

DAILY CURRENT AFFAIRS (DCA)

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Table of Content

RBI Holds Repo Rate at 5.25 percent
Phasing Down Hydrofluorocarbons (HFCs) in India
Dedicated Freight Corridor (DFC)

NEWS IN SHORT

Vinayak Damodar Savarkar
Sijimali Bauxite Mine
Madman Theory
Deepening of India–Denmark Economic Ties
World Homoeopathy Day 2026
Morchella Mushrooms
Naphthalene Diimide (NDI)
Central Armed Police Forces
Punatsangchhu-II Hydroelectric Project (PHEP-II)

RBI HOLDS REPO RATE AT 5.25 PERCENT

Context

- The Monetary Policy Committee of the Reserve Bank of India decided to keep the repo rate unchanged at 5.25%.

About

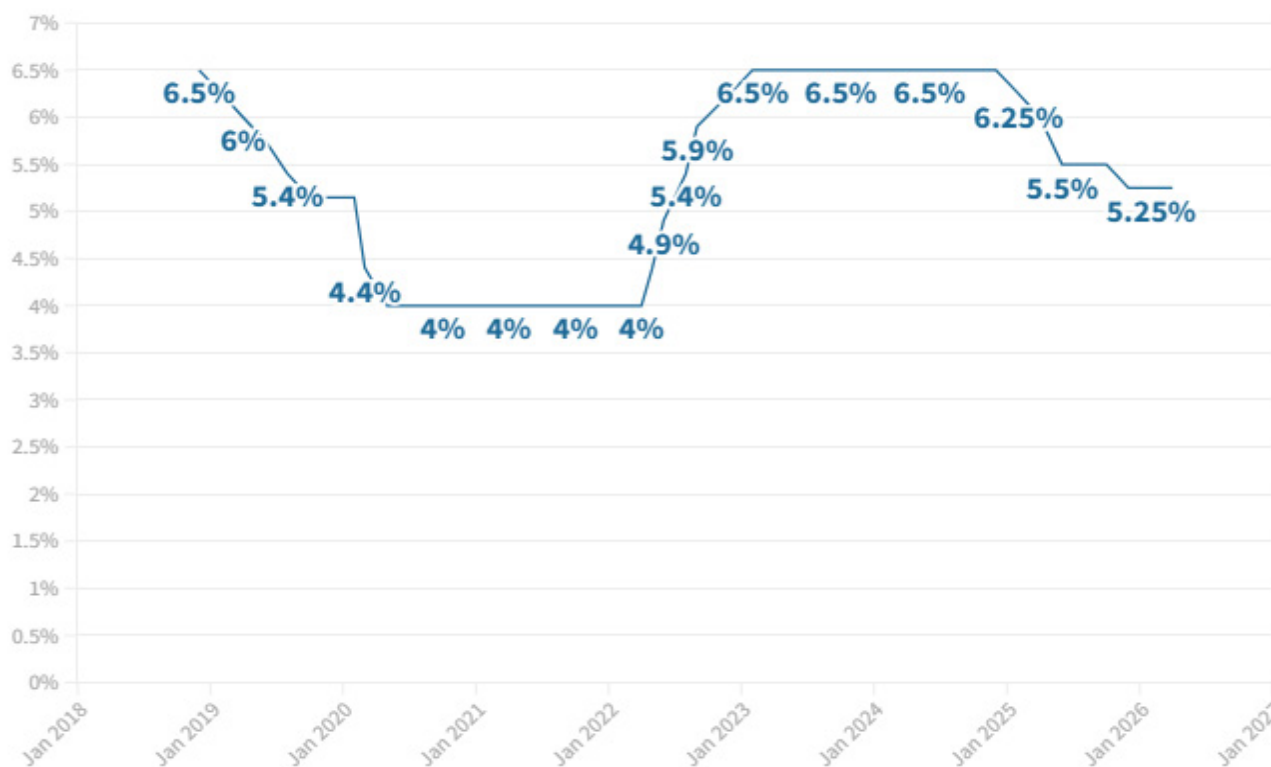
- The Standing Deposit Facility (SDF) rate** remains at **5 per cent** and the **Marginal Standing Facility (MSF) rate** and the **bank rate at 5.5 percent**.
- The real GDP growth for 2026-27** is projected at 6.9%, with **Q1 at 6.8%**; Q2 at 6.7%; Q3 at 7.0%; and Q4 at 7.2%.
- The inflation** is projected for FY27 to be at 4.6 percent, with **4.0 percent in Q1**, 4.4 percent in Q2, 5.2 percent in Q3, and 4.7 percent in Q4.

