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Time: 45 Min

Date: 02-04-2026

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NEW INCOME TAX ACT, 2025

Context

- The Income Tax Act, 2025 replaces the Income Tax Act, 1961 with effect from April 1, 2026, with the objective of enhancing transparency, predictability, and ease of compliance.

Key Features of the Act

- **Introduction of 'Tax Year':** The Act replaced the terms 'Assessment Year' and 'Previous Year' with a single, unified concept called the 'Tax Year'. It has been defined as the **twelve-month period** of the financial year commencing on the 1st April.
- **Power to Frame Schemes:** The Act empowers the Central Government to introduce schemes for faceless assessments and efficient tax administration.
- **Simplified Compliance:** The provisions related to **Tax Deducted at Source (TDS),** which were earlier distributed across multiple sections, have now been streamlined and grouped under a **single section - Section 393.**
- **Digital-First Framework:** The Act defines "Virtual Digital Space" to include digital platforms such as email, cloud servers, online investment and trading accounts, and websites for tax enforcement purposes.
  - It also expands the definition of **Virtual Digital Assets (VDAs)** to include cryptocurrencies and tokenised assets, reflecting evolving economic realities.
- The Act incorporates **General Anti-Avoidance Rules (GAAR)** under, designed to curb tax avoidance by disregarding arrangements lacking commercial substance.
- **Structural changes in Act:** The new Act reduces the number of **Sections from 819 to 536** and Rules from **511 to 333.**
  - The number of forms has been significantly reduced from **390 to 190**, which lowers the compliance burden on taxpayers. The **number of Schedules** has been rationalised from **14 to 16.**

General Anti-Avoidance Rules (GAAR)

- General Anti-Avoidance Rules are **anti-tax avoidance regulations** designed to **prevent companies and individuals** from using artificial, legal loopholes solely to reduce their tax liabilities.
  - It was implemented in India on April 1, 2017.
- **Target:** Focuses on **"Impermissible Avoidance Arrangements" (IAAs),** which are arrangements entered into with the main purpose of obtaining a tax benefit.
- Under GAAR, authorities can recompute tax liabilities, deny tax benefits, and cancel deductions or tax exemptions.

Key Benefits for Individuals

- **Introduction of Unified Form 121:** The new Act merges Form **15G and Form 15H** into a single unified Form 121. Under this all **eligible resident individuals, Hindu Undivided Families (HUFs), and specified entities** can use Form 121 irrespective of age.
  - The form allows taxpayers to declare that their estimated income is below the taxable limit, thereby preventing unnecessary deduction of Tax Deducted at Source (TDS).
- **Transformation of Form 26AS into Form 168:** Form **168 integrates** data from the Annual Information Statement (AIS) to provide a consolidated view of the taxpayer's financial activities.
  - It captures details such as salary income, rent payments, stock market transactions, mutual fund investments, and high-value expenditures.
- **Reduction in Tax Collected at Source (TCS):** Under the Reserve Bank of India's Liberalised Remittance Scheme, TCS rates have been rationalised.
  - The TCS rate on remittances for education and medical purposes exceeding **₹10 lakh** has been reduced from **5% to 2%.**
  - The TCS rate on overseas tour packages exceeding **₹10 lakh** has also been reduced from **5% to 2%.**
- **Introduction of FAST-DS (Foreign Assets Disclosure Scheme, 2026):** The Act introduces the FAST-DS scheme as a time-bound compliance window to enable voluntary disclosure of undisclosed foreign assets and income.

Concluding remarks

- The Income Tax Act, 2025 represents a transformative step toward building a more transparent, efficient, and taxpayer-friendly direct tax system in India.
- By simplifying legal structures, embracing digital processes, and aligning with global standards, the Act lays the foundation for a modern fiscal framework.

Source: TH

ROW OVER FCRA AMENDMENT BILL 2026

Context

- Recently, the Union Government has **deferred discussion** on the **FCRA Amendment Bill, 2026** which triggered **political controversy**, especially ahead of the **Kerala Assembly elections**.

About Foreign Contribution (Regulation) Act (FCRA)

- It is a key legislation that regulates the **acceptance and utilisation of foreign funds** by individuals, NGOs, and associations in India.
- It is administered by the Union **Ministry of Home Affairs (MHA).**
- It aims to ensure foreign contributions **do not affect national interest, sovereignty, or public order.**

Evolution of Act: Historical Background

- **FCRA, 1976:** It was enacted during the **Emergency period,** as foreign powers influencing politics, media, and civil society.
- **FCRA, 2010 (Current Framework):** It replaced the 1976 Act, with objectives like strengthening regulation, improving transparency, and preventing misuse of foreign funds.
  - The evolution reflects increasing state efforts to **monitor civil society funding and external influence** in a globalized world.
- **Key Features of FCRA, 2010**
  - **Registration Requirement:** Mandatory for NGOs; Associations; Individuals receiving foreign funds.
  - **Two Routes:** Registration (permanent); & Prior permission (case-specific).
  - **Permitted Uses of Funds:** Foreign contributions allowed for social, educational, cultural, economic, and religious activities.
  - **Prohibited Categories:** Election candidates, journalists (in certain cases), judges, government servants, legislators, and political parties cannot receive foreign funds.
  - **Compliance Requirements:** Maintain separate **bank account**, and proper **accounts and records;** annual filing with MHA.

