from a position of strength: PM

## Why in the News?

Prime Minister Narendra Modi has defended India's recent trade agreements with major global partners, including the European Union and the United States, stating that these deals were negotiated "from a position of strength." He linked the success of these agreements to political stability, structural reforms, and a pro-investment policy framework. The remarks come amid parliamentary debate over the terms of the trade deals and the government's 2026 Budget, which emphasises capital expenditure, MSME integration into global markets, and defence modernisation.



## Background

India's trade policy has undergone a visible shift in the past decade. For years, India was perceived as cautious about Free Trade Agreements (FTAs), fearing import surges, deindustrialisation, and stress on domestic manufacturing. Negotiations with the EU and other blocs remained stalled during the UPA era due to disagreements over tariffs, intellectual property, labour mobility, and market access.

Since 2014, the government has pursued a calibrated strategy:

- Revamping infrastructure through heavy capital expenditure
- Simplifying governance via digitalisation and regulatory reforms
- Promoting manufacturing under initiatives such as Make in India and PLI schemes
- Positioning MSMEs at the centre of export growth
- Integrating India into global value chains

## Features

### Trade from a Position of Strength

The government argues that India is entering trade agreements after strengthening domestic economic fundamentals:

- Political stability and a predictable policy environment

- Large domestic market leverage
- Improved infrastructure and logistics
- Rising manufacturing capacity
- Digital governance and financial inclusion

## **MSME-Centric Global Integration**

**A notable feature is the deliberate positioning of MSMEs as drivers of export growth:**

- Reduced non-tariff barriers through mutual recognition of standards
- Easier certification and compliance frameworks
- Expanded access to developed markets
- Sectoral focus on textiles, leather, food processing, engineering goods, chemicals, handicrafts, and gems & jewellery

The aim is to transform MSMEs from domestic suppliers into globally competitive export enterprises.

## **Beyond Tariffs: Structural Competitiveness**

**The government highlights that trade competitiveness depends on:**

- Liquidity and credit access
- Technology adoption
- Quality standards
- Innovation ecosystems
- Supply chain efficiency

Thus, FTAs are tied to domestic reforms rather than seen as standalone instruments.

## **Private Sector as the Next Growth Engine**

**The Budget signals a transition:**

- Government builds the foundation → Private sector drives expansion
- Infrastructure spending is meant to crowd in private investment. The Prime Minister's appeal is for businesses to respond decisively by scaling exports and upgrading technology.

## **Defence Modernisation Link**

The defence allocation of ₹7.85 lakh crore (15% increase) is framed as part of long-term preparedness, linked to lessons from Operation Sindoor. Defence spending also feeds into:

- Domestic defence manufacturing
- Technology spillovers
- Strategic autonomy
- Industrial ecosystem development

## **Challenges**

### **MSME Readiness Gap**

Many MSMEs still struggle with:

- Compliance costs
- Technology upgrades
- Access to export finance
- Skilled workforce shortages
- Logistics inefficiencies

Without capacity building, FTAs may benefit larger firms disproportionately.

### **Import Surge Risks**

**Trade liberalisation can expose vulnerable sectors to cheaper imports, leading to:**

- Domestic industry stress
- Trade deficits
- Employment displacement
- Political backlash

Balancing openness with protection remains delicate.

## **Non-Tariff Barriers Abroad**

**Even with FTAs:**

- Strict sanitary and phytosanitary standards
- Environmental norms
- Carbon border taxes
- Labour compliance requirements

may act as a hidden protectionism against Indian goods.

## **Infrastructure and Logistics Constraints**

- Despite improvements, India's logistics costs remain higher than global benchmarks, affecting export competitiveness.

## **Policy Continuity and Implementation**

**Trade gains depend on:**

- State-level cooperation
- Regulatory consistency
- Efficient dispute resolution
- Institutional capacity

Implementation gaps could dilute benefits.

