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Daily

CURRENT AFFAIRS

 February 23rd, 2026



 **Offline Centre Location:**
SCO 173-174, Sector 17C, Chandigarh



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1. Nations facing tariffs must unionise, says Lula

Why in the News?

Luiz Inácio Lula da Silva, President of Brazil, during his recent visit to India, called for countries facing high U.S. tariffs to “unionise” and negotiate collectively rather than individually.

His remarks came amid:

- 50% U.S. tariffs imposed on both Brazil and India.
- Growing trade tensions with the U.S.
- Ongoing discussions over BRICS cooperation.
- Renewed calls for UN Security Council reforms.

He also recalled lessons learned from former Indian Prime Minister Manmohan Singh during his 2005 visit to India.



Background

U.S. Tariffs and Trade Tensions

- The U.S. imposed 50% tariffs on exports from Brazil and India.
- Reasons cited include:
 - Their membership in BRICS
 - Trade relations with Iran
 - Imports of Russian oil
- Neither country has concluded a comprehensive trade deal with the U.S.
- U.S. courts reportedly questioned the legality of broad global tariffs imposed during the Trump administration.

Lula emphasised that smaller countries negotiating alone often face unequal outcomes.

Lula’s Trade Union Analogy

Before entering politics, Lula was a trade union leader in Brazil during the 1980s. He compared international trade negotiations to labour union bargaining: When workers negotiate individually, they lose. When they unite, they gain leverage.

Thus, he advocated:

- Formation of negotiating blocs
- Greater coordination among Global South countries
- Collective resistance to protectionist trade policies

BRICS and Global South Solidarity

The BRICS grouping includes:

- Brazil
- Russia
- India
- China
- South Africa

Lula's call aligns with a broader push for:

- Reforming global trade rules
- Reducing dependency on Western financial institutions
- Strengthening South-South cooperation

UN Security Council Reform

Lula strongly advocated reform of the United Nations Security Council.

His Key Arguments:

- India (1.4 billion people) deserves permanent membership.
- Brazil should also be included.
- Other potential candidates: Germany, Mexico, Nigeria, Egypt.
- The UN currently lacks effectiveness:
 - It can diagnose problems but cannot prescribe or enforce treatment.

This aligns with India's long-standing demand for permanent membership.

Lessons from India (2005 Visit)

Lula recalled his 2005 visit to India under PM Manmohan Singh.

Key Lesson: Importance of Forex Reserves

- India had accumulated \$100 billion in foreign exchange reserves.
- Lula adopted a similar strategy in Brazil.
- Brazil later built reserves of \$360 billion.
- Brazil transitioned from:
 - IMF debtor → IMF creditor

This reflects the broader shift in emerging economies toward macroeconomic stability and financial sovereignty.

India–Brazil Bilateral Outcomes

During Lula's Delhi visit:

- Talks with Narendra Modi
- Agreements on:
 - Critical minerals cooperation
 - Steel and mining
 - Digital partnerships

The visit highlighted deepening strategic ties between the two major democracies of the Global South.

Analysis: What Does Lula's Statement Signify?

Shift Toward Bloc Politics in Trade

- Growing dissatisfaction with unilateral tariff regimes.
- Emerging economies are seeking collective bargaining power.

Strengthening the Global South Narrative

- Assertion of equality in global governance.
- Resistance to "New Cold War" alignments.

Strategic Autonomy

Both India and Brazil:

- Maintain diversified partnerships.
- Avoid exclusive alignment with any major power bloc.

Conclusion

Lula's call for "unionisation" among nations facing tariffs reflects:

- A broader push for Global South solidarity
- Renewed emphasis on multipolarity
- Demand for reform in global institutions like the UN

For India, this aligns with its long-standing foreign policy goals of:

- Strategic autonomy
- South-South cooperation
- Permanent membership in the UNSC

The India–Brazil partnership, therefore, is not merely bilateral—it is emblematic of a changing global order where emerging powers seek greater voice, leverage, and fairness in international trade and governance.

2. Congress protest shows its ideological bankruptcy: PM

Why in the News?

