DAILY CURRENT AFFAIRS

1.BRICS and EU's Carbon Border Adjustment Mechanism (CBAM)
2.MMDR Amendment Act, 2026
3.SHANTI Act and India's Nuclear Energy Rules
4.RBI and FCNR(B) Swap Facility
5.India's Coconut Sector

1.BRICS and EU's Carbon Border Adjustment Mechanism (CBAM)

Source: The Hindu

Why in News?

BRICS countries have opposed the European Union's Carbon Border Adjustment Mechanism (CBAM), describing it as punitive, unilateral, discriminatory and protectionist, and called for greater adaptation finance for developing countries.

BRICS Concerns over CBAM

- The BRICS Environment Ministers criticised CBAM for potentially creating additional trade barriers for developing countries.
- The BRICS statement argued that such unilateral climate measures could constrain developing countries' efforts towards climate mitigation and climate resilience.
- The EU introduced CBAM to address carbon leakage, where carbon-intensive production may shift to countries with less stringent climate regulations.
- CBAM entered its definitive phase on January 1, 2026, covering carbon-intensive imports such as iron, steel and cement.
- India is particularly exposed to CBAM because iron and steel account for around 90% of India's trade with the EU that is affected by the mechanism.
- Evidence during the CBAM reporting phase indicated that some high-emission Indian steel firms reduced their exports to the EU, while lower-emission firms maintained their export levels.

Key Fact

Saudi Arabia was invited in 2024 but as of mid-2026, it maintains a unique status, participating in activities while still "evaluating" full formal accession.

The Evolution of BRICS
BRICS began as an acronym coined by Goldman Sachs (Jim O'Neill) in 2001 to identify high-growth emerging economies. It formalized in **2006** and held its first summit in **2009**.
Membership Status (2026)
Following major expansion rounds, the bloc now includes:

- **Original Members:** Brazil, Russia, India, China, and South Africa.
- **2024 Entrants:** Egypt, Ethiopia, Iran, and the United Arab Emirates (UAE).
- **2025 Entrant: Indonesia**, which became the first Southeast Asian member.
- **Partner Countries:** A new "Partner" tier was introduced in 2025, including nations like Belarus, Malaysia, Nigeria, Thailand, and Vietnam, allowing for cooperation without full membership.

India's 2026 Chairmanship
India is currently chairing BRICS for the fourth time (previous years: 2012, 2016, 2021). The **18th BRICS Leaders' Summit** is scheduled to take place in **New Delhi on September 12–13, 2026**.
Key Pillars of India's 2026 Presidency:

- **Resilience:** Strengthening supply chains and health systems.
- **Innovation:** Promoting Digital Public Infrastructure (DPI) and AI ethics.
- **Cooperation:** Deepening trade in local currencies.
- **Sustainability:** Focusing on green finance and climate action.

Demand for Climate Finance

- The BRICS countries called on developed countries to substantially increase adaptation finance for developing nations.
- The proposed financial support should be new, additional, predictable, adequate and accessible.
- The BRICS statement emphasised that such support should primarily be provided through grants and concessional finance.
- The ministers urged developed countries to fulfil the commitment made at COP30 in 2025 to triple adaptation finance for developing countries by 2035.

UPSC Prelims Question

Consider the following statements regarding the European Union's Carbon Border Adjustment Mechanism (CBAM):

1. It aims to address the problem of carbon leakage.
2. It applies to certain carbon-intensive products imported into the European Union.
3. It entered its definitive phase in January 2026.

Which of the statements given above is/are correct?

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

Answer: (d)

UPSC Mains Question

What are the concerns of developing countries regarding the European Union's Carbon Border Adjustment Mechanism? Discuss the need for greater climate adaptation finance to ensure equity in global climate action.

2.MMDR Amendment Act, 2026

Source: Mines and Minerals (Development and Regulation) Amendment Act, 2026

Why in News?

The MMDR Amendment Act, 2026 amends the Mines and Minerals (Development and Regulation) Act, 1957 to establish a more uniform fiscal framework for the mineral sector, improve mining viability, attract investment and strengthen India's mineral security.

Key Provisions

- The amendment introduces Section 9D, which restricts State Governments from imposing fresh taxes, levies or charges on mineral rights or mineral-bearing lands, except under conditions prescribed by the Central Government.
- The Act also invalidates past unpaid State levies on mineral rights, thereby seeking to provide greater certainty to mining companies.
- The reform addresses the multiplicity of State-level taxes, charges and fees that had increased mining costs and created differences in the fiscal burden across States.
- The new framework aims to make the mineral sector more predictable for investors and improve the economic viability of domestic mineral extraction.

