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BRICS in a fragmented world order, a test of relevance

Prelims: General Paper 1

Current events of national and international importance.

Mains: General studies 2

Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.

Why in Focus?

- The **18th BRICS Summit** was held in New Delhi on **12-13 September 2026** under India's chairmanship. The summit adopted the **New Delhi Declaration** unanimously, highlighting cooperation among member countries and the need to reform global institutions.

BRICS is a grouping of major **emerging economies** that aims to increase cooperation in areas such as **economy, trade, finance, development and global governance**. Originally founded by **Brazil, Russia, India, and China in 2009**, the coalition added South Africa in 2010 to form the acronym. As of 2026 : Brazil, China, Egypt, Ethiopia, India, Indonesia, Iran, Russia, Saudi Arabia, South Africa, United Arab Emirates.

Key Highlights

- The declaration called for reforms in the **United**

Nations (UN), International Monetary Fund (IMF) and World Bank to give developing countries a greater voice in global decision-making.

- BRICS supported trade in **local currencies**, connected cross-border payment systems and the **BRICS Economic Partnership Strategy 2030** to strengthen economic cooperation.
- It supported the **World Trade Organization (WTO)** and a **rules-based international trading system** to ensure fair and predictable global trade.
- The summit called for **dialogue and diplomacy** to resolve conflicts. It also supported de-escalation in West Asia, **humanitarian assistance to Gaza** and the rights of the Palestinian people.
- It recognised the potential of **Artificial Intelligence (AI)** to promote economic growth, improve public services and support sustainable development. It called for international cooperation in **AI governance, research and skill development**.
- The declaration addressed common concerns such as **climate change, energy security, healthcare and food security**.
- The summit reflected India's approach of **strategic autonomy** (making independent foreign policy decisions), **multi-alignment** (maintaining relations with different powers) and promoting a **multipolar world** (a world with several centres of power).



Implications

- Despite repeated demands, developing countries still lack **adequate representation** in the UN, IMF and World Bank.
- China's much larger **economic and political influence** creates an imbalance within BRICS and may affect the interests of other members.
- **Border disputes and a lack of mutual trust between India and China** make it difficult for both countries to cooperate fully, despite their membership in BRICS.
- BRICS members have **different political priorities and foreign policy goals**. Therefore, reaching a common position does not always lead to joint action.
- BRICS has not become a **deeply integrated economic bloc**, and its members continue to depend significantly on existing global financial systems.
- Countries increasingly prefer **flexible partnerships based on specific interests** rather than long-term alliances. This may limit BRICS' ability to address global problems and remain relevant.

Way Forward

- Set **clear targets and timelines** to ensure that summit declarations lead to practical results.
- Increase the **representation of developing countries** in international decision-making bodies through reforms in global institutions.
- Expand **local-currency trade, cross-border payment systems, investment and technological cooperation** to strengthen economic integration.
- Promote **dialogue and confidence-building measures** among members, especially India and China, to manage differences peacefully.
- Develop joint initiatives in **climate change, healthcare, food security and technology** while respecting the sovereignty and interests of all members.

Mains Question

"BRICS has the potential to promote a multipolar world and strengthen the voice of developing countries, but internal differences and unequal power relations limit its effectiveness." Discuss in

the context of the 18th BRICS Summit. (15 marks, 250 words)

India's 'WorldSkills' medals reflect patient investment

Prelims : General Studies Paper I

Indian Polity and Governance-Constitution, Political System, Panchayati Raj, Public Policy, Rights Issues, etc.

Mains: General Studies 2

Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Why in Focus?

- India finished **10th at the 48th WorldSkills Competition 2026** in Shanghai, its **best-ever performance**.
- The achievement highlights the need to give **skill-based careers** the same importance as academic education.