## **Way Forward**

### **MSME Export Transformation Mission**

- Dedicated export clusters
- Technology upgrade funds
- Simplified compliance platforms
- Global certification support

### **Strategic Sector Safeguards**

- Smart use of safeguard duties
- Phased tariff reductions
- Targeted domestic incentives

### **Trade Infrastructure Push**

- Ports modernisation
- Integrated logistics parks
- Faster customs clearance
- Digital trade facilitation

### **Innovation and Standards Ecosystem**

- R&D incentives
- Industry-academia partnerships
- Global quality benchmarking
- Green manufacturing adoption

## Conclusion

India's new generation of trade agreements reflects a strategic shift from defensive economic nationalism to confident global integration. By linking FTAs with domestic reform, infrastructure investment, and MSME empowerment, the government seeks to convert India's demographic and industrial potential into export strength.

However, trade deals are only frameworks.

## 2. AI Impact Summit 2026 begins today, Modi set to inaugurate India AI Expo

### Why in the News?

India is hosting the AI Impact Summit 2026 at Bharat Mandapam, New Delhi (February 16–20), marking the first time a major global AI summit is being held in a Global South country. Prime Minister Narendra Modi is inaugurating the India AI Impact Expo 2026, which brings together global tech leaders, heads of state, AI startups, and policymakers to discuss the transformative impact of artificial intelligence.

### Background

The AI Impact Summit is the fourth in a series of high-level global meetings on artificial intelligence, following earlier editions in the UK, South Korea, and France. These summits emerged from growing global concern over:

- AI safety and ethics
- Algorithmic bias
- Economic disruption
- Data sovereignty
- Strategic competition in AI
- Regulation vs innovation debate

India's hosting is significant for three reasons:

- Global South Representation – India positions itself as a bridge between developed and developing countries in digital governance.
- Development Lens – Focus shifts from AI risk alone to AI for public good.
- Policy Model – India advocates flexible frameworks rather than heavy regulation.

The summit builds on India's G20 presidency theme of inclusive digital growth and its push for Digital Public Infrastructure (DPI) models like Aadhaar, UPI, and DigiLocker.

### Features

#### Scale and Participation

- Delegations from ~100 countries
- Leaders from 20+ countries

- 3,000+ speakers
- 500 sessions
- 300 exhibitions
- Expected visitors: 2.5 lakh

Global tech leaders such as Sundar Pichai, Sam Altman, Demis Hassabis, and others are headlining discussions.

## Three Thematic Chakras

### The summit is structured around:

- People → AI for education, health, jobs
- Planet → climate modelling, sustainability, smart cities
- Progress → innovation, startups, productivity

This framework links AI to social development rather than purely corporate growth.



## Human-Centric AI Model

### India is emphasising:

- Economic inclusion
- Ethical deployment
- Skill development
- Accessible AI infrastructure
- Innovation without overregulation

Unlike EU-style strict AI regulation, India is advocating adaptive governance.

## India AI Expo 2026

### The Expo includes:

- Country pavilions
- Startup demonstrations
- AI hardware & software ecosystems

- Public sector AI use cases
- Live innovation showcases

It aims to position India as a global AI marketplace and innovation hub.

## **Diplomatic Dimension**

### **The summit doubles as a major diplomatic platform:**

- Bilateral meetings with France and Brazil
- Tech CEO forum
- Leaders' summit
- Global policy coordination

It strengthens India's technology diplomacy and soft power.

## **Challenges**

### **AI Regulation Dilemma**

India must balance:

- Innovation freedom
- Data privacy
- Algorithmic accountability
- National security concerns

Too little regulation risks misuse; too much stifles growth.

### **Global Digital Divide**

**AI development is concentrated in a few countries. Developing nations risk becoming:**

- Data suppliers
- Technology consumers
- Dependent ecosystems

India must prevent AI colonialism.

### **Employment Disruption**

#### **Automation threatens:**

- Routine jobs
- Service sector roles
- Low-skill employment

Reskilling becomes urgent.

