

**The Hindu Important News Articles & Editorial For UPSC CSE**  
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**Edition : International Table of Contents**

<p><b>Page 01</b> <b>Syllabus : GS II : International Relations</b></p>	<p><b>Nations facing tariffs must unionise, says Lula</b></p>
<p><b>Page 06</b> <b>Syllabus : GS III : Science and Tech / Prelims Exam</b></p>	<p><b>Biotechnology is set to drive evolution of personalised medicine, say experts</b></p>
<p><b>Page 07</b> <b>Syllabus : GS I : Geography / Prelims Exam</b></p>	<p><b>Smoke vortex</b></p>
<p><b>Page 08</b> <b>Syllabus : GS II : Governance / Prelims Exam</b></p>	<p><b>India's leap, from back office to global brain trust</b></p>
<p><b>Page 09</b> <b>Syllabus : GS II : Governance</b></p>	<p><b>A new CPI base, a clearer inflation signal</b></p>
<p><b>Page 08 : Editorial Analysis</b> <b>Syllabus : GS II : Indian Polity</b></p>	<p><b>Parliament's historic law, an extended wait for women</b></p>

**Page 01 : GS II: International Relations**

In an era of rising protectionism, President Lula's visit highlights the growing synergy between India and Brazil—the two largest democracies of the Global South. By advocating for "unionization" against unilateral trade tariffs and pushing for UNSC reforms, the visit reinforces the shift toward a multipolar world order.

# Nations facing tariffs must unionise, says Lula

**Brazilian President pitches for UN seats; speaks of lessons learned from PM Manmohan in 2005**

**Brazil and India were the two highest tariffed countries by the U.S., hit with 50% duties each**

**Small countries negotiating individually always lose, the Global South must act together, he says**

**Sahasini Haidar**  
NEW DELHI

Instead of negotiating with the U.S. on tariffs separately, countries should form "negotiating blocs", Brazil's President Luiz Inacio Lula da Silva said here on Sunday, advocating for "unionisation" of those suffering from the tariffs.

Mr. Lula, himself a trade union leader in the 1980s before he founded Brazil's ruling Workers Party, said that while he did not wish to comment on the internal workings of the U.S. where the Supreme Court struck down the tariffs imposed globally by President Donald Trump, last year, he hoped that all countries would be "treated equally" by the U.S. on the issue.

"I want to tell the U.S. President that we don't

want a new Cold War. We don't want interference in any other country, we want all countries to be treated equally," Mr. Lula said, answering questions from presspersons at the end of his four-day visit to Delhi.

Brazil and India were the two highest tariffed countries by the U.S., slapped with 50% duties on exports each, and face tariff threats from Mr. Trump over their membership of the BRICS grouping, trade with Iran, and imports of Russian oil. Neither country has thus far concluded a trade deal with the U.S. Mr. Lula, who is expected to visit Washington next month, said he hopes to put all outstanding issues with the U.S. "on the table" for Mr. Trump.

"When a small country negotiates with a bigger country, the agreement



**Close ties:** Narendra Modi with Luiz Inacio Lula da Silva in New Delhi on Saturday. PTI

will always be harmful for the smaller country. This is the experience that I bring from the trade union and labour movement. To negotiate with the employer, all workers must get together and confront the

company policy. If they do it individually, they all lose," he said, likening international trade to his trade union negotiations, adding that countries in the Global South, as well as others must "act together"

in negotiating with global superpowers.

**'Need UNSC reforms'**

Mr. Lula also called for UN Security Council reforms, and in particular, seats in the Council for India, Bra-

zil, and others.

"Why is India not a permanent member of the UN Security Council, a country that has 1.4 billion people? Why Brazil is not there at the UN Security Council," he said, adding others such as Germany, Mexico, Nigeria and Egypt as well to the list. He said that as a result, the UN today does not have much efficacy.

"UN is capable of making a diagnosis but it doesn't have the capability to prescribe medication or do the treatment," he said.

He said India had taught him some lessons in economic management, recounting a story from his visit to India in 2005, during his previous tenure as President, when he was hosted by then Prime Minister Manmohan Singh.

"It was in India in 2005 that, for the very first time, I perceived the importance

of having international hard currency reserves," he said, adding that he was impressed that India had then amassed \$100 billion in reserves. He said he had committed to do the same in Brazil, eventually building reserves of \$360 billion and Brazil moved from being a debtor to the IMF to a creditor, which he called a "transformative experience" for Brazil.

Mr. Lula recounted some personal memories as well, while speaking about his talks in Delhi which ended with agreements on critical mineral cooperation, steel mining and digital partnership. He said that he was touched that his favourite Brazilian songs were played during the official banquet lunch with Prime Minister Narendra Modi and the dinner hosted by President Droupadi Murmu.

## Strategic "Unionization" Against Tariffs

Lula's proposal for countries to form "negotiating blocs" is a direct response to the aggressive trade policies of the U.S. administration.

**The Context:** In 2025, the U.S. imposed **50% duties** on both India and Brazil, citing issues like Russian oil imports and BRICS membership.

**The "Trade Union" Logic:** Drawing from his background as a labor leader, Lula argues that bilateral negotiations with a superpower are inherently asymmetric. Collectively, however, the Global South can exert counter-pressure.

**Recent Developments:** While the U.S. Supreme Court recently struck down some global tariffs (deeming them an overreach of executive authority), a baseline global tariff of **10–15%** remains a threat.

## Institutional Reform: The UN Security Council (UNSC)

Lula reignited the demand for **reformed multilateralism**, specifically targeting the "anachronistic" structure of the UNSC.