Key Highlights

- **WorldSkills Competition** is held every two years and is often called the "**Olympics of skills**", with over 1,400 participants from around 70 countries and regions.
- India improved from **39th in 2011** to **10th in 2026**.
- India won **6 silver medals** and **20 Medallions for Excellence**, taking its total to **26 awards**, its highest-ever haul.
- India sent its largest team of **70 competitors across 63 skills**.
- India competed in **11 skills for the first time**, including dental prosthetics, digital interactive media design and retail sales.
- More than **3.65 lakh young people** registered for IndiaSkills across 63 skills.
 - ◆ The selection process moved from **district and State levels** to regional competitions and finally the national finals.
- The effort involved the **Ministry of Skill Development and Entrepreneurship, National Skill Development Corporation and State governments**, along with industry experts.



- The **PM-SETU scheme** is an example of large-scale investment in skills.
 - ◆ It has an outlay of **₹60,000 crore** to upgrade **1,000 government Industrial Training Institutes (ITIs)** into 200 hubs and 800 spokes.
- The idea of **“Skill-Ex”** highlights deliberate investment in skilled manpower, alongside **Capital Expenditure (Capex)** and **Operational Expenditure (Opex)**.
- The **Bhagavad Gita** emphasises that excellence in one’s own work can itself be a form of **devotion and virtue**.

Implications

- Greater recognition of skills can improve the **social status of vocational careers**.
- Strong skilling can support **employability, productivity and industrial competitiveness**.
- Industry-linked training can reduce the **skill gap** between education and employment.
- Investment in skilled manpower can improve the productivity of India’s **physical and technological infrastructure**.
- Success in global skills competitions can strengthen India’s potential to become a **global skills hub**.

Way Forward

- Give **vocational education and skill-based careers** greater social recognition.
- Expand **industry-linked skill training** and apprenticeships.
- Strengthen **ITIs and skill-development institutions** with modern technology and equipment.
- Increase private-sector investment in **Skill-Ex** alongside Capex and Opex.
- Create stronger pathways from **district-level talent identification to global skill competitions**.

Mains Question

India’s performance at the WorldSkills Competition highlights the importance of skilled manpower for economic development. Discuss the measures needed to strengthen India’s skilling ecosystem. (250 words)

Delivery completed: On the GST Council meet, reforms

Prelims : General Studies Paper I

Indian Polity and Governance-Constitution, Political System, Panchayati Raj, Public Policy, Rights Issues, etc.

Mains: General Studies 2

Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Why in Focus?

- The **57th GST Council meeting** introduced major reforms aimed at simplifying **GST compliance and administration**.
- The reforms signal greater **trust in taxpayers** and reduced concern over tax revenue collection.

Key Highlights

- GST administration is moving from a **“guilty until proven innocent”** approach towards greater trust in compliant taxpayers.
- Reforms cover the entire GST process, including **registration, return filing, refunds and litigation**.
- **Automated registration** and computer-based refund verification aim to reduce human discretion.
- Small businesses will have to **file returns less frequently**, reducing their compliance burden.
- GST officers’ powers have been **significantly reduced**, including the removal of their **arrest powers**.
- A committee will find a solution to the **Input Tax Credit (ITC)** issue, where businesses were denied credit until their suppliers filed returns.
 - ◆ **Input Tax Credit (ITC)** allows a business to **claim credit for GST paid on business purchases such as raw materials, goods and services**, reducing the GST it has to pay on its sales.
- Rules for **inspection, searches and seizure of consignments** will be tightened to reduce taxpayer harassment.
- GST rates will be reviewed **once a year**, with changes implemented only at the beginning of a financial year.



- Earlier rate rationalisation had already **reduced the number of GST slabs**, helping simplify the tax structure.
- These reforms aim to make GST more **predictable, transparent and taxpayer-friendly**.

Implications

- Reduced compliance requirements can lower the **cost of doing business**.
- Greater automation can reduce **human discretion and taxpayer harassment**.
- Easier access to **Input Tax Credit** can improve business **working capital**.
- Predictable rate changes can provide greater **certainty for businesses**.
- Reduced enforcement powers can strengthen **taxpayer confidence** while allowing action against proven non-compliance.