### **Ethical and Security Risks**

#### **AI raises concerns over:**

- Deepfakes and misinformation
- Autonomous weapons
- Surveillance misuse
- Bias and discrimination

Governance frameworks remain weak globally.

### **Infrastructure Gap**

#### **AI requires:**

- High-performance computing
- Data centres
- Semiconductor ecosystems
- Skilled workforce

India still faces capacity constraints.

## Way Forward

### Global South AI Coalition

India can lead a platform for:

- Shared AI infrastructure
- Open-source tools
- South-South cooperation
- Affordable AI access

### AI Skill Revolution

- National reskilling missions
- AI literacy in education
- Industry-academia partnerships
- Startup incubation ecosystems

### Ethical Governance Framework

India should push for:

- International AI norms
- Transparency standards
- Responsible AI charters
- Global cooperation on misuse

## Conclusion

The AI Impact Summit 2026 marks India's arrival as a central actor in global AI governance. By hosting the summit in a Global South setting and framing AI around people, planet, and progress, India is attempting to reshape the global narrative from fear-driven regulation to development-driven innovation.

## 3. Cotton farmers oppose Goyal's U.S. import remarks, warn of price crash

### Why in the News

Cotton farmer organisations across India have protested Union Commerce Minister Piyush Goyal's remarks suggesting India could import raw cotton from the United States, process it domestically, and export finished textile products back to the U.S. at zero reciprocal tariff. Farmer bodies warn that such a move could flood domestic markets with cheaper imported cotton, triggering a price crash and deepening agrarian distress in already crisis-hit cotton belts.

### Background

**Cotton is one of India's most important commercial crops:**

- India is among the world's largest cotton producers
- Supports millions of small and marginal farmers
- Backbone of India's textile and garment industry

- Major export commodity
- Critical for rural employment

## However, the cotton economy has long faced structural stress:

- Price volatility
- Pest attacks (pink bollworm crisis)
- Rising input costs
- Climate variability
- Farmer indebtedness
- MSP-market price gap

Trade liberalisation in agriculture has historically been sensitive. Farmer groups fear that cheap imports under FTAs or tariff concessions can depress domestic prices, undermining already fragile rural incomes.

The latest controversy emerges amid ongoing India–U.S. trade discussions and efforts to integrate India deeper into global textile value chains.

## Features

### Zero Reciprocal Tariff Framework

- The minister's remarks suggest a model where:
- Import raw cotton → Process in India → Export finished cloth → Zero tariff access
- This is similar to export-processing arrangements available to Bangladesh.
- While beneficial to textile exporters, farmers argue it disconnects manufacturing gains from farm welfare.

## Price Sensitivity of Cotton Markets

### Cotton prices are highly sensitive to:

- Global supply shocks
- U.S. export policy
- Currency fluctuations
- Domestic procurement levels
- MSP enforcement

Even modest import increases can trigger local price collapse in mandis.

## MSP Controversy

### Farmer groups argue:

- Current MSP does not reflect the Swaminathan formula ( $C2 + 50\%$ )
- Market prices often fall below MSP
- Procurement is uneven across states

Imports without price safeguards could widen the MSP-market gap.

## Textile Industry vs Farm Sector Tension

### The textile sector benefits from:

- Cheaper raw material
- Export competitiveness
- Integration into global supply chains

### But farmers bear the downside:

- Income instability
- Debt cycles
- Crop abandonment risk

This reflects a structural policy trade-off.

## **Challenges**

### **Agrarian Distress in the Cotton Belt**

Cotton-growing regions in:

- Maharashtra
- Punjab
- Gujarat
- Telangana
- Andhra Pradesh

already face farmer suicides, debt, and declining profitability.

### **Import Dumping Risk**

#### **Cheap cotton imports can:**

- Undercut domestic prices
- Weaken procurement systems
- Reduce farmer's bargaining power

### **Policy Credibility Gap**

- Farmers distrust assurances that agriculture is protected in trade negotiations. Lack of transparency fuels anxiety.