Recent Amendments

- **Amendments in 2016 & 2018:** Relaxed some compliance norms; and retrospective changes to political funding definitions.
- **FCRA Amendment, 2020:**
  - **Prohibition on sub-granting**: NGOs cannot transfer funds to other NGOs
  - **Mandatory FCRA account in SBI, New Delhi**
  - **Administrative expense cap**: Reduced from 50% to **20%**
  - **Aadhaar mandatory** for key functionaries
  - Increased **government powers**: Suspension up to 360 days.

Key Provisions of FCRA Amendment Bill, 2026

- **Creation of 'Designated Authority':** Central government can appoint an authority to **take over and manage assets/funds** of NGOs; and act when registration is cancelled, surrendered, and or expired.
- **Asset Management Framework:** Addresses gaps such as no clear rules on **asset handling, inconsistency in penalties**, and lack of **timelines.**
- **Conditions for Cessation of Registration:** Registration deemed ceased if no renewal application, renewal denied, and not renewed before expiry.
- **Control Over Assets:** Authority may return funds if registration is restored; **permanently take over assets** if NGO fails to renew, and organisation becomes defunct.
  - Assets may be transferred to government bodies, or disposed of via sale.
- **Religious Institutions:** For places of worship, authority may manage operations, and must preserve **religious character.**

Key Issues & Concerns in FCRA Amendment Bill, 2026

- **Excessive Centralisation of Power:** Creation of a **'designated authority'** with wide powers leads to **executive overreach**, and weakens **institutional checks and balances.**
- **Threat to NGO Autonomy:** NGOs risk losing control over funds, assets, and operations, undermining independence of civil society organisations, and development actors.
  - Even **procedural delays** can trigger loss of assets, and disruption of activities.
- **Impact on Minority Institutions:** Perception of **disproportionate impact on minorities**, and threat to **Article 25–30 (religious freedom).**
- **Impact on Welfare & Development:** NGOs play key roles in health, education, and disaster relief.
  - Funding disruptions may affect **service delivery**, and hurt vulnerable populations.

- **Legal Ambiguity:** Risk of delayed renewals leading to **automatic asset takeover,** and administrative discretion.

Conclusion & Way Forward

- The FCRA Amendment Bill, 2026 reflects the ongoing tension between **state control and civil society autonomy**.
- While regulation of foreign funds is essential for national security, excessive control may weaken democratic institutions.
- There is a need to ensure **clear timelines** for renewal decisions, independent oversight of designated authority, safeguards for **NGO autonomy, and religious freedom.**
- It needs a balance between n**ational security, and democratic freedoms.**

Source: IE

INDIA RAPIDLY POSITIONING ITSELF AS GLOBAL ELECTRO-TECH MANUFACTURING HUB: WEF

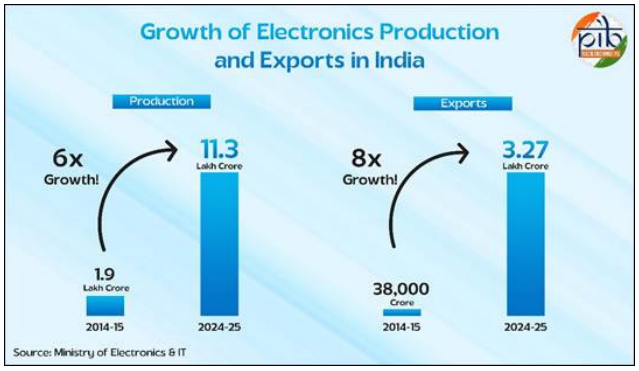
Context

- As per the World Economic Forum, India is positioning itself as a **global electro-tech manufacturing hub** by leveraging **low-cost solar energy and battery technology** bypassing the fossil fuel-heavy growth model followed by Western economies and China.

Major Highlights

- **India's push for energy sovereignty** could serve as a fast-track model for emerging economies.
- In India **solar energy accounts for about 9% of electricity,** coal use per capita is far lower than China's at a similar stage.
- **Electric Vehicles:** Passenger electric vehicles nearing 5% of total sales, while electric three-wheelers account for nearly 60% of the market, making India a global leader in the segment.
- India has reached about **1,500 kWh per capita electricity consumption,** solar-plus-storage now costs roughly half as much as new coal.
- India's **electronics sector has grown six-fold** to 130 billion dollars, supporting expansion into solar panels, batteries and EVs.