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## Daily News Analysis

**The Argument:** The UN lacks "efficacy" because it fails to represent current demographic and economic realities.

**G4 Cooperation:** Both nations, as part of the **G4 (India, Brazil, Germany, Japan)**, seek permanent seats to ensure the Global South has a decisive voice in global peace and security.

### Economic Lessons and Bilateral Outcomes

Lula's visit wasn't just about rhetoric; it solidified practical economic cooperation.

Sector	Key Outcome
Trade Target	Aiming for <b>\$30 billion</b> by 2030 (up from the previous \$20 billion target).
Critical Minerals	Signed MoUs for <b>Rare Earths and Steel Mining</b> (aimed at reducing dependency on China).
Digital Partnership	Cooperation on <b>Digital Public Infrastructure (DPI)</b> and AI ethics.
Financial Policy	Lula cited India's 2005 strategy (under Dr. Manmohan Singh) of building <b>hard currency reserves</b> as a model for Brazil's economic sovereignty.

### Key Pillars of India-Brazil Relations

— **IBSA & BRICS:** Cooperation within these forums to advocate for the developing world.

**Energy Security:** Brazil is a "renewable energy superpower" (ethanol/biofuels), while India is a "digital superpower."

**Defence:** Exploring co-production under the Aatmanirbhar Bharat initiative.

### Conclusion

President Lula's visit underscores a "Strategic Autonomy 2.0" for the Global South. By aligning their interests, India and Brazil are not just seeking to balance the influence of the West or China, but are actively constructing a new framework for international trade and governance. For India, this partnership is vital for securing supply chains in critical minerals and amplifying its voice in the quest for a permanent UNSC seat.

### UPSC Mains Exam Practice Question

**Ques:** BRICS as a negotiating bloc can counterbalance unilateral tariff measures by developed economies. Examine. **(250 Words)**

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**Page 06 : GS III : Science and Tech / Prelims Exam**

India is transitioning from being the "Pharmacy of the World" (focused on generic drugs) to a Global Biopharma Hub. The integration of Industry 4.0 technologies—like AI and Genomics—into biotechnology is creating a new paradigm: Personalised Medicine. This approach moves away from reactive healthcare toward proactive, individualized treatment plans.

## Biotechnology is set to drive evolution of personalised medicine, say experts

**The Hindu Bureau**  
CHENNAI

With the Centre announcing a massive investment of ₹10,000 crore in the Union Budget 2026-27 for the biotechnology sector, India is poised to become a global biopharma manufacturing hub, panellists at a webinar on "Biotech Education in Personalised Medicine" said on Sunday.

The aim is to focus on boosting the production of biologics and biosimilars through a new initiative called the Biopharma Shakti. This will be a huge space available to students who are planning to seek out careers in biotechnology, they added.

The timing is perfect and biotechnology is a stable and promising career because healthcare demand is always growing, and government support and investment are available along with strong opportunities in Indian and global job markets, said



Meenakshi Sinha, director at Cipla, lead advanced therapies and chief of staff to Global CEO & MD.

She was speaking at the webinar jointly organised by the Vellore Institute of Technology, Chennai and *The Hindu* as part of the new series "Biotechnology: Role in Industry 5.0 Sustainable Future Pathways". The series aims to highlight the transformative role of biotechnology across healthcare, agriculture, environmental solutions, and research-led innovation.

S. Shridevi, Professor and Deputy Director, Centre for Neuroinformat-

ics, VIT, Chennai, talked about core technologies such as generative, multi-modal and reinforcing AI and deep and machine learning that were powering drug discovery. She said medical treatments were undergoing paradigm shift from reactive to proactive and standardised to individualised treatments based on genetic, metabolic, lifestyle, season, region, and ethnic profile of people.

"That is why biotechnology education is fast evolving and integrating genomics, bioinformatics, data science and clinical practice to prepare professionals for this transforming landscape of personalised medicine, based on genetic profiles of people," she said.

G. Jayaraman, Professor and Dean, School of Bio Sciences & Technology, VIT, Chennai, announced the launch of a new biotechnology programme for the academic year 2027

at VIT, Chennai that will introduce innovative and specialised strategies to make students industry-ready. He said bioinformatics and computational biology, along with programming and large datasets analysis, would play a key role in the development process of drugs in the future.

Parul Ganju, scientist-entrepreneur and co-founder and CEO of Ahamune Biosciences, highlighted how COVID-19 was the biggest game-changer in recent times. "Science shapes our lives," she said, "and biotechnology is now transforming human-centric innovations and sustainability."

Biotechnology is set to drive the evolution of personalised medicine by facilitating precise diagnosis, targeted therapies, and optimised drug selection and dosage, the panellists said.

*(The webinar is available at newsth.live/THVITBPY)*

### The Core Concept: Personalised (Precision) Medicine

Unlike traditional medicine, which designs treatments for the "average" patient, personalised medicine uses a patient's unique biological data to tailor interventions.

Drivers of Individualization: Genetic profiles, metabolic rates, lifestyle, environmental factors (region/season), and ethnic background.

The Mechanism: Scientists use Pharmacogenomics to identify how a person's genetic makeup affects their response to drugs, ensuring the "right dose of the right drug for the right person."

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**Daily News Analysis**

**Key Government Initiatives & Economic Impact**

The government is treating Biotechnology as a sunrise sector for Industry 5.0, which focuses on human-centric innovation and sustainability.