What is the Repo Rate?

- The repo rate is the **rate at which the RBI lends short-term money** to commercial banks. **It is the key policy tool** used by the RBI to control liquidity, inflation, and economic growth.
- A lower repo rate** means banks can borrow from the RBI at cheaper rates. This encourages banks to lower lending rates, leading to:
 - Easier access to credit for consumers and businesses
 - Boost in investment, consumption, and economic activity
 - Increased liquidity and money supply
 - This can stimulate growth, especially during economic slowdowns.

RBI repo rate

The repo rate is the interest rate at which the RBI lends to commercial banks.



What is the Monetary Policy Committee (MPC)?

- The MPC is a **statutory body** established under the **RBI Act, 1934** (amended in 2016).
- It is responsible for **fixing the benchmark interest rate** (repo rate) to maintain price stability while keeping growth in mind.
- It consists of 6 members:**
 - 3 from the RBI (including the Governor as Chairperson),
 - 3 external members appointed by the Government.

- **Functioning:** It meets **at least four times** a year (usually bi-monthly) and the decisions are made by majority, and each member has one vote. In case of a tie, the **RBI Governor has the casting vote.**

Flexible Inflation Targeting Framework (FITF)

- India adopted a Flexible Inflation Targeting Framework (FITF) in **2016**. Under this, the government, in consultation with the RBI, **sets an inflation target every five years.**
- Under this framework, the Government sets the inflation **target every five years** in consultation with the RBI. The current mandate, effective until **March 31, 2026**, specifies a CPI inflation target of **4%**, with a tolerance band of **±2%**, i.e. between 2% and 6%.

Monetary Policy Tools in India

Various instruments used by the RBI to control the money supply can be categorized into two categories:

- **Quantitative Tools** – Quantitative tools of monetary policy are aimed at controlling the cost and quantity of credit.
- **Qualitative Tools** – Qualitative tools of monetary policy are aimed at controlling the use and direction of credit.



Quantitative Tools

- **Repo Rate:** Rate at which RBI lends short-term funds to banks against collateral.
- **Reverse Repo Rate:** Rate at which RBI absorbs liquidity from banks.
- **Cash Reserve Ratio (CRR):** Portion of deposits banks must keep with RBI in cash.
- **Statutory Liquidity Ratio (SLR):** Portion of deposits kept in liquid assets (gold, cash, securities).
- **Open Market Operations (OMO):** Buying/selling of government securities to control liquidity.
- **Marginal Standing Facility (MSF):** Emergency borrowing by banks at a penal rate.
- **Liquidity Adjustment Facility (LAF):** Framework for repo/reverse repo operations.
- **Market Stabilisation Scheme (MSS):** Bonds issued to absorb excess liquidity.

Qualitative Tools

- **Margin Requirement:** Controls loan-to-value ratio
- **Consumer Credit Regulation:** Regulates credit terms
- **Rationing of Credit:** Limits sectoral lending
- **Moral Suasion:** Persuasive guidance by RBI
- **Direct Action:** Penal action against non-compliant banks

Reasons Behind the recent Policy Decision

- **Geopolitical Uncertainty:** The MPC decided to maintain the repo rate due to heightened geopolitical tensions in West Asia, which have worsened global economic uncertainty.
- **Supply-Side Shock:** The MPC highlighted that the Indian economy is facing a supply-side shock, primarily due to **disruptions in energy and commodity markets**.
- **Inflation Within the Target Range:** Retail inflation remains within the **2–6% target band**, and core inflation is contained limiting the need for immediate policy action.
- **Impact of Trade Agreements:** India recently signed trade agreements with the United States, the European Union, Oman and New Zealand.
 - ♦ These agreements are expected to boost exports and investments, reduce external vulnerabilities, and support medium-term growth.

Impact on the Indian Economy

- **Impact on Borrowers and Households:** Stable interest rates reduce financial uncertainty for middle-class households and housing loan borrowers.
- **Impact on Investment and Credit Growth:** Stable interest rates, strong demand conditions, and trade agreements create a predictable environment for private investment.
- **Macroeconomic Stability:** The decision reinforces the credibility of India's Flexible Inflation Targeting framework and demonstrates institutional stability in monetary policymaking.