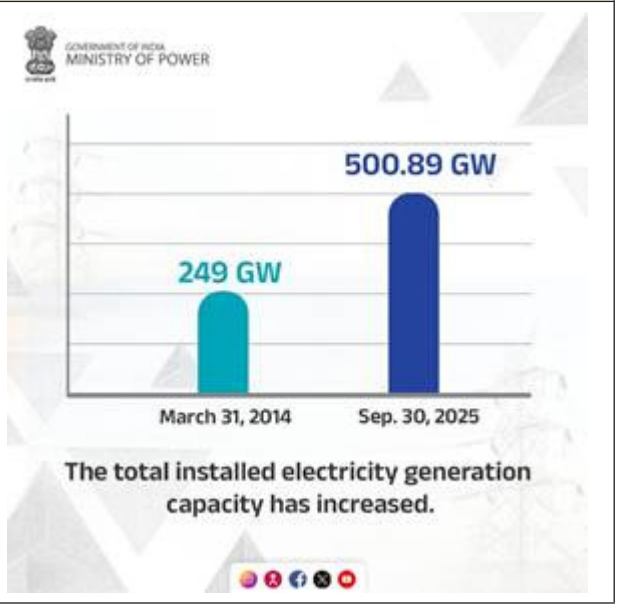
India's Electronic Sector



- India is the **second largest mobile phone producer** in the world.
  - India has achieved near self-reliance in mobile production- from importing 78% of its requirements in 2014–15 to manufacturing almost all devices domestically today.
- **Top 5 export destinations for Indian electronic goods in FY 2024–25** are the United States, United Arab Emirates, the Netherlands, the United Kingdom, and Italy.
- Electronics manufacturing created **25 lakh jobs in the last 10 years.**
- **India's semiconductor ecosystem** has gained significant momentum, with five landmark projects receiving approval with a total combined investment nearing Rs 1.52 lakh crores.
- **Future Projections:** It indicates that India's electronics production will reach **USD 300 billion by 2026.**

Clean Energy in India

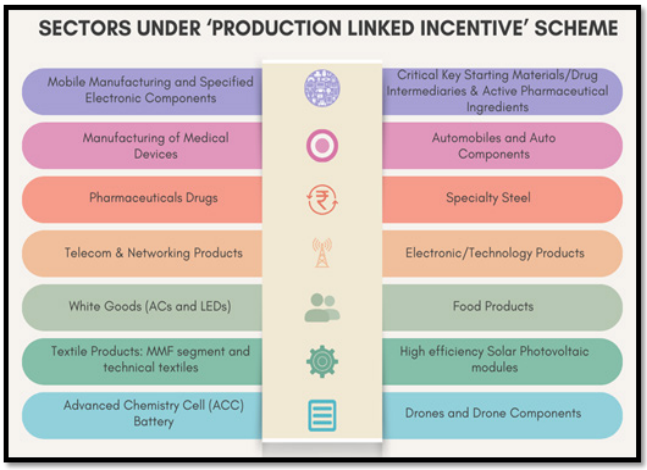
- **As of 2025,** the country's total installed electricity capacity has crossed **500 GW, reaching 500.89 GW.**



- **Non-fossil fuel sources (renewable energy, hydro, and nuclear):** 256.09 GW – over 51 % of the total.
- **Fossil-fuel-based sources:** 244.80 GW, about **49 % of the total,** making coal a source of up to almost half the energy needs. Also, coal contributes about **74% of total electricity production in India.**
- **Within renewables:**
  - **Solar power:** 127.33 GW.
  - **Wind power:** 53.12 GW.
- **During FY 2025–26** India added 28 GW of non-fossil capacity and 5.1 GW of fossil-fuel capacity.

Government Initiatives

- **Make in India: Launched in 2014,** aimed at boosting India's manufacturing sector and economic growth.
  - Transform India into a global hub for design and manufacturing.
- **Phased Manufacturing Programme (PMP):** Launched in 2017, aimed to promote domestic value addition in mobile phones and their parts.
  - Increased investment and set up significant manufacturing capacities in India.
- **Production Linked Incentive (PLI) Scheme:** Introduced in 2020, aimed to boost domestic manufacturing in mobile phones, electronic components, and semiconductor packaging.
  - **Incentives:** 3% to 6% on incremental sales (over base year) for eligible companies.
  - **Duration: 5 years.**



