China's Global Lending Power Play

Why is it in News?

AidData, a research initiative at William & Mary University, has released an extensive dataset (2000–2023) revealing that China has extended over $2 trillion in loans to more than 80% of the world's nations. The findings indicate a major transition from development-oriented lending to commercially driven financing.
A surprising insight is that U.S.-based companies received nearly $200 billion—making the United States the largest individual recipient of Chinese lending.
The data highlights shrinking Belt and Road Initiative (BRI) activity, a shift toward advanced economies, and increasing financial opacity via offshore mechanisms.

Relevance

GS2 – International Relations

- China's evolution from a development lender to a commercially focused global financier.
- Emergence of a parallel financial system that challenges the influence of the IMF and World Bank.
- Leveraging corporate loans for geopolitical reach, technology access, and supply-chain control.

GS3 – Economy

- Patterns in global capital movements; risks of debt distress and hidden liabilities.
- Consequences for fiscal stability in developing nations and potential implications for India's external sector.

Basics: What Constitutes Chinese Global Lending?

China's overseas financing architecture is largely driven by:

- China Development Bank (CDB)
- Export–Import Bank of China
- State-owned enterprises (SOEs)
- The People's Bank of China

Chinese lending falls into two broad categories:

1. **Official Development Assistance (ODA)** – concessional loans focused on development outcomes.
2. **Other Official Flows (OOF)** – primarily commercial, market-linked, and strategically motivated financing.

Key Data & Trends (2000–2023)

Scale of Financing

- Cumulative global loans and grants: **over $2 trillion**.
- Countries/territories receiving funds: **179 out of 217**.
- Lending in 2023 alone: **$140 billion**, positioning China as the world's largest sovereign creditor.

Top Beneficiaries by Country Entities

- U.S.-based firms: **~$200 billion** (2,500 projects; 95% backed by Chinese state institutions)
- Russia: **$172 billion**
- Australia: **$130 billion**
- EU (27 members): **$161 billion**

Shift in Borrower Profile

- High-income nations: **$943 billion**, over one-fifth of all Chinese lending.
- Only **25%** of China's 2023 portfolio is tied to BRI, down from **75%** earlier.

Reduction in Aid Component

- China's average ODA: **~$5.7 billion** annually.
- ODA in 2023 fell drastically to **$1.9 billion**.

Sectoral Reorientation

- Earlier emphasis: infrastructure (energy, transport, connectivity projects).
- Current emphasis: commercial deals, corporate acquisitions, and mergers.

Structural Shift: From Aid Donor to Commercial Financier

Past Model (2000–2015)

Characterised by:

- Targeting low-income nations
- Focus on BRI-related physical infrastructure
- Seeking geopolitical influence and natural resource access
- Offering concessional loans with long repayment periods, bundled with tied procurement

Present Model (2016–2023)

Marked by:

- Greater engagement with wealthy countries

- Strategic objectives: gaining access to advanced tech, boosting financial returns, increasing corporate presence
- U.S. lending surged from **$320 million (2000)** to **nearly $19 billion (2023)**
- About **75%** of Chinese financing to the U.S. is commercial; development finance accounts for just **7%**

Methods & Concerns Highlighted by AidData

High Success Rate in Foreign Acquisitions

China reportedly achieves an **80% approval rate** in overseas M&A deals due to:

- Lax foreign investment screening standards in host countries
- Use of opaque channels such as:
    - Offshore shell entities
    - Syndicated lending via global banks
    - Complex intermediary structures that obscure true creditors

Hidden Debt Risks

Low-income countries face rising debt vulnerabilities due to:

- Non-transparent collateral agreements
- Offshore lending structures
- Poor disclosure practices

Implications for Global Finance & Geopolitics

Impact on International Financial Architecture

China is positioning itself as:

- The **largest official lender**, surpassing the IMF and World Bank individually
- A source of alternative financing models that dilute Western financial leadership

For Developed Nations

Commercial lending results in:

- Greater Chinese penetration into advanced corporate ecosystems
- Concerns about dependency in sectors like tech, supply chains, and critical infrastructure

For Developing Countries

- Sharp drop in concessional aid worsens financing shortages for infrastructure and social welfare

- Higher exposure to collateral-based lending (e.g., ports, mineral assets)
- Increased risk of entering debt traps

For BRI

- BRI is being recalibrated rather than dismantled
- Shift toward:
    - More selective investments
    - Higher-return projects
    - Geopolitically critical corridors

India's Position

- India received **$11.1 billion** from China (2000–2023)
- Sectors: energy, finance, developmental projects
- Mix of concessional and commercial lending
- India remains wary due to:
    - Strategic rivalry
    - Security concerns (especially post-2020 FDI restrictions)
    - Supply-chain dependency risks

Draft Seeds Bill

Why is it in News?