**Biopharma Shakti:** A new dedicated initiative to boost the production of Biologics (complex medicines derived from living organisms) and Biosimilars (near-identical copies of biologics).

**Investment:** The ₹10,000 crore budgetary support aims to bridge the gap between laboratory research and commercial manufacturing.

**Market Growth:** Healthcare demand is "recession-proof," making biotech a stable pillar for India's goal of a \$5 trillion economy.

**Technological Convergence in Drug Discovery**

The webinar highlighted that biotechnology is no longer a standalone field but a convergence of biology and data science.

Technology	Role in Personalised Medicine
Generative AI	Simulates new molecular structures for rapid drug discovery.
Multi-modal AI	Combines clinical data, imaging, and genomic data for holistic diagnosis.
Bioinformatics	Manages and analyzes massive biological datasets (Big Data).
Genomics	Maps the DNA to identify predispositions to diseases like cancer or diabetes.

**Educational & Career Shift**

To meet the "Industry-ready" requirement, educational institutions (like VIT) are evolving:

**Curriculum Integration:** Moving beyond traditional biology to include Computational Biology and Programming.

**Post-COVID Reality:** The pandemic accelerated the acceptance of mRNA technology and rapid vaccine development, proving that "Science shapes lives" and creates high-value employment.

**Conclusion**

The evolution of biotechnology in India is a critical component of Atmanirbhar Bharat. By investing in Biopharma Shakti and personalised medicine, India is not only securing its own public health future but also positioning itself as a high-tech

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manufacturing alternative to global competitors. For the UPSC, this represents a perfect case study of how Science & Technology policy can drive Social Justice (by making treatments more effective) and Economic Growth.

### UPSC Prelims Exam Practice Question

**Ques : Consider the following statements regarding Pharmacogenomics:**

1. It studies how a person's genetic makeup affects their response to drugs.
2. It is primarily concerned with manufacturing biosimilars.
3. It helps in determining optimal dosage for individuals.

**Which of the statements given above is/are correct?**

- (a) 1 and 3 only
- (b) 2 only
- (c) 1 only
- (d) 1, 2 and 3

**Ans: a)**

### UPSC Mains Exam Practice Question

**Ques:** India is transitioning from being the "Pharmacy of the World" to a Global Biopharma Hub driven by personalised medicine and Industry 4.0 technologies. Discuss the technological, economic and policy dimensions of this shift. **(250 Words)**

**Page 07 : GS I: Geography / Prelims Exam**

Wildfire smoke doesn't just dissipate; in the stratosphere, it can form compact, coherent vortices (swirling bubbles of air). Understanding this phenomenon is crucial for climate modeling, as these "smoke containers" can remain intact for months, transporting pollutants across hemispheres.

**QUESTION CORNER**

**Smoke vortex**

**Q: Why does wildfire smoke swirl only one way in the air?**  
**A:** Sometimes wildfire smoke in the stratosphere collects into a compact bubble of smoke that spins in a coherent vortex, clockwise in the northern hemisphere and counter-clockwise in the southern hemisphere.

Two new studies, published in *Weather and Climate Dynamics* and presented at a recent meeting of the American Meteorological Society, have found why. The smoke particles absorb sunlight and warm the air around them. That makes the air buoyant, and it rises through the smoky core, pushing the clump of smoke particles up over time.

Earth's atmosphere is rotating and has many layers. If you warmed one patch of stratospheric air and kept the warming at the same height, the air just above will start swirling one way and the air just below, the other way.

Because the smoke particles are rising, the heating pattern also moves up with the smoke. This matters because the atmosphere's 'push' to make the air rotate also moves upwards. As the warm core passes through a layer, it will briefly nudge the air into rotating one way. Once it has moved on, the later push in that same layer will undo much of the earlier



Wildfire smoke in the northeast Pacific Ocean, September 2020. NASA

change. As a result the most coherent rotation is wrapped around the smoke bubble itself, like a collar that travels upwards with it.

The rotating bubble also acts like a container, keeping the warmer smoke concentrated near its centre, rather than mixing with the surroundings, and allowing it to keep rising.

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**The Mechanism: Solar Heating & Buoyancy**

The formation of a smoke vortex is a self-sustaining thermodynamic process:

**Absorption:** Dark smoke particles absorb sunlight, rapidly warming the surrounding air.

**Lifting:** This localized warming makes the air buoyant. The smoky core begins to rise through the atmospheric layers.

**The "Container" Effect:** The rotation actually acts as a physical barrier, trapping the warm smoke inside and preventing it from mixing with cooler surrounding air. This allows the bubble to rise much higher than ordinary smoke.

**Why One-Way Rotation? (The Coriolis Connection)**

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The direction of the swirl is determined by the Coriolis Effect, a consequence of Earth's rotation.

**Northern Hemisphere:** The vortex spins clockwise.

**Southern Hemisphere:** The vortex spins counter-clockwise.

### The "Nudge and Undo" Theory

The atmosphere consists of multiple layers. As the warm smoke core rises:

**The Initial Push:** As it enters a layer, the heating "nudges" the air to rotate in one direction.

**The Rise:** Because the smoke is moving upward, the heating source doesn't stay in one spot.

**The Correction:** Once the core passes through, the atmosphere attempts to "undo" the rotation.

**The Result:** Only the air immediately wrapped around the rising smoke bubble—the "collar"—maintains a stable, coherent rotation that travels upward with the smoke.

### Scientific Significance for UPSC

**Environment & Geography:** These vortices can reach the stratosphere (above the weather layer), where they affect the ozone layer and change the albedo (reflectivity) of the atmosphere.