- **Semicon India Program:** Launched in 2021, it is structured to promote the domestic semiconductor industry through incentives and strategic partnerships.
  - At Global Investors Summit 2025, it was announced that India's first indigenous semiconductor chip will be ready for production by 2025.
- **The Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS):** The scheme will provide financial incentive of 25% on capital expenditure for the identified list of electronic goods that comprise downstream value chain of electronic products.
- **Electronics Component Manufacturing Scheme:** The Union Cabinet chaired by the PM approved the Electronics Component Manufacturing Scheme with a funding of Rs.22,919 crore to make India Atmanirbhar in the electronics supply chain.
  - Tenure of six years with a one-year gestation period.
  - **Expected Outcomes:**
    - Attract an investment of Rs.59,350 crore.
    - Result in production of Rs.4,56,500 crore.
    - Generate 91,600 direct jobs and numerous indirect jobs.
- **Emerging Technologies & Projects:** Support for Battery Storage, hybrid systems, and RTC power.
  - Promotion of offshore wind and floating solar projects.
  - Focus on Hydrogen Mission for green hydrogen development.
- **International Partnerships:** ISA (International Solar Alliance) launched by India to promote global solar cooperation.
  - Collaboration with countries & global funds for clean energy investment and technology.

Source: AIR

PARLIAMENT PASSES INSOLVENCY AND BANKRUPTCY CODE BILL, 2026

Context

- The Parliament has passed the Insolvency and Bankruptcy Code (Amendment) Bill, 2026.

What is Insolvency and Bankruptcy Code (IBC), 2016?

- **IBC was introduced in 2016** to address rising Non Performing Assets and ineffective debt recovery mechanisms in India.
- It aims to overhaul the **corporate distress resolution system**, replacing debtor-controlled regimes with **creditor-in-control mechanisms** for time-bound resolutions.

- Objectives of the IBC resolution are;
  - **Business Revival:** To save businesses through restructuring, changes in ownership, or mergers,
  - **Maximization of Asset Value:** To preserve and maximize the value of the debtor's assets,
  - **Promoting Entrepreneurship and Credit:** To encourage entrepreneurship, improve credit availability, and balance the interests of stakeholders, including creditors and debtors.

Key Features of IBC (Amendment) Bill, 2026

- **Timelines for liquidation:** The Bill adds that NCLT must pass the order for liquidation within **30 days** from the date of the application or intimation. It also specifies that liquidation proceedings must be completed in **180 days**, extendable by up to **90 days.**
- **Mandatory Admission of CIRP:** The bill mandates that the **National Company Law Tribunal (NCLT)** must admit an insolvency application **within 14 days** if the default is proven and the application is complete, **removing judicial discretion** on this timeline.
- **Cross-Border Insolvency:** Introduces a framework to deal with insolvency cases involving foreign assets/creditors.
- **Clarification on Statutory Dues:** The Bill clarifies that statutory dues will not be treated as secured debt. This ensures that **government dues do not get priority** over secured creditors during insolvency resolution.
- **Changes in Liquidation Process:** The Bill removes the **quasi-judicial powers of the liquidator** regarding admission, rejection, and valuation of claims.
  - **The Committee of Creditors (CoC)** is empowered to appoint or remove the liquidator and supervise the liquidation process.
- **Introduction of CIIRP (Creditor-Initiated Insolvency Resolution Process):** The Bill introduces a mechanism allowing select financial institutions to initiate insolvency proceedings outside the formal court process.

What are the Concerns?

- **Dilution of Liquidator's Role:** The Code originally provided quasi-judicial powers to the liquidator to ensure finality of claims during liquidation.
  - The removal of these powers may reduce efficiency and increase dependence on the CoC, potentially leading to delays and conflicts.
- **Selective Access to CIIRP:** The CIIRP mechanism can be initiated only by select financial institutions notified by the government.
  - This raises concerns regarding unequal treatment of creditors and lack of clarity on selection criteria.
- **Restrictions on Withdrawal of Applications:** The Bill restricts withdrawal of insolvency applications before CoC formation and after invitation of resolution plans.
  - This may discourage early settlements and out-of-court resolutions.

Concluding remarks

- The 2026 amendments represent a significant evolution of the IBC framework by improving efficiency, enhancing creditor participation, and incorporating global best practices.
- Effective implementation and institutional capacity will be crucial to realise the full potential of these reforms.

Source: AIR

WAR IN THE MIDDLE EAST HAS EXPOSED THE VULNERABILITY OF GLOBAL CHOKE POINTS

Context

- The conflict around the **Strait of Hormuz** has highlighted how modern power still runs through a surprisingly small number of vulnerable trade routes.