Way Ahead

- **Safeguard External Sector Stability:** Active liquidity management, prudent forex reserve deployment, and monitoring of global financial conditions are necessary to cushion against external shocks.
- **Enhance Fiscal-Monetary Coordination:** Continued fiscal consolidation alongside targeted public spending will complement monetary policy and sustain long-term growth without triggering inflationary pressures.

Source: TH

PHASING DOWN HYDROFLUOROCARBONS (HFCs) IN INDIA

Context

- The Government of India has directed that no new environmental clearances will be granted

for hydrofluorocarbon (HFC) production projects beyond December 31, 2027.

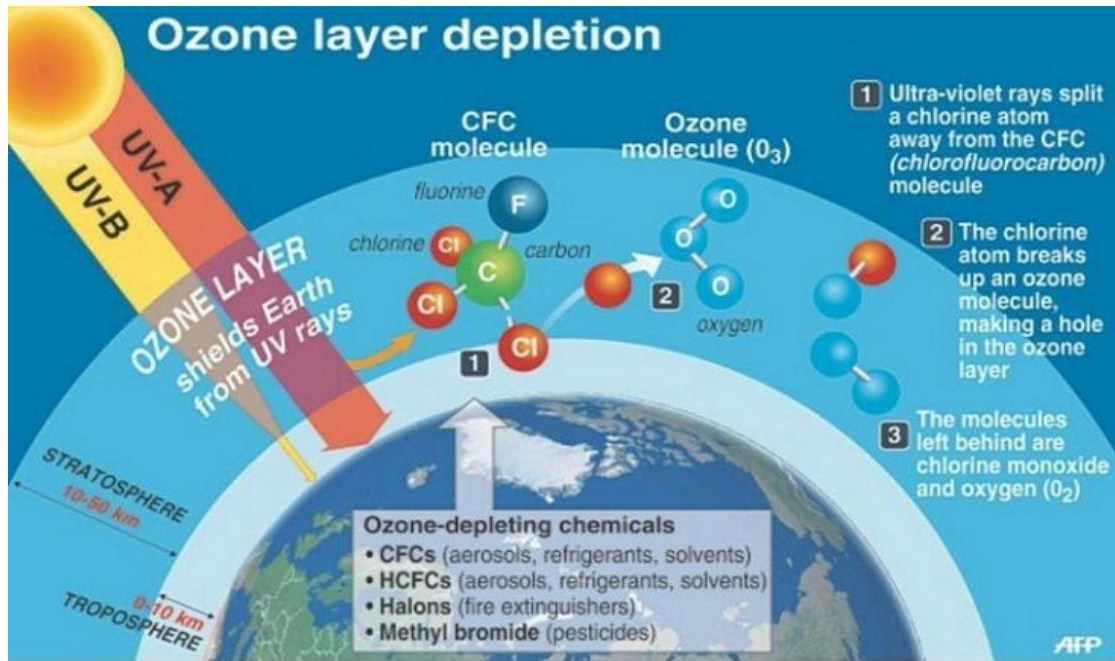
- ♦ It is aligned with India's commitments under the **Montreal Protocol and the Kigali Amendment**.

Background

- **Under the Kigali Amendment**, the Parties to the Montreal Protocol will phase down production and consumption of **Hydrofluorocarbons**, commonly known as **HFCs**.
- Hydrofluorocarbons were introduced as **non-ozone depleting alternatives** to Chlorofluorocarbons (CFCs).
 - ♦ While **HFCs do not deplete the stratospheric ozone layer**, they have high **global warming potential** ranging from **12 to 14,000**, which have adverse impact on climate.
- Hence Parties to the Montreal Protocol, reached agreement at their **28th Meeting of the Parties (MOP) held in Kigali, Rwanda** to add HFCs to the list of controlled substances and approved a timeline for their gradual reduction by **80-85 per cent by the late 2040s**.
- **India** will complete its phase down of HFCs in **4 steps** from **2032** onwards with cumulative reduction of **10% in 2032, 20% in 2037, 30% in 2042 and 85% in 2047**.

What is an Ozone Layer?

