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# Daily News Analysis

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## **Table of Contents**

1. Parris Agreement.....	1
2. Electronics Component Manufacturing Scheme.....	3
3. Carbon Border Adjustment Mechanism (CBAM).....	5





## 1. Parris Agreement

### Prelims Perspective: What needs to be learned?

- Launch and Aim
- Target and Goal
- Outcome
- Challenges
- United Nations Framework Convention on Climate Change (UNFCCC)

### Mains Perspective: Notes need to be prepared

- Climate Change (GS III - Environment)

### What needs to be known?

- **Parris Agreement**

→ **Launch:** Signed in December 2015 during COP21 of UNFCCC in Paris by 196 parties.

→ **Aim:** Aims to combat climate change and transition to a low-carbon future.

→ **Target:** Limit global warming to well below 2°C; aim for 1.5°C above pre-industrial levels.

→ **Key Focus**

★ **Adaptation:** Build resilience to climate impacts.

★ **Mitigation:** Reduce greenhouse gas (GHG) emissions.

★ **Finance:** Mobilize resources for developing nations.

→ **Outcome**

★ **Nationally Determined Contributions (NDCs):** Countries set and update their emission reduction targets every five years.

★ **Global Stocktake:** Reviews collective progress every five years.

★ **Transparency Framework:** Ensures accurate reporting of emissions and actions.

★ **Climate Finance:** Developed nations pledged \$100 billion annually to support developing countries until 2025.





## → Challenges

- ★ **Funding Gaps:** Inadequate financial resources for implementation.
- ★ **Non-Binding Nature:** No penalties for missing targets.
- ★ **Inequality:** Developing nations need support to balance growth and sustainability.

## • United Nations Framework Convention on Climate Change (UNFCCC)

→ **What is it?:** UNFCCC is an international environmental treaty established in 1992 at the Rio Earth Summit (UNCED).

### → Objectives:

- ★ The primary role of UNFCCC is to provide a framework for negotiating specific international treaties, known as “protocols.”
- ★ UNFCCC itself sets no binding limits but aims to stabilize greenhouse gas (GHG) concentrations in the atmosphere at a level preventing dangerous consequences.



## 2. Electronics Component Manufacturing Scheme

### Prelims Perspective: What needs to be learned?

- Ministry and Aim
- Tenure of Scheme
- Target Areas
- Incentive Structure

### Mains Perspective: Notes need to be prepared

- Electronic Industry (GS III- Economy)

### What needs to be known?

- **Electronics Component Manufacturing Scheme**
  - **Launch:** In 2024 under the Minister of Electronics and Information Technology
  - **Aim:** To develop a robust component manufacturing ecosystem by attracting investments (global/domestic) across the value chain by integrating its domestic electronic industry with the Global Value Chains (GVCs).
  - **Tenure of Scheme:**
    - ★ Turnover-linked incentive: 6 years (with 1-year gestation).
    - ★ Capex incentive: 5 years.
  - **Target Areas**
    - ★ **Sub-assemblies:** display modules, camera modules.
    - ★ **Bare components:** non-SMD passive components, electromechanical components, multi-layer PCBs, Li-ion cells (for digital applications) etc.
    - ★ **Selected bare components:** HDI/flexible PCBs, SMD passive components etc.
    - ★ **Supply chain ecosystem & capital equipment:** manufacturing of machinery/equipment used in electronics, and ecosystem support units.



## → Incentive Structure

- ★ Turnover-linked incentive (based on incremental sales)
- ★ Capital expenditure (Capex)-linked incentive (for investment in plant/machinery)
- ★ Hybrid model (combination) for certain segments.



### 3. Carbon Border Adjustment Mechanism (CBAM)

#### Prelims Perspective: What needs to be learned?

- What is it?
- Target
- Sectors Covered
- Impact of Carbon Border Adjustment Mechanism (CBAM) on India

#### Mains Perspective: Notes need to be prepared

- International Trade (GS 2 - International Relations)
- Climate Change Mitigation (GS 3- Environment)

#### What needs to be known?

- **Carbon Border Adjustment Mechanism (CBAM)**
  - **What is it?:** It is European Union tariff policy on imports of high-emission goods, ensuring foreign producers face equivalent carbon costs to EU domestic ones.
  - **Target:** CBAM prevents undermining of EU climate goals under the "Fit for 55" package, which targets a 55% emissions cut by 2030 and net-zero by 2050.
  - **Sectors Covered:** Initially covers cement, iron and steel, aluminium, fertilisers, electricity, and hydrogen—sectors at high risk of carbon leakage.
- **Impact of Carbon Border Adjustment Mechanism (CBAM) on India**
  - Higher export cost for Indian carbon-intensive products (iron & steel, aluminium, cement, fertilisers).
  - Loss of price competitiveness in the European Union market.
  - Compliance burden due to complex carbon measurement, reporting and verification (MRV).
  - MSMEs most affected because of limited technical and financial capacity.
  - Trade diversion risk as EU buyers may prefer low-carbon suppliers.
  - Perceived green protectionism, raising concerns for developing countries.
  - Contradicts CBDR principle (Common But Differentiated Responsibilities).
  - Push towards decarbonisation of Indian industry in the long run.