About

- **During the First World War,** the struggle over the **Dardanelles** was driven by the strategic importance of a narrow waterway linking the Mediterranean to the Black Sea.
  - **The Dardanelles** is a strategically significant strait that serves as a natural boundary between **Europe and Asia,** separating the Gallipoli peninsula in Eastern Europe from Anatolia in Asia.
- **In the Second World War,** the Battle of the Atlantic was essentially a contest over whether Britain and its allies could keep open the sea routes on which the war depended.

- **Choke points** did not merely influence those conflicts; **they helped determine their outcome.**
- **Strait of Hormuz:** It is one of the world's most critical maritime choke points, carrying roughly one-fifth of global oil and petroleum consumption and a similar share of liquefied natural gas (LNG) trade in early 2025.

Other Choke Points

- **Malacca Strait:** A similar vulnerability runs through the **Malacca Strait into the South China Sea.**
  - Malacca is the world's busiest oil transit corridor, linking Gulf producers to east Asia's industrial economies, while the South China Sea carries roughly one-third of global shipping.
  - Any conflict or disruption in the wider region would threaten not just the maritime routes surrounding it, but also global supply chains.

- **The Strait of Bab el-Mandeb:** Disruptions at the Bab el-Mandeb Strait in the Red Sea quickly raise shipping costs, delay deliveries, and affect food prices.

Modern Chokepoints Beyond Sea Routes

- **Industrial and Digital Systems:** Taiwan and China dominates global foundry capacity and produces most of the world's most advanced logic chips.
  - It has turned the Taiwan Strait into a double choke point: a shipping corridor on one side, a fabrication bottleneck on the other.
  - Any conflict or disruption would cut the supply of components of smartphones to cloud computing and modern vehicles.
- **Netherlands**, ASML is the sole commercial supplier of **extreme ultraviolet lithography machines,** without which the most **advanced semiconductors cannot be mass-produced.**
- **Race for Resources:** Rare earths and minerals that form the components on which high-tech devices rely are also now a critical global choke point.
  - China is the leading refiner for 19 of 20 important strategic minerals, this means that the industries meant to define the coming era are exposed to a small set of processing hubs.
- **Subsea Cables:** Subsea cables carry the overwhelming majority of intercontinental traffic, and Egypt has become one of the critical passage points for cables linking Europe and Asia.
  - More than 90% of Europe-Asia subsea cable capacity runs through the Red Sea cable corridor, making it a choke point of a different kind.
- **Climate Change:** The Panama Canal has faced another increasingly-frequent disruption to trade flows – that of climate change.
  - Reduced water levels in the region constrained canal traffic and forced shippers to reroute or wait, highlighting how climate stress is now a first-order geopolitical variable.

Conclusion

- The Iran war has exposed the fragility of a global order built on narrow corridors and concentrated capabilities.
  - In normal times, these choke points are easy to overlook but in wartime, or even prolonged crises, they reappear as hidden levers of escalation.
- Today's choke points also include chip fabs, lithography tools and fibre-optic cables on the ocean floor which have widened the vulnerability.
- The strategic significance of choke points lies not just in their throughput but in the absence of substitutes.

Source: WEF

NEWS IN SHORT

QDENGA (TAK-003)

Context

- Qdenga, developed by Takeda Pharmaceutical Company, has received clearance from India's Subject Expert Committee under the Drugs Controller General of India for individuals aged 4–60 years.

What is Qdenga (TAK-003)?

- TAK-003 is a **live-attenuated, tetravalent dengue vaccine,** containing weakened forms of **all four dengue virus serotypes** (DENV-1, DENV-2, DENV-3, and DENV-4) to stimulate immunity.
  - TAK-003 uses the **DENV2 strain** as the genomic backbone.
- The World Health Organization **prequalified TAK-003 in 2024,** recommending it for use in dengue-endemic areas.
- **Uneven Serotype Protection:**
  - **High efficacy against DENV-2** and moderate against DENV-1.
  - **Lower protection** against DENV-3 and DENV-4, especially in dengue-naïve individuals.
  - **Concern:** India is witnessing a rise in DENV-3 prevalence.

India's first indigenous dengue vaccine

- **DengiAll** is an indigenous, **tetravalent, single-dose dengue vaccine** candidate being developed by Panacea Biotec in collaboration with the Indian Council of Medical Research (ICMR).
- It is designed to **fight all four serotypes** and is **currently in Phase III trials.**

What is Dengue?

- Dengue is a viral infection caused by the **dengue virus (DENV),** transmitted to humans through the bite of infected mosquitoes.
  - **DENV is an RNA virus** of the **Flaviviridae family** with four serotypes (DENV-1 to 4).
- **Symptoms:** High fever, severe headache, pain behind the eyes, muscle and joint pains, nausea, vomiting, swollen glands, rash.
- **Transmission:** The virus is transmitted to humans through the bites of infected female mosquitoes, primarily the **Aedes Aegypti mosquito.**
  - There is a **possibility of maternal transmission of Dengue** (from a pregnant mother to her baby), transmission via blood products, organ donation and transfusions.
- **Prevention:** There is no specific antiviral treatment for dengue, so prevention relies on controlling mosquito populations and raising public awareness.
- The mosquitoes that spread dengue are active during the day. The best way of protection is to protect yourself from mosquito bites.