- The **ozone layer** is a trace gas in the **stratosphere**, one of the **four layers of the Earth's atmosphere**.
 - ♦ It is found between **15 to 35 kilometers** above Earth.
- **Ozone creation:** Ozone is composed of **three atoms of Oxygen**. The production of ozone in the stratosphere results primarily from the breaking of the chemical bonds within oxygen molecules (O₂) by high-energy solar photons.
 - ♦ This process, called **photodissociation**, results in the release of single oxygen atoms, which later join with intact oxygen molecules to form ozone.
- **Good and Bad Ozone: Stratospheric ozone (Good Ozone)** is formed naturally through the interaction of solar ultraviolet (UV) radiation with molecular oxygen (O₂).
 - ♦ **Tropospheric or ground-level ozone (Bad Ozone)**, what humans breathe, is formed primarily from photochemical reactions between (VOC & NO_x).
- **Significance:** It functions as a protective gas shield that **absorbs ultraviolet radiation**, protecting humans and ecosystems from dangerous amounts of UV radiation causing skin cancers.



Conventions for Protection of Ozone layer

- **Vienna Convention:** First convention for the protection of the Ozone layer.
 - ♦ To promote cooperation among nations by exchanging information on the effects of human activities.
- **Montreal Protocol:** It is a legally binding treaty adopted in **1987**, on Substances that Deplete the Ozone Layer. It is the first United Nations treaty to achieve **universal ratification**, with all **198 UN member** states as parties.
 - ♦ **India** became a Party to the Montreal Protocol in **1992**.
 - ♦ It successfully **phased out ozone-depleting substances** such as chlorofluorocarbons (CFCs).
- **Kigali Agreement:** Around 197 countries agreed at Kigali to reduce the use of Hydrofluorocarbons (HFCs) by roughly 85% of their baselines by the late 2040s, by amending the 1987 Montreal Protocol.
 - ♦ India ratified the **Kigali Amendment in 2021**.

Way Ahead

- The government should **promote research and development** in alternative refrigerants with low global warming potential.
- There must be provisions for **financial incentives and policy support** to industries for smooth transition.
- India should strengthen international cooperation for **technology transfer and climate finance**.

Source: IE

DEDICATED FREIGHT CORRIDOR (DFC)

Context

- The Ministry of Railways has completed the Western Dedicated Freight Corridor (WDFC), marking a major milestone in India's freight logistics modernisation.

About Dedicated Freight Corridor (DFC):

- The **Dedicated Freight Corridor (DFC)** is a flagship initiative aimed at **separating freight traffic from passenger lines** to improve efficiency and capacity.
- The project was **conceived in 2005**, and **two DFCs—Eastern DFC (EDFC) and Western DFC (WDFC)—were approved by the Cabinet in 2008**.
 - ♦ Eastern DFC (EDFC): 1,337 km, from Ludhiana (Punjab) to Sonnagar (Bihar); Completed and operational.
 - ♦ Western DFC (WDFC): 1,506 km, from Jawaharlal Nehru Port Terminal (Maharashtra) to Dadri (Uttar Pradesh); Recently completed.
- It is implemented by the **Dedicated Freight Corridor Corporation of India Limited (DFCCIL)**.

Significance

- **Faster Freight Movement:** Trains can run at speeds of **100 km/h for freight** compared to 50–60 km/h on conventional tracks.
- **Decongestion of Rail Network:** Frees existing passenger lines, improving punctuality and efficiency.

- **Economic Impact:** Expected to handle **100+ freight trains per day** on WDFC, boosting industrial corridors and port connectivity.
- **Cost & Energy Efficiency:** Reduces logistics cost by **around 20–25%** and carbon emissions, supporting India's net-zero goals.
- **Support for Exports & Imports:** Connects major ports like **JNPT and Mundra**, improving cargo movement efficiency.

Challenges

- **High Capital Cost:** Total project cost estimated at **₹80,000–₹90,000 crore** for both DFCs.
- **Land Acquisition:** Especially challenging in Uttar Pradesh, Bihar, and Punjab.
- **Integration Issues:** Need seamless interface with existing railway network and private logistics.
- **Maintenance & Technology:** Electrified double-stack container corridors require modern signaling, monitoring, and skilled workforce.
- **Operational Risks:** Managing safety and scheduling challenges while integrating high-speed freight trains with existing passenger services on connected rail networks.