Significance for Mineral Security

- The reform is particularly important for critical and strategic minerals whose high extraction costs and varying State levies could make domestic mining economically unviable.
- Greater domestic production can help reduce India's dependence on imported minerals, with mineral imports valued at ₹10,12,529 crore in FY 2025–26.

- The reform complements the National Critical Mineral Mission, approved in January 2025 with an outlay of ₹16,300 crore, which seeks to strengthen exploration, processing and supply security for critical minerals.
- Khanij Bidesh India Limited (KABIL) is also pursuing overseas mineral resources, including lithium exploration rights in Argentina, as part of India's strategy to diversify mineral supplies.

The **Mines and Minerals (Development and Regulation) (MMDR) Act, 1957** is the primary legal framework governing the mining sector in India. It regulates the grant of mineral concessions, safety, and the systematic development of mines.
The Act has undergone significant shifts—transitioning from a discretionary regime to a transparent, auction-led system—to ensure mineral security and boost the economy.

⚖️ **Core Statutory Framework**

The Act divides minerals into two categories for regulatory purposes:

- **Major Minerals:** (e.g., Coal, Iron Ore, Bauxite, Gold) Regulated primarily by the **Central Government** regarding rules and policy, though the State Government grants the actual lease.
- **Minor Minerals:** (e.g., Building stone, gravel, sand) The **State Government** has the full power to frame rules, grant concessions, and collect royalties.

Impact on States and Mining Sector

- The reform seeks to balance mining viability with State revenues, even though States account for nearly 90% of mining revenue.
- State revenues from mineral production have increased substantially since 2014, registering a reported growth of 354%.
- Earlier reforms such as competitive e-auctions have also expanded the mining sector, with 723 major mineral blocks auctioned across 17 States.
- Mining-affected communities continue to receive welfare support through the District Mineral Foundations (DMFs) and the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY).

UPSC Prelims Question

Consider the following statements regarding the MMDR Amendment Act, 2026:

1. It amends the Mines and Minerals (Development and Regulation) Act, 1957.
2. It introduces Section 9D to restrict fresh State-level levies on mineral rights.
3. It seeks to establish a more predictable fiscal framework for mineral extraction.

Which of the statements given above is/are correct?

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

Answer: (d)

UPSC Mains Question

How can a uniform fiscal framework for the mineral sector strengthen India's mineral security and attract investment? Discuss the implications of the MMDR Amendment Act, 2026 for States, mining companies and critical mineral supply chains.

3.SHANTI Act and India's Nuclear Energy Rules

Source: The Hindu

Why in News?

The Department of Atomic Energy has proposed rules requiring foreign nuclear technologies used in India to have design certification from their country of origin and to be operational either there or elsewhere. This requirement could favour Russia, which already has operational Small Modular Reactor (SMR) technology.

Key Provisions

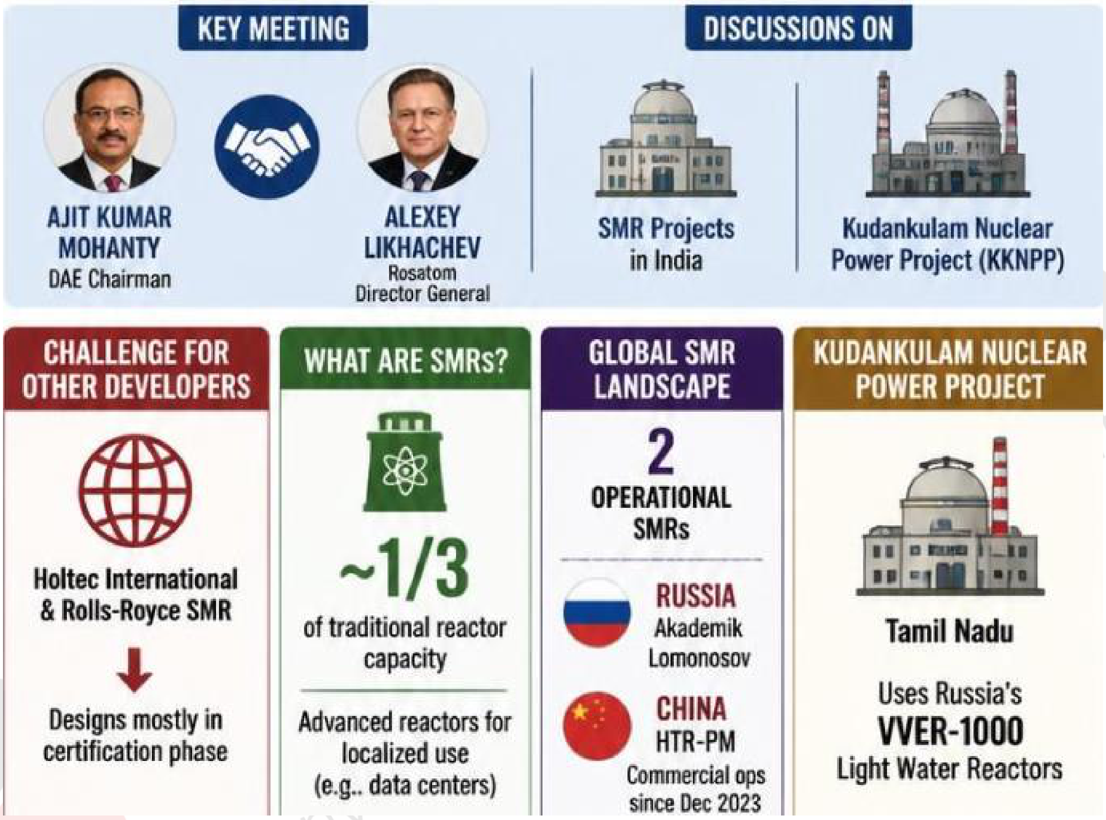
- The draft rules require foreign nuclear reactor designs proposed for Indian power plants to possess certification from the country where the technology originated.
- The technology must also have been demonstrated through an operational reactor either in its country of origin or elsewhere.
- The requirement could advantage established nuclear technology providers with operational reactor designs over companies whose SMRs are still undergoing certification.
- Small Modular Reactors are advanced nuclear reactors with a smaller generating capacity than conventional reactors and are designed for applications requiring relatively compact and flexible power generation.