The Union Agriculture Ministry has unveiled the Draft Seeds Bill on November 12, 2025, inviting public responses until December 11.
Its purpose is to revamp and modernise the Seeds Act, 1966 and the Seeds (Control) Order, 1983 to match technological progress, commercial evolution, and global treaty obligations.
This move comes amid intense debate between the seed industry's call for modernization and farmers' groups' fears regarding corporatisation and erosion of seed sovereignty.

Relevance

GS2 – Governance / Policy

- Comprehensive overhaul of the Seeds Act, 1966
- Coordination issues between Centre and States
- Alignment with PPVFR Act, Convention on Biological Diversity, ITPGRFA

GS3 – Agriculture

- Regulation of seed quality and its impact on productivity
- Concerns of smallholders, biodiversity, traditional seed systems
- Liberalised imports and associated biosecurity risks

Why a New Seeds Law?

Seeds contribute **35–40%** of agricultural productivity.
India's seed sector has transformed from:

- **Public-sector dominance (1960s)** to
- **Biotech, hybridisation, corporate R&D (2020s)**

Necessities:

- Better quality control
- Traceability mechanisms
- Regulation of production, dealers, and seed processors
- Harmonisation with genetic IPR frameworks and biodiversity treaties

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Historical Context

The Seeds Act, 1966 and Seeds (Control) Order, 1983 are now outdated.
Seed industry perspective: law must reflect technological innovation in biotechnology, hybrids, GM traits, and global trade.

India's seed requirement (2023–24): **462.31 lakh quintals**
Availability: **508.60 lakh quintals** (surplus of 46.29 lakh quintals)

Farmers' unions' concerns:

- Intensified corporatisation
- Rising costs for farmers
- Erosion of traditional seed practices and community seed networks

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New Provisions: What the Draft Bill Envisions

Regulatory Scope

Covers:

- Import
- Production
- Processing
- Certification

- Distribution
- Sales of seeds

Includes updated definitions for farmers, dealers, distributors, and producers.

Farmers' Rights

Farmers will continue to have the right to:

- Grow
- Sow
- Re-sow
- Save
- Exchange
- Share and sell farm-saved seeds

Restrictions apply only if the seeds are sold using a **brand name**, aligning with the PPVFR Act (2001).

Institutional Setup

- **Central Seed Committee (27 members)** – decides minimum standards (germination, genetic purity, physical purity, seed health, traits)
- **State Seed Committees (15 members)** – responsible for registering seed producers, processing units, dealers, distributors, nurseries

Registration & Testing Protocols

- Mandatory registration for all seed producers and processing units
- Establishment of:
    - National Register of Seed Varieties
    - Field trials for VCU (Value for Cultivation & Use)
    - Central and State seed-testing labs

Import Regulations

- Liberalised seed imports with quality checks
- Accreditation system for multi-state operators to streamline compliance

Enforcement Tools

Seed inspectors empowered to conduct:

- Search
- Seizure
- Sampling
- Testing

Enforcement aligned with the Bharatiya Nagarik Suraksha Sanhita (BNSS).

Offences & Penalties: Comparison with 2019 Draft

Earlier (2019 Draft)

- Fines: ₹25,000–₹5 lakh
- Imprisonment: up to 1 year
- Mainly covered under consumer protection norms

Revised Draft (2024)

- Fines: ₹50,000 to ₹30 lakh
- Jail term: up to 3 years
- Offences categorised as trivial, minor, and major
- Strong deterrents for:
    - Mislabeling
    - Spurious seeds
    - Fake branding
    - Misrepresentation of traits

Farmers' Concerns

Key demands by AIKS/Samyukt Kisan Morcha:

- Increased cultivation cost due to corporatisation
- Risk of monopolistic pricing
- Over-centralisation reducing State powers
- Weak protection for traditional seed systems
- Potential conflict with PPVFR Act, CBD, and ITPGRFA

Major apprehensions

- Excessive centralised regulation
- Greater dependence on corporate seed varieties
- Threat to biodiversity and farmer autonomy

Industry's Viewpoint

Federation of Seed Industry of India welcomes the draft, emphasizing:

- Higher quality standards

- Easier imports
- Accreditation-based framework
- Clear penalties

Claims the Bill aligns India's seed system with global standards.

