

1 Cyprus (Source: The Hindu)

- **Location:** It is an island country in the eastern Mediterranean Sea.
- **Capital:** Nicosia
- **Share Maritime Border with Countries:** Greece, Turkey, Syria, Lebanon, Israel and Palestine, Egypt.
- **Climate**
 - Cyprus is the third largest island in the Mediterranean Sea, after the Italian islands of Sicily and Sardinia
 - *The region has Mediterranean climate*





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2 Foreign Direct Investment (Source: The Hindu)

FDI refers to investment made by a person residing outside India through capital instruments in either an unlisted Indian company or in at least 10% of the post-issue paid-up equity capital (on a fully diluted basis) of a listed Indian company.

Routes of FDI

- **Automatic Route:** A non-resident investor or an Indian company does not require any prior approval from the Government of India or the Reserve Bank of India (RBI) to invest. The investor only needs to inform the RBI within a specified timeframe after the transaction.
- **Government Route:** Prior approval from the government is mandatory. The respective administrative Ministries/Departments consider proposals. The Foreign Investment Facilitation Portal (FIFP) acts as the single-window clearance mechanism.

Sectors with FDI Prohibitions

- Lottery Business (including Government/private lottery, online lotteries, etc.)
- Gambling and Betting (including casinos)
- Chit funds and Nidhi companies
- Trading in Transferable Development Rights (TDRs)
- Real Estate Business or Construction of Farm Houses (Note: Development of townships, roads, bridges, and educational institutions are permitted and do not fall under this prohibition)
- Manufacturing of cigars, cheroots, cigarillos, and cigarettes, of tobacco or of tobacco substitutes
- Sectors/activities not open to private sector investment (e.g., Atomic Energy and Railway Operations other than permitted infrastructure projects).

3 Variable Rate Repo (VRR) (Source: The Hindu)

VRR is a type of liquidity adjustment tool used by the RBI, where banks can borrow funds for short-term at market-determined interest rates through an auction mechanism.

How does it work?

- RBI conducts VRR auctions where banks bid for funds, specifying amounts and interest rates they are willing to pay. The RBI accepts the lowest (most favourable) bids to determine the cutoff rate, which becomes the variable repo rate for that auction, typically for tenures of 1-14 days.

Features

- Market-driven rates, unlike the fixed repo rate set by RBI's Monetary Policy Committee.
- Provides flexibility during liquidity shortages when banks avoid fixed-rate borrowing.
- Ensures rates stay above the reverse repo rate floor for monetary stability