Government Initiatives / Support

- **DFCCIL Implementation:** Central Government entity responsible for planning, construction, and operation.
- **Modern Technology:** Indian Railways has achieved **over 90% electrification** of its broad-gauge network and is moving towards **100% electrification**.
 - ♦ Implementation of **Kavach** (indigenous Automatic Train Protection system) helps prevent collisions and ensures safe operations.
- **Integration with Industrial Corridors:** Linked with **Delhi-Mumbai Industrial Corridor (DMIC), Eastern & Western ports**.
- **Public-Private Partnership (PPP):** India has promoted PPP in railways by encouraging private participation in freight terminals, logistics parks, wagon investment schemes, and station redevelopment projects.
- **PM Gati Shakti Integration:** The PM Gati Shakti National Master Plan provides a **GIS-based integrated platform** for coordinated infrastructure planning.
 - ♦ Ensures multi-modal connectivity across rail, road, ports, and logistics

Conclusion

- The **DFC project** is a transformational initiative in India's transport infrastructure, enhancing freight

efficiency, reducing logistics costs, promoting sustainability, and supporting industrial growth.

- With **EDFC already operational and WDFC completed**, India is poised to strengthen its logistics competitiveness, improve port connectivity, and achieve faster, cleaner, and cost-effective freight movement.

Source: IE

NEWS IN SHORT

VINAYAK DAMODAR SAVARKAR

Context

- A criminal defamation case involving remarks on Vinayak Damodar Savarkar has brought attention to the origin of the title Swatantryaveer, before a Pune court.

Vinayak Damodar Savarkar

- Vinayak Damodar Savarkar (1883–1966), popularly known as **Veer Savarkar**, was a prominent **freedom fighter, political thinker, and writer**.
 - ♦ He is associated with the development of the **Hindutva ideology** and played a significant role in revolutionary nationalism during the freedom struggle.
- **Education:** Savarkar studied at Fergusson College in Pune and later travelled to London to study law.
- **Role in freedom struggle:** He founded the **Abhinav Bharat Society in 1904**, a secret organisation dedicated to armed revolution against British rule.
 - ♦ **While in London**, he led the **India House and the Free India Society**, training Indian students in methods of sabotage and assassination.
- **Hindu Mahasabha:** He served as the president of the Hindu Mahasabha from 1937 to 1943, advocating for a **“Hindu Rashtra” (Hindu Nation)**.
- **Social Reform:** Savarkar was a staunch opponent of the caste system and untouchability.
- **Literary Work:** He authored **The Indian War of Independence, 1857**, which was the first work to describe the 1857 rebellion as India's first struggle for independence.

Source: TH

SIJIMALI BAUXITE MINE

In Context

- Recent violent clashes between tribal villagers and police in Odisha's Rayagada district have drawn national attention to the **Sijimali bauxite mine project**.

About

- Sijimali is a high-grade bauxite reserve spanning 1,500 hectares across the Rayagada and Kalahandi districts of Odisha, situated within the **Eastern Ghats hill ranges**.
- It holds an estimated 311 million tonnes of bauxite ore and was handed over to Vedanta Limited through a government auction in 2023.
- The project has recently received conditional **Stage-1 forest clearance from the Central government**.

Key Facts

- The bauxite extracted from Sijimali is intended for **refining into alumina**, the primary raw material for aluminium production.
- Odisha dominates India's bauxite sector**, accounting for 41% of national bauxite resources and approximately 73% of total bauxite production as of 2021-22.
- Key bauxite sites include **Panchpatmali** (operated by NALCO, one of the world's largest bauxite mines), **Gandhamardan** (Bargarh-Balangir, ecologically sensitive), Niyamgiri (where 12 Gram Sabhas rejected Vedanta's mining bid in 2013), and **Sijimali**.

Source: TH

MADMAN THEORY

In Context

- The West Asian crisis enters a "fog of ceasefire," a fragile pause generating competing US and Iran victory claims. US President's "madman theory" and backchannel diplomacy brokered the uncertain truce.

About Madman Theory

- The **Madman Theory is a foreign policy and strategic doctrine** in which a leader deliberately cultivates an image of being unpredictable, irrational, or willing to take extreme action, with the aim of making adversaries believe that escalation including war or even nuclear confrontation is possible.
- The term is most closely **associated with Richard Nixon** and his National Security Adviser Henry

Kissinger during the Cold War, particularly in the context of the **Vietnam War**.