Prime Minister Narendra Modi launched a sharp attack on the Indian National Congress over a protest staged by its youth wing during the AI Impact Summit in New Delhi. He accused the Congress of indulging in "dirty and shameless politics" and termed the protest as an example of "ideological bankruptcy," arguing that it lowered the dignity of a national event. The remarks were made during a public address in Meerut, on the sidelines of the inauguration of the Namu Bharat Regional Rapid Transit System (RRTS) and Meerut Metro.

Background

The AI Impact Summit Controversy

- The AI Impact Summit was projected as a major global technology event hosted by India.
- Members of the Congress youth wing reportedly staged a "shirtless" protest during the event.
- The Prime Minister described it as "nangi rajneeti" (naked politics).
- He emphasised that the summit was not a BJP or NDA event, but a national event representing India globally.

Separation from the Broader Opposition

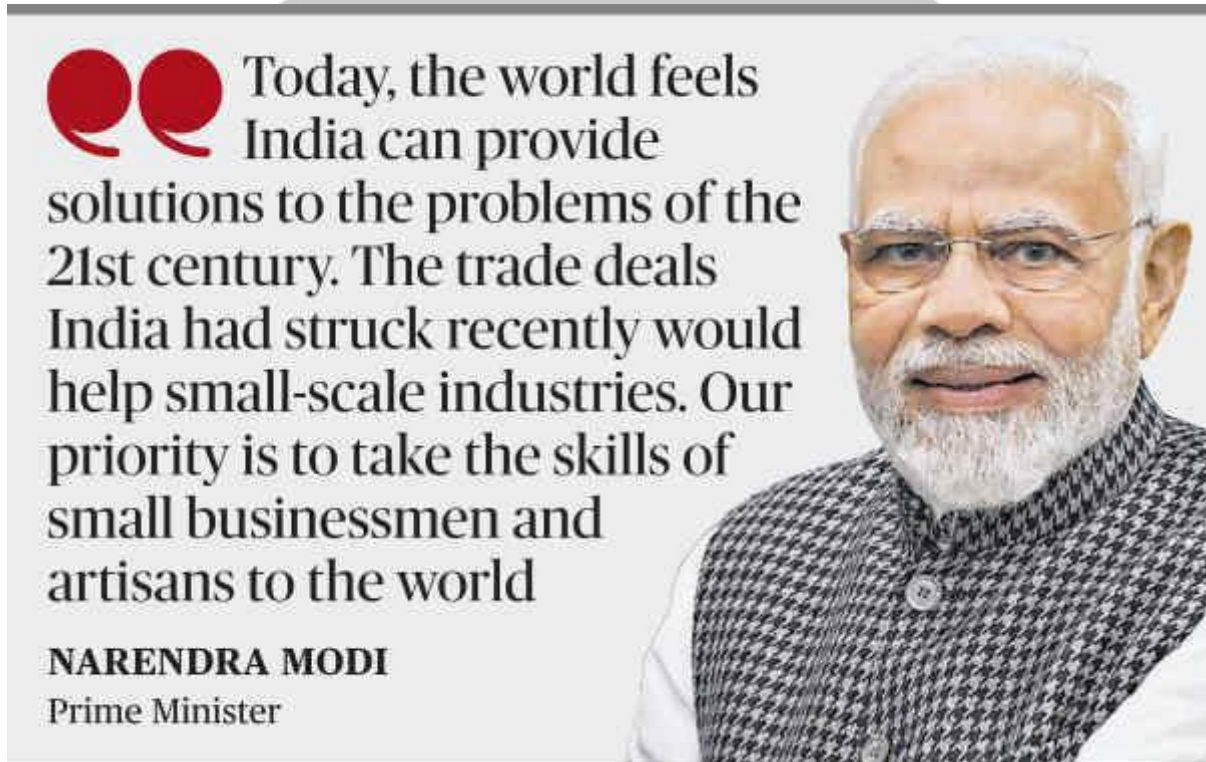
In his speech, Mr Modi made a distinction between the Congress and other Opposition parties:

- All India Trinamool Congress (TMC)
- Dravida Munnetra Kazhagam (DMK)
- Bahujan Samaj Party (BSP)
- Jammu and Kashmir National Conference (NC)

He stated that these parties were not responsible for the Delhi protest and should not be clubbed with the Congress on this issue.

This was politically significant because:

- It signals an attempt to isolate Congress within the Opposition bloc.
- It seeks to portray Congress as acting independently and irresponsibly.