Way Forward

- Complete the reform of **Input Tax Credit** mechanisms within the proposed timeline.
- Strengthen **technology-based and faceless GST administration**.
- Maintain a balance between **taxpayer trust and effective enforcement**.
- Regularly review compliance requirements to reduce unnecessary **regulatory burden**.
- Ensure that GST reforms improve both **ease of doing business and tax compliance**.

UPSC Mains Question

The recent GST reforms indicate a shift from enforcement-driven taxation towards taxpayer-centric administration. Discuss the significance of this approach for India's tax system. (250 words)

KEYWORDS

Cash Reserve Ratio (CRR)

- **Cash Reserve Ratio (CRR)** represents the **mandatory minimum percentage** of a commercial bank's total deposits, formally known as **Net Demand and Time Liabilities (NDTL)**, that must be securely parked with the **Reserve Bank of India (RBI)** in the form of liquid cash.
- This mandatory cash deposit is legally required under the **RBI Act, 1934**, and banks **do not earn interest** from the RBI on this money.
- The RBI uses CRR as a **monetary policy tool** to control inflation. By **increasing the CRR**, the RBI leaves banks with **less money available for lending**, which can reduce credit creation and public spending and help **control inflation**.
- The **prescribed CRR rate is 3.00% of NDTL**, requiring banks to maintain this proportion of their liabilities with the RBI. The rate may be revised by the RBI as part of its **monetary policy**.

PM-SETU Scheme

- PM-SETU (Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs) is a **Centrally Sponsored Scheme launched by the Ministry of Skill Development and Entrepreneurship (MSDE)**.
- It aims to **upgrade 1,000 Government Industrial Training Institutes (ITIs)** into modern, industry-aligned institutions.
- It has a **total outlay of ₹60,000 crore over five years**: ₹30,000 crore from the Centre, ₹20,000 crore from States and ₹10,000 crore from industry.
- **Component I**: Upgradation of 1,000 Government ITIs. **Component II**: Capacity augmentation of five National Skill Training Institutes (NSTIs) and establishment of five National Centres of Excellence for Skilling.
- The scheme promotes **industry-led training, modern equipment,**

updated curricula and improved employability, with a target of skilling 20 lakh youth over five years.

Nobel Peace Prize

- **Alfred Nobel**, a Swedish businessman, left his fortune in his will of 1896 to establish prizes recognising contributions that benefit humanity.
- He directed that his remaining fortune of 31.5 million Swedish kronor be invested, with its annual interest distributed as prizes.
- The Nobel Peace Prize is awarded by a committee of five members selected by the Norwegian Parliament (Storting).
- The Norwegian Storting accepted this responsibility in 1897, and the Nobel Committee was established in the same year.
- The first Nobel Prizes were awarded in 1901.
- The first Nobel Peace Prize (1901) was jointly awarded to Frédéric Passy of France and Henry Dunant of Switzerland.
- South African jurist Navi Pillay won the 2026 Nobel Peace Prize for promoting peace and international law.

Places in News

Riyadh

- **Riyadh** came into focus following reported strikes on King Khalid International Airport and a Saudi aircraft amid escalating regional hostilities involving Yemen's Houthi rebels. It is also associated with regional security and defence cooperation.
- **Riyadh is the capital and largest city of Saudi Arabia**, located in the historic central region of **Najd**, on a vast sedimentary plateau.
- The city has an **extremely hot desert climate** (BWh under the Köppen climate classification), with very low rainfall and high summer temperatures. Due to the absence of perennial rivers, Saudi Arabia relies heavily on **desalination** to meet its water needs.
- Riyadh is a major centre for **Middle Eastern diplomacy, regional security and energy policymaking**. It hosts the headquarters of the **Gulf Cooperation Council (GCC)**, while Saudi Arabia plays an important role in the **Organisation of the Petroleum Exporting Countries (OPEC)** and OPEC+.
- Under **Saudi Vision 2030**, Riyadh is a key hub for economic diversification through infrastructure development, foreign investment, tourism and efforts to reduce dependence on **oil revenues**.