**Climate Change:** As wildfires become more intense due to global warming, these stratospheric smoke injections are likely to become more frequent, potentially leading to "volcanic-like" cooling effects or localized heating.

### Conclusion

The discovery of why smoke swirls in a specific direction highlights the complexity of fluid dynamics in our atmosphere. It proves that wildfire impact isn't limited to the ground level; through solar-powered buoyancy and planetary rotation, forest fires can "launch" long-lasting atmospheric structures that influence global climate patterns.

**UPSC Prelims Exam Practice Question**

**Ques: With reference to wildfire smoke vortices, consider the following statements:**

1. They can reach the stratosphere and persist for months.
2. Their formation is primarily driven by moisture condensation.
3. The Coriolis Effect determines their direction of rotation.

**Which of the statements given above is/are correct?**

- (a) 1 and 3 only
- (b) 2 only
- (c) 1 only
- (d) 1, 2 and 3

**Ans: a)**

**UPSC Mains Exam Practice Question**

**Ques: What are stratospheric smoke vortices? Explain the role of solar heating in their formation. (150 Words)**

**Page 08 : GS II : Governance / Prelims Exam**

The evolution from "Captive Centres" (focused on cost-saving) to GCC 4.0 (focused on innovation) is a watershed moment. India now hosts over 1,800 GCCs employing nearly 2 million professionals, moving from labor arbitrage to end-to-end product ownership.

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

The narrative of India as the 'world's back office' has been officially retired. By early 2026, a profound transformation had occurred. India has become a strategic nerve-centre for the global corporate elite. What were once known as captive centres are now Global Capability Centres (GCCs), which are sophisticated hubs that do not merely support the parent company but also define its future. This transition from cost-cutting centres to global growth engines marks a watershed moment in India's economic history.

The evolution of Indian GCCs has progressed through four distinct waves, culminating in the current GCC 4.0 era. Initially, centres were established to exploit labour arbitrage and handle routine IT and business process tasks. However, in the last few years, there has been a decisive move toward end-to-end product ownership.

Today, nearly 58% of GCCs in India are investing heavily in Agentic AI, which are autonomous Artificial Intelligence (AI) systems that can reason and execute complex tasks, thereby moving beyond mere experimentation to enterprise-scale deployment. These centres now manage global strategy leadership, high-end research and development (R&D), and proprietary intellectual property (IP) creation, making them indispensable nodes in the global value chain.

**Benefits for companies and the nation**

For multinational corporations (MNCs), the Indian GCC offers a unique competitive advantage: access to a multi-dimensional talent pool at a scale found nowhere else. With India housing over 1,800 GCCs and employing nearly two million professionals, companies can now drive faster innovation cycles through a follow-the-sun model. Beyond technology, these centres have become global "Centres of Excellence" (CoEs) for finance, legal, and human resources, allowing parent companies to centralise their most critical functions in a high-skill, high-efficiency environment.

Today, Indian GCCs act as global CoEs that



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drive high-end R&D in fields such as quantum computing, semiconductor design, and Agentic AI. These centres no longer support the parent company. They have end-to-end product lifecycles, from initial conceptualisation and architecture to global deployment and customer feedback loops. This evolution means that the shadow leadership housed in Indian GCCs often possesses greater technical depth and execution power than the traditional headquarters.

For the Indian population, the GCC boom has catalysed high-value employment and regional development. These roles are intellectually stimulating and offer compensation far above that of traditional service-sector jobs, creating a new class of global professionals. Perhaps, most significantly, growth is finally trickling down into Tier-II and Tier-III cities such as Coimbatore (Tamil Nadu), Indore (Madhya Pradesh), and Kochi (Kerala). This geographic diversification reduces the strain on saturated metros such as Bengaluru and Hyderabad while stimulating local real estate, infrastructure, and retail economies across India.

**Steering through challenges**

Despite the record growth, the GCC ecosystem faces challenges that could threaten its momentum. The primary risk is the widening of the talent gap. Although India produces millions of engineers, the demand for niche skills in AI security, cloud architecture and quantum-resistant cryptography vastly outstrips the supply. This has triggered a fierce war for talent, leading to wage inflation that could eventually erode the value proposition of multinational corporations (MNC).

Furthermore, GCCs hold more critical global data and have become prime targets for state-sponsored cyber-attacks. With the implementation of the Digital Personal Data Protection (DPDP) Act, the pressure on GCCs to maintain flawless cybersecurity governance has reached unprecedented levels. Simultaneously, the introduction of the Organisation for Economic Co-operation and Development's

Global Minimum Tax (Pillar Two) fundamentally alters the tax arbitrage benefit that many MNCs previously enjoyed. With a global floor of 15% tax and the continued bone of contention regarding India's 24% markup for software R&D under Safe Harbour rules, fiscal predictability has become a top-tier board concern.

Finally, geopolitical volatility and protectionism pose long-term risks to investment. As of early 2026, global trade professionals are increasingly wary of United States tariff volatility and reshoring policies that encourage MNCs to return critical data operations to their home markets.

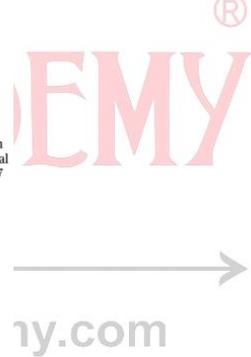
While India remains an attractive destination, owing to its scale, any shift toward digital sovereignty in western nations could slow the pace of new GCC setups. Additionally, as India-based centres now handle 13.7% of global cyber-attack incidents (Cyfirma Report, 2023), the threat of state-sponsored espionage and intellectual property theft has made cybersecurity the most expensive operational mandate for modern GCCs.