Source: TH

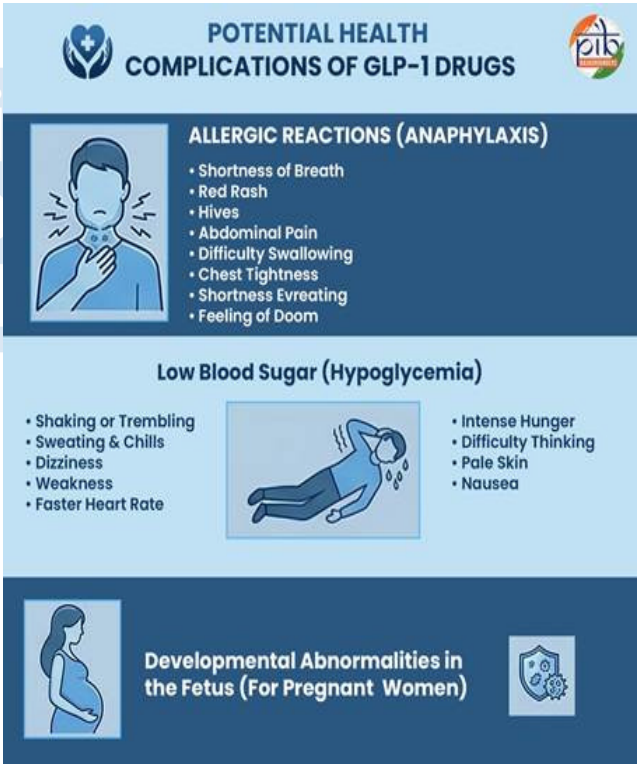
GLP-1 THERAPY

Context

- **Multiple variants of GLP-1 drugs** have been recently introduced in the Indian market, and concerns have emerged regarding their on-demand availability.

About

- **GLP-1 medication** was approved by the **United States' Food & Drug Administration in 2005**.
- **GLP-1 drugs (glucagon-like peptide-1 receptor agonists)** are medications developed to treat both type 2 diabetes and obesity by correcting hormonal imbalance.
  - They slow down the gastric emptying, increasing the feeling of fullness.
  - This decreases patients' appetites and thereby leads to their weight loss.



- To ensure **ethical pharmaceutical practices** in the **supply chain of GLP-1,** the Drug Controller General of India has intensified its regulatory surveillance against the drug's unauthorised sale and promotion.
  - In India, the drug can be prescribed only by endocrinologists, internal medicine specialists and cardiologists.

Source: PIB

PRADHAN MANTRI AWAAS YOJANA – GRAMIN (PMAY-G) COMPLETED 10 YEARS

In News

- PMAY-G completes 10 years of implementation in 2026, marking a decade of India's flagship rural housing mission.

What is PMAY-G?

- **Aim:** Provide "Housing for All" in rural areas — financial assistance to eligible rural households, including houseless families and those living in zero, one, or two-room kutcha houses, to construct pucca homes with basic amenities.
- **Beneficiary Selection:** Using housing deprivation parameters from the Socio-Economic and Caste Census (SECC), 2011, verified by Gram Sabhas.
- **Funding Pattern:** 60:40 (Centre:State) in plain areas; 90:10 for North-Eastern and Himalayan states.
- **Nodal Ministry:** Ministry of Rural Development (MoRD).
- **Financial Assistance:**
  - Minimum unit size of 25 sq. m.
  - ₹1.20 lakh in plain areas; ₹1.30 lakh in hilly/ North-Eastern states.
  - Additional ₹12,000 for toilet construction via convergence with Swachh Bharat Mission.

Reforms in the Scheme

- **Direct Benefit Transfer (DBT):** Financial assistance released directly to beneficiaries' bank accounts, eliminating middlemen.
- **Geo-tagging:** Time and date-stamped photographs uploaded at every construction stage for real-time monitoring.
- **AI-driven monitoring:** AI and Machine Learning tools for anomaly detection; Aadhaar face authentication (including eye-blink detection) to verify beneficiaries and prevent fraud.
- **Village-level Functionaries:** Each sanctioned house is tagged to a local functionary who follows up with the beneficiary.
- **Social Audits:** Every Gram Panchayat conducts a formal social audit at least once a year.