Lok Sabha Seat Picketing Reference

- Mr Modi also referred to an earlier incident where Congress MPs allegedly picketed his Lok Sabha seat.
- He indirectly targeted Rahul Gandhi, Leader of the Opposition in the Lok Sabha, saying one cannot become Prime Minister through such tactics.

Political Context: RRTS Inauguration

The remarks were made during the inauguration of:

- Namo Bharat Regional Rapid Transit System (RRTS)
- Meerut Metro

The RRTS is designed to:

- Improve regional connectivity between Delhi and the surrounding areas.
- Boost economic activity in the National Capital Region (NCR).
- Such inaugurations often provide a political platform for broader national messaging.

Trade and Global Positioning

The Prime Minister linked the protest controversy to India's rising global stature.

He stated that:

- Developed countries are now eager to trade with India.
- Recent trade agreements with the European Union and the United States demonstrate growing trust.
- During the Congress rule, India's image was allegedly tarnished by corruption scandals.

He argued that new trade deals would benefit:

- Small-scale industries
- Cottage industries
- Artisans and entrepreneurs

Political Analysis

Ideological vs Political Contestation

The episode reflects:

- Heightened political polarisation.
- Increasing use of global platforms for domestic political signalling.
- Narrative-building around nationalism and international image.

Mr Modi's framing emphasises:

- National dignity
- Institutional respect
- Opposition accountability

Congress's protest strategy likely aimed to:

- Draw attention to specific grievances.
- Highlight dissent within high-profile government events.

Strategy of Isolation

By separating Congress from other Opposition parties, the Prime Minister:

- Attempts to weaken the opposition unity.
- Reinforces the perception of Congress as politically isolated.
- Signals to regional parties that they are not targets of his criticism.

Conclusion

The controversy around the AI Impact Summit protest has evolved into a larger political confrontation between the BJP and the Congress. Prime Minister Narendra Modi framed the protest as an attack on national dignity and evidence of Congress's ideological bankruptcy. By distinguishing Congress from other Opposition parties, he attempted to politically isolate it. At a time when India projects itself as a technological and economic leader, domestic political optics—especially at global forums—are increasingly becoming part of the larger narrative battle over governance, credibility, and national image.

3. Parliament's historic law, an extended wait for women

Why in the News?

The debate over the implementation timeline of the Women's Reservation Act, 2023, has resurfaced following concerns that its enforcement before the 2029 general elections is constitutionally impossible. In an opinion piece, former Chief Election Commissioner S.Y. Quraishi argues that the Act, though historic, effectively delays women's representation until at least 2034 due to its linkage with the next Census and delimitation exercise

Background: What is the Women's Reservation Act of 2023?

The Act provides:

- 33% reservation for women in:
 - Lok Sabha
 - State Legislative Assemblies
- Sub-reservation for:
 - Scheduled Castes (SC)
 - Scheduled Tribes (ST)

However, the Act includes a crucial clause:

- Reservation will come into effect only after the first Census conducted post-2026 and subsequent delimitation

Constitutional Roadblock

According to the article:

Step 1: Census (Scheduled for 2027)

- Data collection, verification, and publication may take 12–18 months

Step 2: Delimitation

- After the official Census publication, the President constitutes a Delimitation Commission under Article 82.
- Previous commissions took at least 3–6 years to complete their work

Given this timeline:

- Census data publication: ~2029
- Delimitation completion: ~2032–33
- Implementation is possible only in the 2034 general elections

Thus, implementation in 2029 is constitutionally impossible under current provisions

What is Delimitation?

Delimitation refers to:

- Redrawing parliamentary and assembly constituencies
- Adjusting seat allocation based on updated population data
- Ensuring representation equity

India has had four Delimitation Commissions since Independence.

The next one will be more complex because:

- It will reallocate seats among States (first time since the 1976 freeze).

- It must integrate women's reservations simultaneously



Political Arithmetic Behind the Delay

The article suggests a political explanation:

- Immediate implementation within 543 Lok Sabha seats would reserve 181 constituencies.
- This would displace an equal number of male MPs.

Instead, by linking reservation to delimitation:

- The Lok Sabha is expected to expand to around 800–888 seats.
- Women's quota can be accommodated without displacing incumbents
- Thus, political costs are absorbed through expansion rather than replacement.