**Need for proactive policymaking**

To secure India's position as the world's innovation capital, policymakers must transition from regulators to active facilitators. The National GCC Policy Framework, proposed in the 2026-27 Budget cycle, is a step in the right direction, but execution is the key. The government should introduce a "Single-Window Clearance" system specifically for GCCs to streamline the establishment of legal entities. Additionally, rationalising transfer pricing norms and providing tax safe harbours for R&D-intensive operations will provide the fiscal certainty that global boards demand. By fostering deeper industry-academia collaborations to upskill the workforce in deep tech and offering capital subsidies for Tier-II expansion, India can ensure that its GCC revolution remains sustainable for the next decade.

*The views expressed are personal*

India's Global Capability Centre revolution is drawing eyeballs, but there are challenges as talent gaps, cyber threats and fiscal pressures



**The Evolution: From 1.0 to 4.0**

The journey of Indian service exports can be categorized into four distinct waves:

Era	Focus	Key Characteristics
<b>GCC 1.0</b>	Labor Arbitrage	Routine IT tasks, data entry, and basic BPO.
<b>GCC 2.0</b>	Process Excellence	Standardization of global business processes.
<b>GCC 3.0</b>	Specialized Hubs	Centers of Excellence (CoEs) for Finance, HR, and Legal.
<b>GCC 4.0</b>	Strategic Hubs	Agentic AI, Quantum Computing, and Proprietary IP creation.

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### Key Drivers of the GCC Revolution

**Agentic AI & Deep Tech:** 58% of GCCs are deploying "Agentic AI"—autonomous systems capable of reasoning and executing complex enterprise tasks.

**Follow-the-Sun Model:** India's time zone and talent scale allow MNCs to run continuous 24/7 innovation cycles.

**Shadow Leadership:** Many Indian GCCs now house "shadow" global heads who possess more technical depth than their counterparts at traditional headquarters.

**Tier-II/III Expansion:** Growth is decentralizing to cities like Kochi, Indore, and Coimbatore, reducing the burden on Bengaluru and Hyderabad while boosting regional economies.

### Critical Challenges & Risks

Despite the momentum, the GCC ecosystem faces four "Headwinds":

**Talent Gap:** A fierce "war for talent" in niche areas like Quantum-resistant cryptography and AI Security is driving wage inflation.

**Cybersecurity:** GCCs manage 13.7% of global cyber-attack incidents. Compliance with the Digital Personal Data Protection (DPDP) Act is now a top operational cost.

**Taxation (Pillar Two):** The OECD's 15% Global Minimum Tax reduces the fiscal benefits of tax arbitrage.

**Protectionism:** U.S. tariff volatility and "reshoring" policies pose risks to long-term investment.

### Proactive Policy Roadmap

To maintain India's lead, the National GCC Policy Framework (Budget 2026-27) suggests:

**Single-Window Clearance:** Simplifying legal entity establishment.

**Fiscal Predictability:** Rationalizing transfer pricing and expanding "Safe Harbour" rules for R&D.

**Skill Transformation:** Industry-academia collaboration to move the workforce from "Basic Coding" to "Deep Tech."

### Conclusion

India's leap from a service provider to a "Global Brain Trust" signifies the maturation of its human capital. However, the transition from labor arbitrage to intellectual leadership requires a shift in governance—from being a regulator to a facilitator. If India can bridge the skill gap and ensure data sovereignty, the GCC sector will be the primary engine for India's journey toward a \$5 trillion economy.

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**UPSC Prelims Exam Practice Question**

**Ques: With reference to Global Capability Centres (GCCs), consider the following statements:**

1. GCCs in India primarily focus on low-end back-office processing tasks.
2. Many GCCs now handle end-to-end product lifecycle management.
3. They function as Centres of Excellence (CoEs) for finance, legal and R&D functions.

**Which of the statements given above is/are correct?**

- (a) 2 and 3 only
- (b) 1 only
- (c) 1 and 2 only
- (d) 1, 2 and 3

**Ans: a)**

**UPSC Mains Exam Practice Question**

**Ques: What are Global Capability Centres (GCCs)? How are they different from traditional back-office centres? (250 words)**

**Page 09 : GS III : Indian Economy / Prelims Exam**

Inflation measurement in India has undergone a "re-alignment." Using data from the Household Consumption Expenditure Survey (HCES), the new CPI (Base 2024) provides a more accurate "signal" by increasing the weight of services and housing while reducing the dominance of food.

*A new CPI base, a clearer inflation signal*

Under the new CPI, when States such as Telangana, Kerala, Tamil Nadu, Rajasthan, and Karnataka show higher inflation, it points to rising costs in services

**DATA POINT**

Chandrasekar K.

India's inflation index has been updated to reflect better how households allocate their spending today. Under the earlier Consumer Price Index (CPI), consumption was grouped into six broad categories, with a wide range of everyday services – such as health, education, transport, and personal care – aggregated into a single head. The revised CPI, shown in **Chart 1**, re-organises the basket into 12 distinct categories in accordance with the Classification of Individual Consumption According to Purpose (COICOP) 2018. This improves the visibility of individual components of household expenditure. As a result, the weight of food has declined, while housing and services account for a larger share, in line with long-term changes in consumption patterns. The revision does not alter what households spend; it refines how that spending is measured for inflation.