- The theory fundamentally functions through psychological signalling, focusing on shaping the adversary's perception rather than on immediate military action.
- In the short term, it can **strengthen deterrence and crisis diplomacy if the threat is believed**; however, over the long term, it risks **reducing trust among allies and weakening a country's reputation** as a stable and reliable global actor.

Source: IE

DEEPENING OF INDIA-DENMARK ECONOMIC TIES

Context

- Denmark has announced the establishment of the **first Danish Chamber of Commerce in India**, to be set up in New Delhi.

About

- The chamber will **facilitate business engagement** between India and Denmark by providing an institutional platform for interaction.
- It will **support Danish companies** already operating in India as well as those planning to enter the Indian market.

India-Denmark Relations

- Diplomatic relations** between India and Denmark were formally established in **1949**.
 - The bilateral relations were elevated to a **Green Strategic Partnership in 2020**.
- Economic Relations:** India and Denmark share over **400 years** of trade relations. More than **225 Danish subsidiaries** operate in India, employing over **1 lakh** people.
 - The total volume of bilateral trade** in goods and services between India and Denmark is around **\$7.8 billion in 2024**.
 - India exports textiles**, vehicles and components, iron and steel, metal goods, and leather products to Denmark.
 - Denmark exports** pharmaceutical products, power-generating machinery, industrial machinery, metal waste, ores, and organic chemicals to India.
- India and Denmark signed a **Migration and Mobility Partnership Agreement** in February 2024 to facilitate movement of skilled professionals.

Source: IE

WORLD HOMOEOPATHY DAY 2026

Context

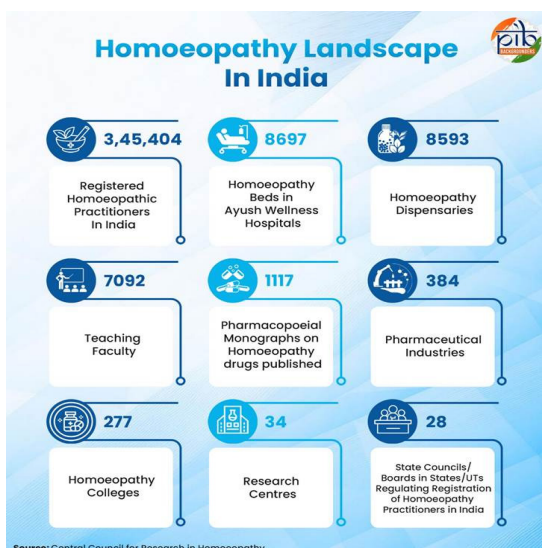
- **World Homoeopathy Day** is observed every year on April 10 to commemorate the birth anniversary of **Dr Samuel Hahnemann (1755–1843)**, a German physician and founder of Homoeopathy.

About Homoeopathy

- Homoeopathy is a system of medicine based on the principle of “like cures like” meaning substances that cause symptoms in a healthy person can help treat similar symptoms in a patient.
- The term comes from the Greek words **Homois (similar)** and **Pathos (suffering)**. It was formalised in **1796** by a German physician Samuel Hahnemann, whose work **Organon of Medicine** continues to guide its practice.
- Homoeopathic medicines are prepared from natural sources like plants, minerals, and animals through a process of **dilution and succussion**. A key feature is its **individualised approach**, where treatment focuses on the overall physical and mental condition of the patient rather than just the disease.
- The **theme for 2026** is “**Homoeopathy for Sustainable Health.**” It aligns with global goals such as Universal Health Coverage and the United Nations Sustainable Development Goals, especially **SDG 3** (Good Health and Well-being).

Homoeopathy in India

- Homoeopathy was introduced in India in the early **19th century**, around 1810, and gradually gained acceptance.
- **John Martin Honigberger**, a disciple of Samuel Hahnemann, played a key role in its spread, especially after successfully treating **Maharaja Ranjit Singh** in 1839.



- The **National Commission for Homoeopathy (NCH)** was established under the **National Commission for Homoeopathy Act, 2020**, which came into effect on 5 July 2021, replacing the Central Council of Homoeopathy as the regulatory body.
- Homoeopathy is a part of **AYUSH (Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy)**, which comes under the **Ministry of AYUSH, established in 2014**.

Source: PIB

MORCHELLA MUSHROOMS

In News

- Researchers at Sheri Kashmir University of Agricultural Sciences and Technology, have for the first time successfully cultivated **Morchella (Morel mushroom)**.