Why Russia Could Benefit?

- Russia has an operational SMR in the form of the Akademik Lomonosov, a floating nuclear power station supplying electricity and heating to Pevek in the Arctic.
- Russia's Rosatom is therefore better positioned to meet the proposed certification and operational-status requirements for SMRs.

- Other developers, including Holtec International and Rolls-Royce SMR, have reactor designs that are largely still in the certification phase.
- Russia also has extensive experience with conventional reactors, including VVER-1000 reactors used in India's Kudankulam Nuclear Power Project.
- Discussions are underway regarding serial construction of Russia's VVER-1200 reactors and Russian-designed SMRs in India.

India-Russia



Nuclear Cooperation

- The Kudankulam Nuclear Power Project in Tamil Nadu remains a major example of long-standing Indo-Russian nuclear cooperation.
- Kudankulam uses Russia's VVER-1000 pressurised water reactor technology.
- Recent discussions between Department of Atomic Energy Chairman Ajit Kumar Mohanty and Rosatom Director General Alexey Likhachev have included SMR projects and the future of the Kudankulam project.
- Russia's expertise in floating nuclear power plants could also open a new area of cooperation as India explores diverse nuclear technologies.

UPSC Prelims Question

Consider the following statements regarding Small Modular Reactors (SMRs):

1. SMRs are designed with a smaller generating capacity than conventional large nuclear reactors.
2. Akademik Lomonosov is a Russian floating nuclear power station.
3. Kudankulam Nuclear Power Project uses Russia's VVER-1000 reactor technology.

Which of the statements given above is/are correct?

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

Answer: (d)

UPSC Mains Question

India's emerging nuclear regulatory framework could influence the choice of foreign reactor technologies. Discuss how certification and operational-status requirements may affect India's nuclear cooperation and the development of Small Modular Reactors.

4.RBI and FCNR(B) Swap Facility

Source: Indian Express

Why in News?

The Reserve Bank of India has prematurely closed its concessional swap facility for Foreign Currency Non-Resident (Banks) [FCNR(B)] deposits after banks mobilised $52.3 billion, with bankers describing the move as a prudent step in managing foreign currency liabilities.

Key Features of FCNR(B) Deposits

- The FCNR(B) scheme allows Non-Resident Indians (NRIs) to maintain fixed deposits with Indian banks in designated foreign currencies.
- The deposits protect NRIs from exchange-rate risk arising from depreciation of the Indian rupee because the deposits are denominated in foreign currency.
- The RBI introduced the concessional swap facility to encourage foreign currency inflows, strengthen India's foreign exchange reserves and support stability in the foreign exchange market.

Foreign Currency Non-Resident (Bank) or **FCNR(B)** deposits are fixed-term deposits that allow Non-Resident Indians (NRIs) to maintain their savings in India in **foreign currency** rather than Indian Rupees. This makes them a unique tool for shielding investments from exchange rate volatility.

Key Features & RBI Status (2026)

The Reserve Bank of India (RBI) has recently introduced a special framework to attract foreign currency and strengthen forex reserves.