### **Regional Economic Impact**

#### **Cotton belts support entire ecosystems:**

- Ginning units
- Mandis
- Rural labour
- Transport networks

Price crashes ripple through local economies.

### **Balancing Global Integration**

- India must compete globally in textiles while safeguarding domestic producers - a classic development dilemma.

## **Way Forward**

### **Safeguard Clause in Trade Deals**

- Import trigger thresholds
- Automatic tariff safeguards
- Anti-dumping mechanisms

Protect farmers during price shocks.

### **Strengthen MSP + Procurement**

- Expand cotton procurement coverage
- Guarantee MSP enforcement
- Transparent price stabilisation funds

### **Farmer–Industry Linkages**

- Contract farming frameworks
- Domestic sourcing incentives
- Cotton value chain partnerships

Ensure farmers share export gains.

### **Productivity Enhancement**

- Climate-resilient cotton varieties
- Pest-resistant seeds
- Extension services
- Mechanisation support

Reduce the cost of cultivation.

### **Transparent Trade Communication**

#### **Government must:**

- Publish trade impact assessments
- Consult the farmer bodies
- Build trust through dialogue

Policy surprises deepen unrest.

### **Conclusion**

The cotton import controversy highlights a deeper structural tension in India's development strategy: how to integrate with global markets without sacrificing farmer welfare. Trade deals can boost manufacturing exports, but without safeguards, they risk transferring adjustment costs onto the most vulnerable producers.

## **4. Launch vehicle debris with the ISRO logo, National Emblem found on Maldives island**

### **Why in the News?**

Debris bearing the ISRO logo and India's National Emblem has been found on an uninhabited island in the Maldives. The object is believed to be part of a payload fairing from the LVM3 rocket. Spaceflight trackers suggest it may be from the LVM3-M6 commercial mission launched in December 2025. ISRO has not yet officially confirmed the origin.

### **Background**

#### **India's space programme has rapidly expanded in recent years:**

- Increased commercial launches
- Private satellite missions
- International payload contracts
- Heavy-lift launch capability

The LVM3 (formerly GSLV Mk III) is ISRO's heaviest rocket and a key pillar of:

- Human spaceflight (Gaganyaan)
- Commercial satellite launches
- Deep space missions
- Strategic communications

Payload fairings are protective nose cones that detach during ascent once the rocket exits the atmosphere. These components usually fall into designated ocean zones, but ocean currents can carry debris long distances. Similar debris reportedly washed ashore in Sri Lanka in late 2025, suggesting the same mission may have shed fragments that drifted across the Indian Ocean.



## Features

### The LVM3 Rocket

The LVM3 is a three-stage heavy-lift launch vehicle:

- Two solid strap-on boosters
- Liquid core stage
- Cryogenic upper stage

It is designed for high-mass payload delivery and human spaceflight missions.

## Payload Fairing Function

### The payload fairing:

- Protects satellites during atmospheric ascent
- Separates mid-flight
- Falls into the ocean recovery zones
- Is not recovered in most missions

Drift is natural but raises environmental and navigational concerns.

## Commercial Space Expansion

- The LVM3-M6 mission was a dedicated commercial launch for a U.S. satellite company. India is positioning itself as a low-cost, reliable global launch provider.
- More launches = higher probability of debris sightings.

## **International Waters & Responsibility**

Under international space law:

- Launching states retain responsibility for debris
- Liability conventions apply
- Spacefaring nations must minimise risk

India follows global debris mitigation guidelines, but ocean recovery remains imperfect.

## **Challenges**

### **Space Debris Perception**

Even harmless debris can raise:

- Environmental concerns
- Safety anxieties
- Diplomatic sensitivity
- Public misunderstanding

### **Ocean Pollution Concerns**

#### **Rocket fragments:**

- Add to marine waste
- May contain residual materials
- Affect fragile ecosystems

Though limited compared to plastic pollution, the symbolic impact is high.