A History of Waiting

- First Women's Reservation Bill introduced: 1996
- Passed in Rajya Sabha: 2010
- Finally enacted: 2023

Yet, despite passage, implementation could be delayed another decade
 Women who celebrated in 2023 may have to wait until 2034 to contest reserved seats.

Federal Complications: The North–South Debate

Delimitation raises a sensitive issue:

- States with higher population growth (mostly northern) may gain more seats.
- Southern states that controlled population growth may lose relative representation.

This issue led to:

- Freeze on delimitation in 1976
- Extension of the freeze in 2001

By linking women's reservation to delimitation, Parliament has tied gender justice to a politically divisive federal issue

Way Forward

The article argues that Parliament can amend the Constitution again to:

- Delink reservation from delimitation.
- Expand the Lok Sabha temporarily.
- Introduce women-only additional seats.
- Implement reservation within existing constituencies for two election cycles

Conclusion

The Women's Reservation Act, 2023, is undoubtedly historic. However, by tying its implementation to a post-2026 Census and subsequent delimitation, Parliament has effectively postponed women's political empowerment for another decade.

The issue is no longer about legislative passage but about political will and constitutional clarity. If gender justice is a constitutional promise, then the challenge before Parliament is clear:

- Either amend the timeline,
- Or risk turning a historic reform into another prolonged wait.

India's women have waited since 1996. The question now is whether they must wait until 2034.

4. India's leap, from back office to global brain trust

Why in the News?

India's rapid transformation from being the "world's back office" to becoming a global strategic nerve centre has come into sharp focus, as highlighted in a recent analysis by P. Saravanan. The article argues that by early 2026, India's Global Capability Centres (GCCs) have evolved into high-value innovation hubs managing global strategy, advanced R&D, and intellectual property creation

This marks a structural shift in India's economic positioning within the global value chain.

Background

What Were Captive Centres?

In the 1990s and 2000s:

- Multinational corporations (MNCs) set up "captive centres" in India.
- Purpose: labour arbitrage (cost-saving through lower wages).
- Focus areas: IT services, BPO, back-end operations.

Evolution to GCC 4.0

The transformation occurred in four waves:

- GCC 1.0 – Routine IT and support functions
- GCC 2.0 – Expanded business process management
- GCC 3.0 – Product engineering and innovation roles
- GCC 4.0 (Current Phase) – End-to-end product ownership and global strategy leadership

Today:

- Nearly 58% of GCCs are investing heavily in Agentic AI
- Centres manage proprietary intellectual property (IP).
- They handle high-end R&D in advanced technologies.

India now hosts:

- Over 1,800 GCCs
- Employing nearly two million professionals

Benefits for Companies

Access to Multi-Dimensional Talent

India offers:

- Large-scale skilled workforce
- Engineering depth
- Cost-efficiency with scale

GCCs now operate as:

- Global Centres of Excellence (CoEs)
- Strategy and decision-making hubs
- End-to-End Product Ownership

Indian GCCs are engaged in:

- Quantum computing
- Semiconductor design
- Agentic AI systems
- Full product lifecycle management

High-Value Employment

- Creation of well-paid, intellectually stimulating jobs.
- Emergence of a new global professional class.

Regional Diversification

Growth is spreading beyond metros like Bengaluru and Hyderabad to:

- Coimbatore (Tamil Nadu)
- Indore (Madhya Pradesh)
- Kochi (Kerala)

This:

- Reduces urban congestion.
- Boosts real estate, infrastructure, and local economies.

Challenges

Despite growth, risks remain.

Talent Gap

- Demand for niche skills (AI security, cloud architecture, quantum-resistant cryptography) exceeds supply
- Wage inflation threatens cost competitiveness.

Cybersecurity Risks

- India-based centres now handle 13.7% of global cyber-attack incidents (Cyfirma Report, 2023)
- GCCs are prime targets for state-sponsored cyber-attacks.
- Compliance pressure has intensified under the Digital Personal Data Protection (DPDP) Act
- Cybersecurity has become the most expensive operational mandate.

Fiscal and Tax Pressures

- OECD Global Minimum Tax (Pillar Two) sets a 15% tax floor
India's 24% Safe Harbour markup for software R&D remains contentious.

- Tax predictability has become a board-level concern.