The intellectual foundation of this approach dates back more than two centuries. In 1822, Joseph Lowe developed the idea of measuring inflation in England during the Napoleonic wars, arguing that treating all prices equally was mistaken and that goods and services should be weighted according to their importance in the everyday consumption. The modern Consumer Price Index continues to follow this principle: prices change, but the basket remains fixed for a given base period. The latest revision updates the basket using Household Consumption Expenditure Survey (HCES) data and aligns weights with current spending patterns. How this works in practice is illustrated in **Chart 2**.

What does CPI General (Combined) mean? **Chart 2** shows the monthly trends of CPI General

(Combined), with the base year at 2024. When the report states that the CPI General (Combined) stood at 104.46 in January 2026, consider a simple example. Let us suppose Usha bought a fixed basket of goods in the same proportions covering all 12 CPI categories for ₹100 in January 2024. This year is treated as the base year, so CPI 2024 is set at 100. When Usha returns to the market in January 2026 and buys the same basket of goods in the same quantities, she now has to pay ₹104.46. That is why the CPI for January 2026 is shown as 104.46. In plain terms, CPI 104.46 means that the same basket of goods that cost ₹100 in the base year now costs ₹104.46. Therefore, the CPI indicates how expensive life has become compared to the base year. It reflects the price level, not how fast prices are rising. The inflation rate explains the pace of price increases. Using the same example, an inflation rate of 2.75% compares prices in January 2026 with prices in January 2025, not with the base year. If Usha bought the same basket for about ₹101.60 in January 2025 and it now costs ₹104.46 in January 2026, the increase over one year is 2.75%. This is why inflation is reported at 2.75%. Simply put, the inflation rate shows how fast prices have risen over the past year. It does not indicate how expensive things already are; it only shows how quickly prices have gone up recently.

**Chart 3** highlights the top five States (with a population above 50 lakh as per the last conducted Census in 2011) recording the highest inflation in January 2026 – Telangana, Kerala, Tamil Nadu, Rajasthan, and Karnataka. This reflects structural differences in household spending that are captured more clearly under CPI 2024. With the revised index reducing the weight of food and raising the weight of housing and services – based on updated Household Consumption Expenditure Survey data – price pressures in non-food

categories now have a greater influence on headline inflation.

In services-intensive States such as Telangana, Kerala, Tamil Nadu, and Karnataka, higher costs for housing, health, education, transport, and personal services translate more directly into higher inflation. Telangana recorded an inflation of 5% last month. The figures are followed by Kerala and Tamil Nadu, which recorded an inflation of 3.67% and 3.36%, respectively.

Rajasthan's inclusion among the higher-inflation States is linked to a key methodological change: CPI 2024 explicitly includes rural housing and utilities, which were not fully captured earlier, thereby correcting an understatement of non-food inflation in largely rural States. Rajasthan recorded an inflation of 3.17% in January this year.

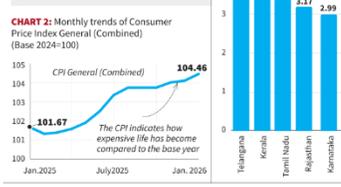
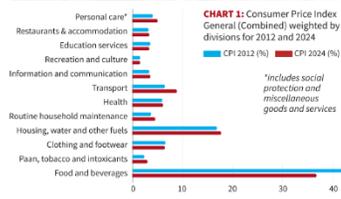
Overall, the chart shows that under the new CPI, State-level inflation is shaped less by food price movements alone and more by differences in consumption structure, a contrast that was less visible under the earlier CPI base.

It also helps explain how the Reserve Bank of India looks at inflation. Under the new CPI, when States such as Telangana, Kerala, Tamil Nadu, Rajasthan, and Karnataka show higher inflation, it points to rising costs in services such as rent, health care, education and transport, not just short-term food price changes. This is important for the RBI because food prices often rise and fall quickly, while service prices generally remain high for longer. The CPI 2024 thus enables the RBI to judge whether price pressures are transitory or persistent, a key input for interest-rate decisions.

Chandrasekar K. is with the Indian Statistical Service. The views expressed are personal. Both the figures CPI General (Combined) and the inflation rate of January 2026, using which calculations were made, are only provisional figures

**A revised basket**

The data for the charts were sourced from the Ministry of Statistics and Programme Implementation (MOSPI)



**Key Structural Changes: From COICOP 6 to 12**

The most significant change is the reorganization of the "basket" of goods and services.

**Granularity:** Previously, everyday services (health, education, transport) were lumped into one broad category. The new index follows the COICOP 2018 (Classification of Individual Consumption According to Purpose) standards, breaking the basket into 12 distinct categories.

**Weightage Shift:** \* Food: Weight has declined (reflecting Engel's Law: as income rises, the proportion of income spent on food falls).

**Services & Housing:** Weight has increased (reflecting higher spending on health, education, and lifestyle).

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# Daily News Analysis

**Rural Inclusion:** For the first time, rural housing and utilities are explicitly captured, correcting previous understatements of inflation in rural-heavy states like Rajasthan.

## Understanding the Numbers: CPI vs. Inflation Rate

It is vital for aspirants to distinguish between the Index and the Rate:

**CPI Index (Level):** Tells you "how expensive" life is compared to the base year (2024).

**Example:** A CPI of 104.46 in January 2026 means the ₹100 basket from 2024 now costs ₹104.46.

**Inflation Rate (Pace):** Tells you "how fast" prices are rising year-on-year.

**Example:** Comparing January 2026 to January 2025 gives the 2.75% inflation rate.

## Regional Disparities: The "Services-Intensive" States

The new base reveals that inflation is now driven by Consumption Structure rather than just monsoon-led food shocks.