### **Rising Launch Frequency**

#### **As India's commercial space sector grows:**

- More launch events
- More stage separations
- Greater debris drift probability

### **Regulatory Expectations**

#### **Global pressure is increasing for:**

- Sustainable launch practices
- Reusable systems
- Controlled re-entry
- Debris tracking transparency

## **Way Forward**

### **Improved Debris Tracking**

- Real-time ocean drift modelling
- International debris notification systems
- Joint maritime monitoring

### **Reusability Push**

**Invest in:**

- Recoverable fairings
- Reusable boosters
- Green propulsion

Align with global sustainability standards.

## **International Coordination**

### **Strengthen cooperation through:**

- UN space debris frameworks
- Regional maritime partnerships
- Shared clean-up responsibility

## **Conclusion**

The discovery of rocket debris in the Maldives is not a crisis, but it is a reminder that space activity has earthly consequences. As India becomes a major commercial launch power, debris management will become part of its global responsibility. The incident highlights a broader transition: space is no longer just about exploration - it is about sustainability, diplomacy, and environmental stewardship. Managing that balance will define the next phase of India's space leadership.

## **5. Bridging a divide with an 'Indian Scientific Service'**

### **Why in the News?**

A policy debate has resurfaced around the proposal to create an Indian Scientific Service (ISS) - a dedicated scientific cadre within government, following arguments by researchers that India's administrative framework has not kept pace with the growing centrality of science in governance. The discussion highlights how existing civil service rules, designed in the early post-Independence period for generalist administration, may not adequately support scientific independence, long-term research, or evidence-driven policymaking.

### **Background**

India's governance architecture after Independence prioritised stability and nation-building. The civil services were designed around generalist administrators capable of managing diverse portfolios. This model worked effectively in a newly independent state requiring institutional continuity.

### **However, governance today is deeply shaped by:**

- Climate change
- Environmental degradation
- Biotechnology
- Artificial intelligence
- Disaster risk management
- Public health crises
- Nuclear and energy safety
- Ocean and coastal regulation

- Space and advanced technology

## **Core Issue: The Administrator–Scientist Paradox**

Different Professional Cultures

Administrative governance values:

- Hierarchy
- neutrality
- discipline
- rapid decision execution

## **Scientific work requires:**

- questioning assumptions
- recording uncertainty
- peer review
- long-term inquiry
- transparency of evidence

When scientists operate under administrative rules prioritising conformity over critical inquiry, their professional function becomes constrained.



## **Reactive vs Continuous Science**

**Currently, scientific inputs in governance are often:**

- commissioned during crises
- litigation-driven
- regulatory emergency-based
- short-term

A robust system would embed continuous foresight research, allowing science to anticipate risks rather than respond to disasters.

## **Authority Gap**

### **Government scientists frequently:**

- lack formal decision-making weight
- have advisory roles without institutional safeguards
- cannot always record dissent transparently

## **International Comparisons**

Many advanced democracies have created formal scientific cadres or integrity frameworks:

- United States: Scientific Integrity Policies
- United Kingdom: Government Science and Engineering profession
- France & Germany: Technical state corps
- Japan: Dedicated science bureaucracies

### **These systems protect:**

- scientific independence
- transparent documentation
- insulation from political pressure
- long-term advisory capacity

They recognise that science must question policy to strengthen policy.

## **Challenges in Creating an Indian Scientific Service**

Bureaucratic Resistance

- Existing structures may resist parallel authority systems.

## **Balancing Accountability**

- Scientists must remain independent but accountable within democratic governance.

## **Recruitment Complexity**

### **Designing a fair system combining:**

- peer evaluation
- national selection
- domain expertise
- interdisciplinary capability

## **Avoiding Technocracy**

- Scientific authority must inform governance - not replace democratic choice.

## **Integration Across Ministries**

- Science touches every sector. Coordination architecture would be essential.