Source: PIB

JAN VISHWAS (AMENDMENT OF PROVISIONS) BILL, 2026

In News

- The Lok Sabha passed the Jan Vishwas (Amendment of Provisions) Bill, 2026 with a voice vote.

What is the Jan Vishwas Bill?

- A legislative reform initiative that shifts India's regulatory culture from a punitive, imprisonment-based model to a civil penalty and trust-based framework for minor, technical, and procedural offences.
- It reflects the principle that citizens and businesses should not face criminal sanctions for minor non-compliance.

Key Provisions

- **Decriminalisation:**
  - Replaces imprisonment for minor, technical, or procedural defaults with civil and administrative enforcement mechanisms — monetary penalties or warnings.
  - Example: Under the Drugs and Cosmetics Act, 1940, imprisonment for sale of cosmetics in contravention of the Act is replaced with civil penalty.
- **Adjudication Mechanism:**
  - Provides for appointment of Adjudicating Officers and establishment of Appellate Authorities for speedy, time-bound enforcement — reducing litigation burden on courts while ensuring principles of natural justice.
- **Graduated Response:**
  - Warnings or advisories for first-time or second-time lapses before imposing fines — avoiding immediate criminalisation of minor infractions.
- **Dynamic Monetary Penalties:**
  - Fines and penalties shall be increased by 10% of the minimum amount after every 3 years — creating progressive deterrence while keeping penalties proportionate.
- **Colonial-era Provisions Removed:**
  - Outdated and irrelevant provisions — including those under laws like the Cattle Trespass Act, 1871 — have been omitted.

Source: PIB

RBI TIGHTENS FOREX RULES, BANS NON-DELIVERABLE RE CONTRACTS

Context

- The Reserve Bank of India (RBI) has directed authorised dealer (AD) banks to discontinue offering non-deliverable derivative contracts involving the Indian rupee to both resident and non-resident users.

About

- **Aim:** Strengthening oversight in the **foreign exchange derivatives market.**
- It is seen as part of a broader effort **to curb speculative activity and enhance transparency in currency markets** as the rupee has come under pressure in the wake of the West Asia conflict.
- **New Guidelines:**
  - Authorised dealers may continue to offer deliverable foreign exchange derivative contracts, provided these are strictly used to meet genuine hedging requirements of clients.
  - To ensure compliance, dealers have been granted the authority to request any necessary documentation or information from clients to verify the legitimacy and purpose of such transactions.
- The measures will bring **greater discipline to the forex derivatives segment,** ensuring that they are used for risk management rather than speculative purposes.

Forex Derivatives

- **Forex Derivatives (Foreign Exchange Derivatives)** are financial contracts whose value is derived from the exchange rate of one currency against another.
  - They are mainly used to hedge risk, speculate, or arbitrage in foreign exchange markets.
- **Specific foreign exchange derivatives include:** foreign currency forward contracts, foreign currency futures, foreign currency swaps, currency options, and foreign exchange binary options.
- These instruments are called derivatives because their **value is derived from an underlying asset, a foreign currency.**

Source: IE

AMMONIUM NITRATE

In Context

- Bharat Coal Gasification and Chemicals Ltd. and Mahanadi Coalfields Ltd. recently signed an agreement for a Coal to **Ammonium Nitrate Project.**

What is Ammonium Nitrate?

- A white, crystalline, water-soluble solid, not found in nature; synthetically produced by reacting ammonia with nitric acid.
- It is hygroscopic in nature and under high heat, it decomposes explosively, releasing nitrogen dioxide (NO).
  - Example: 2015 Tianjin (China) explosion and 2020 Beirut port explosion.
- One of the world's most widely used chemicals serving dual roles as a fertiliser and an industrial explosive.
- It is listed as a hazardous chemical under Hazardous Chemicals Rules, 1989.

Source: PIB

E-3 SENTRY AWACS

Context

- Iran's missile and drone strike on Saudi Arabia's **Prince Sultan Air Base** has reportedly destroyed a **US E-3 Sentry AWACS aircraft**.

About E-3 Sentry (AWACS)

- **The E-3 Sentry** is an **airborne early warning and control aircraft** developed by Boeing for advanced surveillance and battle management.
- The aircraft is commonly known as AWACS, which stands for **Airborne Warning and Control System.**
- It is equipped with a **distinctive rotating radar dome** mounted above its fuselage that enables long-range detection and tracking of aerial targets.

Airborne Warning and Control System in India

- The Indian Air Force (IAF) operates three Israeli-origin Phalcon Airborne Warning and Control Systems (AWACS) mounted on Russian Ilyushin Il-76 transport aircraft.
  - These systems, known as **"eyes in the sky,"** provide 360-degree radar coverage, with capabilities to detect aircraft, cruise missiles, and drones at ranges of 370–500 km.