- **Currency & Risk:** Deposits are held in major currencies like **USD, GBP, EUR, JPY, AUD, and CAD**. Since you deposit and withdraw in the same currency, there is **zero exchange rate risk** for the investor.
- **RBI Swap Window (June – September 2026):** In June 2026, the RBI opened a US Dollar-Rupee forex swap facility. By absorbing hedging costs for banks, the RBI has enabled them to offer significantly higher interest rates—some as high as **7% p.a.**—on fresh USD deposits with tenures of **3 to 5 years**.

How the Swap Facility Worked?

- Under the facility, banks could mobilise foreign currency through FCNR(B) deposits and sell the foreign currency to the RBI.
- The banks simultaneously agreed to purchase the foreign currency back from the RBI at maturity at the same exchange rate.
- The arrangement reduced the hedging costs faced by banks while encouraging them to mobilise additional FCNR(B) deposits.
- The RBI also provided incentives by bearing the exchange-rate risk and exempting these deposits from Cash Reserve Ratio and Statutory Liquidity Ratio requirements.

Why the Facility Was Closed Early?

- The concessional swap facility was initially scheduled to remain available until September 30 but was closed a month early on August 31.
- Banks had already mobilised $52.3 billion through the facility by August 13, indicating a strong response.
- Bankers expect additional foreign currency inflows of around $20 billion before the closure.
- The early closure indicates that the RBI achieved its foreign-currency mobilisation objective earlier than anticipated.
- Bankers consider the decision prudent because continuing the facility after achieving its objective would not necessarily provide additional benefits while increasing the RBI's liability exposure.

UPSC Prelims Question

Consider the following statements regarding FCNR(B) deposits:

1. FCNR(B) deposits are maintained by NRIs in designated foreign currencies.
2. They help protect depositors against depreciation of the Indian rupee.
3. The concessional swap facility was introduced to encourage foreign currency inflows into India.

Which of the statements given above is/are correct?

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

Answer: (d)

UPSC Mains Question

What is the role of FCNR(B) deposits in India's external sector? Explain how the RBI's swap facility can help mobilise foreign curr

5.India's Coconut Sector

Source: PIB

Why in News?

India leads global coconut production, boosting rural livelihoods, exports, and value addition through government schemes and the Coconut Development Board.

Key Highlights:

- India ranks first in global coconut production and third in cultivation area, supporting nearly 30 million people.
- The **Coconut Development Board (CDB)**, under the Ministry of Agriculture and Farmers Welfare, is the nodal agency for the sector's integrated development.
- The **Coconut Promotion Scheme** was introduced in the Union Budget 2026-27 to enhance production, productivity, value addition, and exports.
- **Minimum Support Price (MSP)** for copra for the 2026 season is ₹12,027 per quintal for milling copra and ₹12,500 per quintal for ball copra.
- India's coconut product exports reached ₹7,038.35 crore in 2025-26, a 62% increase over the previous year, with a diversified product basket.

- Keralam leads in area under cultivation, Tamil Nadu in production, and Andhra Pradesh in productivity.
- Skill development initiatives like **Friends of Coconut Tree (FoCT)**, **Cocomitra**, and **Kera Kaushal Kendra** promote entrepreneurship and skilled labor.

Detailed Insights:

- Coconut is revered as "Kalpavriksha" in India, deeply rooted in culture and agrarian economy, providing diverse resources.
- The sector is a critical driver of rural employment, predominantly cultivated by small and marginal farmers.
- CDB focuses on increasing quality planting material, expanding cultivation, improving productivity, pest management, and product diversification.
- Schemes like Demonstration Cum Seed Production Farm (DSP) and Nucleus Coconut Seed Garden ensure the availability of quality planting material.
- Financial assistance of ₹56,000 per hectare is provided for expanding coconut cultivation in new areas.
- Productivity Improvement Through Coconut-Based Cropping System (PICCS) promotes integrated farming practices on a cluster basis.
- The Replanting and Rejuvenation of Coconut Gardens scheme replaces unproductive palms and rejuvenates existing ones.
- Complementary initiatives include the Kera Suraksha Insurance Scheme for coconut workers and support for technology demonstration and market intelligence.
- The Coconut Promotion Scheme aims to address pest outbreaks, root wilt disease, and aging plantations through targeted interventions.
- India's export basket has diversified from traditional products to virgin coconut oil, coconut milk, and activated carbon, reaching global markets.
- Skill development programs train youth in climbing, plant protection, and handicraft production, fostering micro-enterprises and rural entrepreneurship.
- The Neera Tapping and Processing Technician Training Programme develops skilled technicians for safe and scientific Neera tapping.