## **Proposed Framework for an ISS**

A structured Indian Scientific Service could include domain-specific cadres such as:

- Environmental & Ecological Service
- Climate & Atmospheric Service
- Marine & Ocean Service
- Public Health & Biomedical Service
- Disaster Risk & Resilience Service

- Energy & Resources Service
- Science & Technology Policy Service
- Agricultural & Food Systems Service
- Regulatory Science Service

## **Way Forward**

### **Pilot Scientific Cadres**

Start with high-risk sectors:

- climate
- environment
- disaster management
- public health

### **Scientific Integrity Charter**

#### **Legal safeguards for:**

- recording evidence
- documenting dissent
- preventing suppression of research

### **Institutional Training Academy**

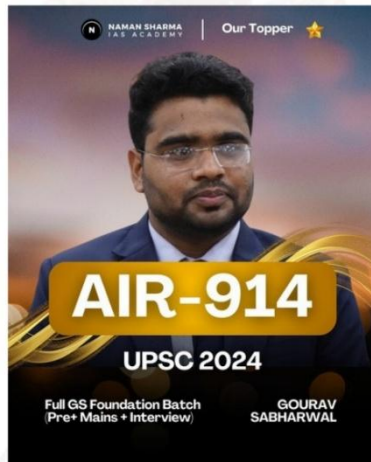
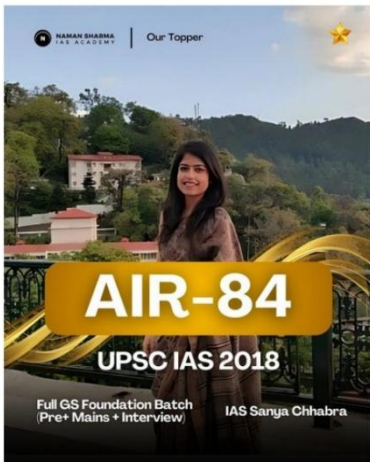
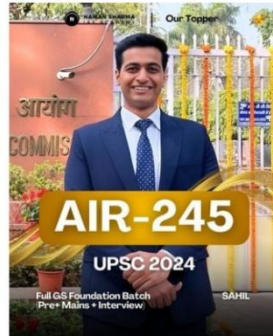
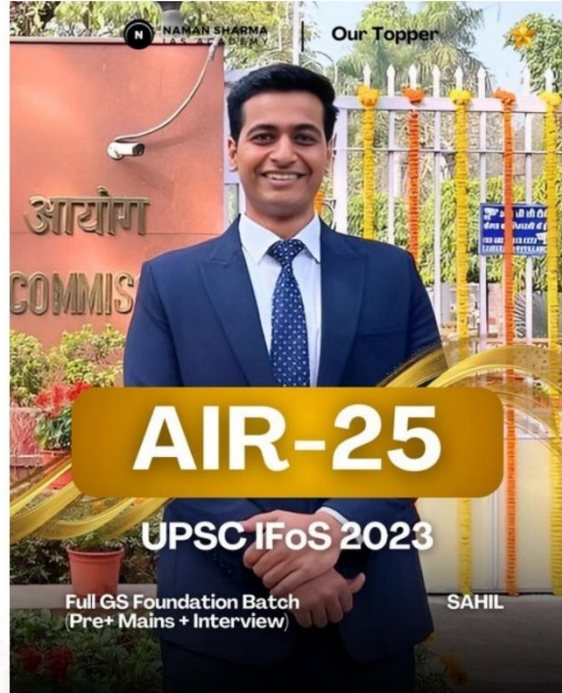
#### **Create a national academy combining:**

- governance training
- ethics
- science communication
- policy integration

## **Conclusion**

India's governance challenges are no longer purely administrative — they are scientific. Climate risks, pandemics, technological disruption, and ecological stress require institutions that embed science at the heart of policymaking. Without structural reform, scientific expertise remains peripheral, reactive, and underutilised.

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