- **The NETRA Airborne Early Warning and Control (AEW&C) system** is an indigenous, multi-sensor platform developed by DRDO, primarily designed for **aerial surveillance, target identification, and command-and-control capabilities**.
  - It is based on the Brazilian Embraer **ERJ 145 aircraft.**

Source: HT

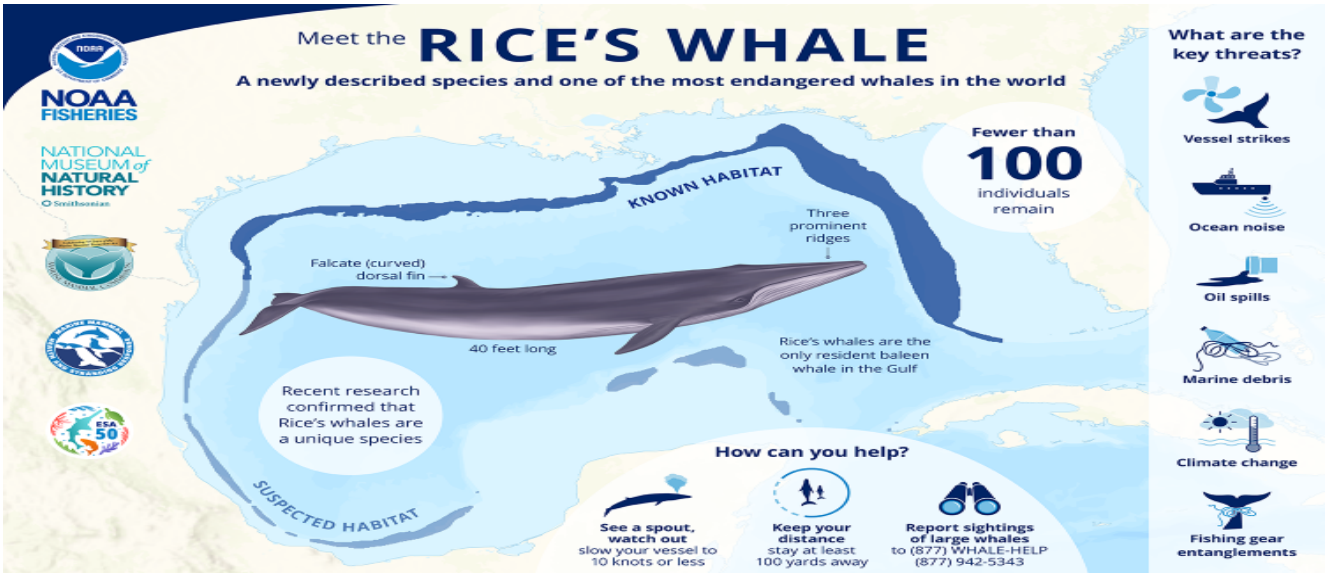
RICE'S WHALE

Context

- The US expansion of oil and gas drilling could push the Rice Whale to extinction.

Rice's Whale (Balaenoptera ricei)

- Belonging to the **baleen whale family** Balaenopteridae, it is one of the rarest whale species, with fewer than 100 individuals remaining.
- **Range and Habitat:** It is **endemic** to the **northern Gulf of Mexico** and lives year-round within this region without undertaking long migrations.
- **Diet:** Primarily feeds on **small fish** and **squid**.
- **Threat:** Oil drilling, vessel strikes, and climate change.
- **Conservation status**: It is listed as **Critically Endangered** on the IUCN Red List.



Do you know?

- The International Whaling Commission (IWC) was established in 1946 as the global body responsible for management of whaling and conservation of whales.
- Currently, the IWC has more than 80 member countries, including India.

Source: TH

INTERNATIONAL BOOKER PRIZE

Context

- Six books have been shortlisted for the International Booker Prize 2026 that would be announced on May 19, 2026.

About the Prize

- Formerly known as the **Man Booker International Prize**, this honor is presented annually for a work of fiction, either a novel or a collection of short stories that was originally written in a language other than English, then translated into English and published in the U.K. and/or Ireland.
- The prize highlights the crucial role of translators, with **£50,000 shared equally between the author and translator**.
- Each shortlisted book receives **£5,000**, also split equally between author and translator.
- **Past Winner:** In 2025, Heart Lamp by Banu Mushtaq, translated by Deepa Bhasthi, won the prize. It was the first book translated from Kannada to receive this honor.

Do you know?

- The **Booker Prize** is a separate award given annually for the best novel **written in English**, published in the UK or Ireland.
  - **Past Indian Booker Prize winners:** Arundhati Roy (God of Small Things), Kiran Desai (Inheritance of Loss), and Aravind Adiga (White Tiger).

Source: DH