Geopolitical Volatility

- U.S. tariff volatility and reshoring policies create uncertainty
- Growing emphasis on digital sovereignty in Western nations may slow new GCC investments.

Need for Proactive Policymaking

The article suggests the following measures

- Implement a Single-Window Clearance system for GCC establishment.
- Rationalise transfer pricing norms.
- Provide tax safe harbours for R&D-intensive operations.
- Deepen industry-academia collaboration for deep-tech skill development.
- Offer capital subsidies for Tier-II expansion.
- Ensure effective implementation of the proposed National GCC Policy Framework (2026–27 Budget cycle).

Broader Economic Significance

This transformation signals:

- India's integration into higher segments of global value chains.
- Transition from service outsourcing to innovation leadership.
- Greater bargaining power in global corporate ecosystems.

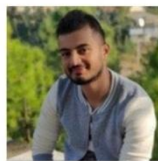
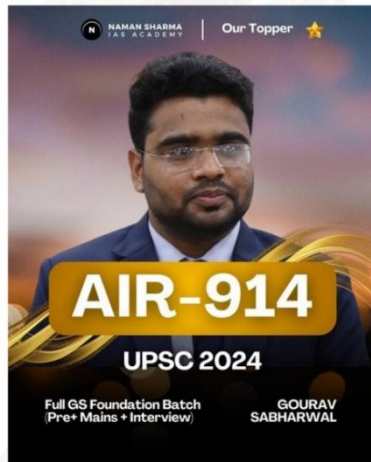
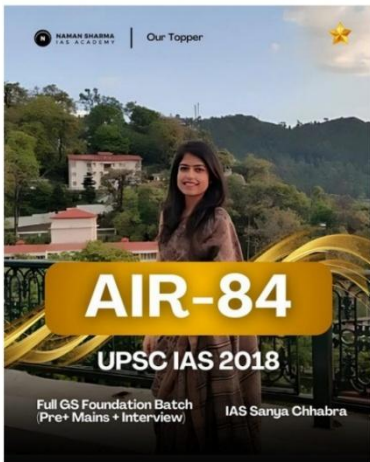
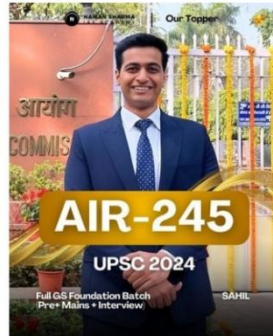
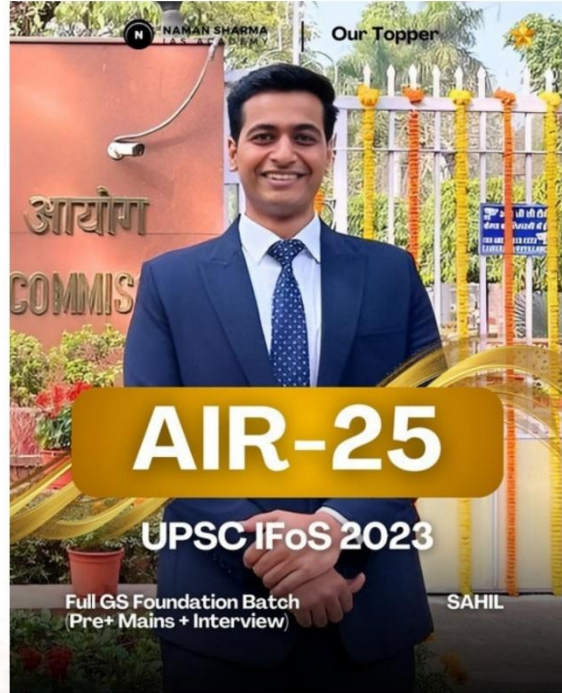
However, sustaining this leap requires:

- Talent ecosystem reforms
- Cyber resilience
- Fiscal stability
- Geopolitical navigation

Conclusion

India's Global Capability Centre revolution represents a structural economic shift — from a low-cost service provider to a global innovation powerhouse. GCCs now manage high-end R&D, strategic leadership, and proprietary IP, redefining India's role in the global economy. Yet, talent shortages, cybersecurity vulnerabilities, tax pressures, and geopolitical risks threaten this momentum. To secure its place as the “global brain trust,” India must move from passive regulation to proactive facilitation.

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