About Morchella (Morel mushroom)



- Morchella, locally known as **Kangaech in Kashmir**, is a rare, **high-value edible fungus** that naturally grows in **specific high-elevation forest ecosystems** during a narrow rainy season.
- It commands a market price of ₹15,000 to ₹40,000 per kilogram.
- The mushroom is prized for its **intense flavour, superior nutritional profile, and medicinal properties** including antioxidant, antitumor, & antimicrobial properties.
- Cultivation of Morchella has long been a major scientific challenge due to its **complex life cycle, symbiotic ecological behaviour**, and highly specific environmental requirements.
- It is **not commercially** cultivated anywhere in India.

Source: IE

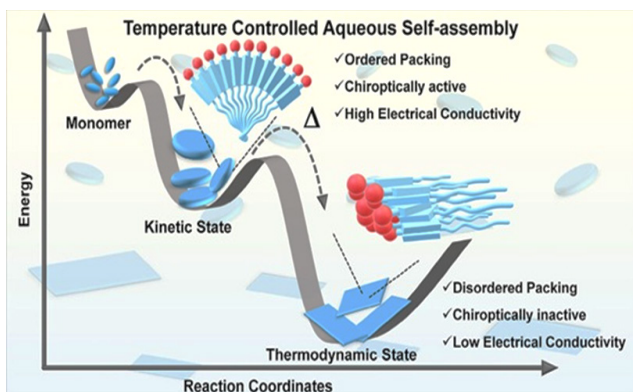
NAPHTHALENE DIIMIDE (NDI)

In News

- Researchers have discovered that the structural and electrical properties of an organic nanomaterial called **Naphthalene Diimide (NDI)** can be switched using only temperature.

About

- NDI is a specialised **amphiphilic molecule** meaning it possesses both **water-attracting (hydrophilic)** and **water-repelling (hydrophobic)** parts which enables it to self-organise into complex structures when placed in water.
- In water at room temperature, **NDI molecules assemble through noncovalent interactions** to form tiny circular nanodisks that are highly electrically conductive and interact with polarised light.
- Upon heating, these **nanodisks undergo structural reorganisation** and transform into two-dimensional nanosheets, which lose the light-interacting properties of the original disks and experience a nearly sevenfold drop in electrical conductivity.
- This phenomenon is an example of **supramolecular self-assembly**, a process where molecules spontaneously organise into well-defined structures using weak noncovalent interactions rather than strong chemical bonds, with the final architecture determined by environmental conditions such as temperature or solvent.



Significance

- The discovery has significant applications in organic electronics, smart sensors, tunable optoelectronics, bioelectronic interfaces, and adaptive materials that can dynamically alter their properties in response to external stimuli.

Source: TH

CENTRAL ARMED POLICE FORCES

In News

- The Centre has notified the **Central Armed Police Forces (General Administration) Act, 2026**, which creates a unified legal framework to regulate the recruitment, deputation, promotion, and conditions of service for officers.

About

- India maintains **seven armed police organisations** collectively known as Central Armed Police Forces, all functioning under the **Ministry of Home Affairs (MHA)**.
- These are the Assam Rifles, Border Security Force, Central Industrial Security Force, Central Reserve Police Force, Indo-Tibetan Border Police, National Security Guard, and Seema Suraksha Bal.
- The Assam Rifles is unique because it is under dual control. While the MHA handles its administration (salary, infrastructure), its operational command rests with the Ministry of Defence.
- Each force is commanded by an officer of the **Director General of Police (DGP) rank**.

Source: TH

PUNATSANGCHHU-II HYDROELECTRIC PROJECT (PHEP-II)

In News

- India and Bhutan have signed the Protocol to the Agreement on the **Punatsangchhu-II Hydroelectric Project (PHEP-II) Export Tariff**.

About

- The Punatsangchhu Hydroelectric Projects are a **set of two major run-of-the-river hydropower projects** built on the **Punatsangchhu River in Bhutan**, developed under the India–Bhutan bilateral energy cooperation framework.
- **Punatsangchhu-I** has an installed capacity of 1,200 MW and is currently under construction & **Punatsangchhu-II** has an installed capacity of 1,020 MW, is fully operational, and has been exporting surplus electricity to India since September 2025.

Source: PIB