Top Inflation States (Jan 2026)	Inflation Rate (%)	Primary Drivers
Telangana	5.00%	High service costs (Rent, Education, Health).
Kerala	3.67%	High literacy/health awareness leads to higher service spends.
Tamil Nadu	3.36%	Urbanization and transport costs.
Rajasthan	3.17%	New inclusion of rural housing/utility data.
Karnataka	(High)	Tech-driven service economy inflation.

## Implications for Monetary Policy (RBI)

The RBI's Monetary Policy Committee (MPC) now has a "clearer signal" for its interest rate decisions:

**Volatile vs. Persistent:** Food prices are transitory (highly volatile). Service prices (Education, Rent) are sticky (they stay high once they rise).

**Core Inflation focus:** By giving more weight to services, the new CPI helps the RBI identify "persistent" price pressures, allowing for more stable interest rate planning.

## Conclusion

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The 2024 CPI base is a victory for data-driven policymaking. It acknowledges that the Indian consumer is no longer just "eating," but is actively investing in "living"—spending on health, travel, and technology.

### UPSC Prelims Exam Practice Question

**Ques:** With reference to the Consumer Price Index (CPI) Base 2024, consider the following statements:

1. The new CPI follows COICOP 2018 classification standards.
2. The weight of food items has increased significantly in the new index.
3. Rural housing expenditure has been explicitly included in the revised basket.

**Which of the statements given above is/are correct?**

- (a) 1 and 3 only
- (b) 2 only
- (c) 1 only
- (d) 1, 2 and 3

**Ans: a)**

### UPSC Mains Exam Practice Question

**Ques:** Examine how the re-alignment of CPI weights affects the conduct of monetary policy by the RBI. **(250 Word)**

**Page : 08 : Editorial Analysis**

# Parliament's historic law, an extended wait for women

**W**hen Parliament passed the Women's Reservation Act in September 2023, millions of Indian women believed that their moment had finally arrived. One-third of all Lok Sabha and State Assembly seats would be reserved for them. The legislation was hailed as a historic victory for gender justice, ending decades of parliamentary stalemate. But the Act contains a clause that changes everything: reservation will begin only "after the first Census taken after the year 2026" and the subsequent delimitation of constituencies. Thus, on the Act's own terms, implementation in 2029 is constitutionally impossible.

This is not a political prediction. It is a legal and logistical certainty. The next general election will be held in 2029 – before the constitutional prerequisites can be completed. Unless Parliament amends the Constitution again, Indian women cannot exercise their guaranteed representation until at least 2034.

## The constitutional roadblock

The timeline is unforgiving. The Act mandates two sequential steps: first, a national Census; second, a delimitation exercise based on that Census data. Both are constitutionally required. Neither can be bypassed.

The next Census is scheduled for 2027. After enumeration, the data must be verified, compiled, and officially published – a process that, historically, has taken between 12 to 18 months. Only after official publication can the President of India constitute a Delimitation Commission under Article 82.

That Commission then faces an unprecedented task: redrawing 543 parliamentary constituencies and over 4,000 State Assembly constituencies. As this writer examined in these pages recently, the Commission must balance population distribution, administrative boundaries, geographic compactness, community representation, and the creation of reserved constituencies for Scheduled Castes, Scheduled Tribes, and now women.

India has constituted four Delimitation Commissions since Independence. Not one completed its work in fewer than three years. The most recent, established in 2002, took six years – and it was an exercise which only redrew internal boundaries without reallocating seats among States. The next Commission will be far more complex, reallocating seats among States for the first time since 1976 while implementing women's reservation simultaneously.

Even on the most optimistic timeline – Census completed in 2027, data published by early 2029, the Commission working with unusual speed – delimitation cannot conclude before 2032 or 2033. But these days, anything is possible. Without a new constitutional amendment removing the Census-delimitation linkage,



**S.Y. Quraishi**

is a former Chief Election Commissioner of India and the author of 'An Undocumented Wonder: The Making of the Great Indian Election'

women's reservation cannot be implemented in 2029. Was this delay accidental or by design? The political arithmetic provides the answer. If reservation was implemented immediately within the existing 543-seat Lok Sabha, 181 constituencies would become women-only, displacing an equal number of male incumbents overnight. No political party wanted to bear that electoral cost.

The solution was elegant in its political logic: tie reservation to delimitation. After the 2027 Census, when constituencies are redrawn, the total number of Lok Sabha seats is expected to increase substantially – possibly to around 800, perhaps even 888. With an enlarged House, one-third of seats can be reserved for women without displacing current male Members of Parliament.

The political pain is absorbed by expansion rather than replacement. This explains the mechanism. It does not justify the consequence: another decade-long delay for half of India's population.

## A history of waiting

Indian women have already waited several years for this legislation. The first Women's Reservation Bill was introduced in 1996. It was debated, amended, reintroduced, and blocked repeatedly. The Bill lapsed with successive Lok Sabhas. It passed the Rajya Sabha in 2010 but never came to a vote in the Lok Sabha.

The 2023 Act was supposed to end that wait. Instead, it has extended it. If delimitation is completed in 2032 or 2033, reservation will apply only from the 2034 general election. Women who celebrated the Act's passage in 2023 will wait through another full election cycle before they can contest a single reserved seat.

By tying women's representation to delimitation, the Act has entangled gender justice with India's most divisive demographic issue: the north-south seat distribution imbalance. When delimitation occurs, States with faster population growth will demand significantly more parliamentary seats. States that invested in population control will see their proportional representation decline. This tension is precisely why delimitation was frozen in 1976 and extended in 2001. By linking women's reservation to this unresolved federal arithmetic, Parliament has placed women's rights hostage to a debate that has paralysed consensus for half a century. This deadlock could further delay delimitation – and with it, women's reservation.

Why should half of India's citizens wait for an exercise that has nothing to do with gender equality? The constitutional timeline is not the only problem. The Act leaves critical design questions unanswered.

First, why does reservation exclude the Rajya Sabha and State Legislative Councils? The Act applies only to directly elected lower houses.

Second, the Act provides no sub-reservation for Other Backward Class (OBC) women, even though Scheduled Caste and Scheduled Tribe women receive proportional sub-quotas. OBC women constitute nearly 40% of India's female population.

Third, the Act mandates that reserved constituencies will rotate after each general election but offers no operational clarity. Will women candidates shift constituencies every five years? How will rotation work when delimitation itself reshuffles boundaries?

These unanswered questions compound the implementation crisis. Without clear rules, political parties will exploit ambiguities, legal challenges will multiply, and women candidates will bear the costs.

## A straightforward solution

The constitutional barrier is real, but not inevitable. Parliament created it; Parliament can remove it.

There is no constitutional necessity tying women's reservation to delimitation. Article 15(3) already empowers the State to make "special provisions" for women and children. Parliament can exercise that power again to enable immediate implementation.

The solution is straightforward: amend the Constitution to permit reservation before delimitation, either by modestly expanding the Lok Sabha immediately or by applying reservation within current constituencies for two election cycles.

Alternatively, Parliament could expand the House incrementally – adding 180 seats earmarked exclusively for women – before full delimitation concludes. This would deliver on the reservation promise while avoiding displacement of incumbents.

None of these approaches is technically impossible. What is required is political will.

The government must clarify its road map now. Will it delink reservation from delimitation through amendment? Will it expand the Lok Sabha preemptively? Will it freeze State-wise seat allocation to prevent the north-south debate from derailing women's representation?

Parliament must also address the design gaps: extend reservation to the Upper Houses, include OBC sub-reservation, and publish clear rotation rules developed in consultation with women's organisations and constitutional experts.

Above all, Parliament must recognise one principle: representation delayed is representation denied.

India cannot afford another historic law that waits endlessly to take effect. If reservation is a constitutional promise – and the 2023 Act declares that it is – then it must now become a constitutional reality. Not in 2034. Not after another election cycle. Now.

India's women have waited long enough.

To tie the Women's Reservation Act – a constitutional promise – to delimitation fails India's women

**GS Paper II : Indian Polity**

**UPSC Mains Practice Question:** Explain why the implementation of the Women's Reservation Act is linked to Census and delimitation. **(250 Words)**

**Context :**

The Women's Reservation Act (Nari Shakti Vandan Adhiniyam), passed in September 2023, was hailed as a landmark for gender parity. However, as former Chief Election Commissioner S.Y. Quraishi points out, constitutional and logistical entanglements mean that the "guaranteed" representation remains a distant reality.

**1. The Constitutional Paradox**

The Act contains a unique "sunset and sunrise" clause: reservation will only be implemented **after** a new Census is conducted and the subsequent **delimitation** (redrawing of boundaries) is completed.

**The Timeline Trap:** \* **Census:** Scheduled for 2027. Data publication likely by 2028-29.

**Delimitation:** Historically, Delimitation Commissions take 3–6 years to conclude.

**The Result:** Implementation by the 2029 General Election is "logistically impossible." The earliest likely date is **2034**.

**2. Why the Linkage? Political Arithmetic**

The author suggests the link between reservation and delimitation was a strategic choice to avoid "incumbency displacement."

**Expansion vs. Replacement:** Reserving 1/3rd of the current 543 seats would displace 181 sitting male MPs.

**The "Elegant" Solution:** By waiting for delimitation, the Lok Sabha size could increase (potentially to 888 seats). In an expanded house, 1/3rd can be reserved for women without reducing the absolute number of seats available for men.

**3. Major Concerns and Roadblocks**

**A. The North-South Divide**

Delimitation is India's most sensitive federal issue. States in the South (which successfully implemented population control) fear losing parliamentary weight to Northern states with higher population growth. By tying women's reservation to this "demographic deadlock," the Act risks being stalled by federal disputes.

**B. Design Gaps**

**Exclusion of Upper Houses:** The Act does not apply to the Rajya Sabha or State Legislative Councils.

**The "Quota within Quota" Debate:** Unlike SC/ST women, there is no specific sub-quota for **OBC women**, who form a significant portion of the population.

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**Operational Ambiguity:** The "rotation of seats" after every election lacks a clear roadmap, potentially preventing women from building long-term constituencies.

#### 4. Proposed Solutions

Quraishi argues that "representation delayed is representation denied" and suggests Parliament can bypass these hurdles:

**Constitutional Amendment:** Delink reservation from delimitation. Article 15(3) already allows the State to make special provisions for women.

**Interim Expansion:** Add 180 seats specifically for women immediately, before the full delimitation exercise concludes.

**Fiscal/Federal Certainty:** Freeze state-wise seat quotas to prevent the North-South debate from sabotaging women's rights.

#### Conclusion

The Women's Reservation Act 2023 is a moral victory but a procedural maze. For the UPSC, this illustrates the tension between **Social Justice** and **Political Realism**. While the law exists on paper, its realization depends on navigating the complex waters of the Census, Delimitation, and Federalism.