Critical Analysis

Strengths

- Modernised quality standards → improved productivity
- Clarity on farmers' rights → legal protection maintained
- Better regulation → reduced fake seeds
- National Register → transparency and traceability
- Strong penalties → behavioral change in seed market

Weaknesses / Risks

- Excessive Centre control over a State subject
- Import liberalisation → threat to domestic breeders and biosecurity
- Accreditation model may favour large corporations
- VCU testing may burden small breeders with higher costs

Opportunities

- Export competitiveness
- Boost to seed innovation and R&D
- Reduced crop loss through high-quality seeds

Threats

- Corporate dominance
- Farmer resistance
- Loss of agro-biodiversity
- Political backlash

Air Pollution Exposure in India

Core Findings

- Nearly **60% of Indian districts (447 out of 749)** report annual PM2.5 levels exceeding the National Ambient Air Quality Standard (NAAQS) threshold of **40 µg/m³**.
- **Not a single district** meets the WHO guideline of **5 µg/m³**.

- The pattern indicates that exposure to hazardous air pollution persists throughout the year, not just during winter.

Relevance

GS3 – Environment

- Nationwide PM2.5 trends and the gap between measured pollution and NAAQS/WHO benchmarks.
- Seasonal disparities (winter vs monsoon) linked to atmospheric processes.
- Distribution of pollution burden across rural and urban areas, and connections to broader climate–pollution dynamics.

GS2 – Governance

- Challenges in air-quality regulation, inadequacies in monitoring, and coordination failures across federal structures.
- Policy shortcomings affecting the Clean Air Programme, emission control, and district-level interventions.

Geographical Distribution

Most Polluted Districts (Top 50)

- **Delhi – 11 districts**
- **Assam – 11 districts**
- **Bihar – 7**
- **Haryana – 7**
- **Uttar Pradesh – 4**
- **Tripura – 3**
- **Rajasthan – 2**
- **West Bengal – 2**

Relatively Cleaner States (Mostly within NAAQS limits)

- Andhra Pradesh
- Telangana
- Kerala
- Sikkim
- Goa
- Karnataka

- Tamil Nadu

A clear contrast emerges between the polluted belt of Northern and Northeastern India and the relatively cleaner southern and coastal regions.

Seasonal Variations

Winter (Dec–Feb)

- **82% of districts (616/749)** surpass NAAQS levels.
- Contributing factors include:
    - Reduced atmospheric dispersion
    - Lower wind speeds
    - Increased emissions from heating, crop residue burning, and transport

Monsoon (Jun–Sep)

- **90% of districts (675/749)** remain within safe limits.
- Heavy rainfall enhances atmospheric cleansing, removing particulate matter from the air.

Technical Observations

- PM2.5 comprises toxic chemical and organic aerosol particles.
- Human exposure depends not just on pollutant concentration but also on **population density patterns**, which can amplify health impacts.
- The findings were published by the **Centre for Research on Energy and Clean Air (CREA)**; although not peer-reviewed, they align with established trends.

INR Depreciation

Current Status

- The Indian rupee has emerged as the **weakest-performing Asian currency in 2025** (January–December CYTD).
- Rupee depreciation: **4.3% against the U.S. dollar (CYTD)**, consistent with Axis Bank's estimate of a 4% slide.
- Recently broke the RBI-managed level of **₹88.8/USD**, spiked to **₹89.66 (21 Nov 2025)**, and then rebounded to **₹89.22**.

Relevance

GS3 – Economy

- Exchange-rate behaviour and comparative performance among Asian currencies.
- Key factors: strong U.S. dollar, tariff shocks, rising gold imports, and capital flight.
- Broader concerns: trade deficit, balance-of-payments vulnerabilities, and monetary-policy implications.

GS2 – International Relations

- Impact of U.S. tariff decisions on India
- How currency movements shape India–U.S. geo-economic engagements

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Comparative Performance among Asian Currencies

- Indonesian Rupiah (IDR): down **2.9%** CYTD
- Philippine Peso (PHP): down **1.3%** CYTD
- Chinese Yuan (CNY): strengthened due to aggressive PBOC/SAFE interventions
- Rupee weaker than current-account-surplus economies
- Still stronger compared to the Japanese yen (JPY) and South Korean won (KRW), both affected by domestic policy weaknesses

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Drivers of Rupee Depreciation

1. Global Dollar Strength

- The U.S. dollar gained **3.6%** in the last two months due to global risk aversion, exerting widespread pressure on emerging markets.

2. Tariff Pressures from the U.S. (Trump Administration)

- Imposition of **50% tariff** on Indian exports
- India's trade deficit with the U.S. touched a record **$41.7 billion (Oct 2025)**
- Export competitiveness weakened significantly

3. Surge in Gold Prices & Imports

- Global gold prices spiked sharply
- Indian investors turned aggressively to gold ETFs
- Gold demand climbed **200%** in October
- Gold import cost hit **$14.72 billion (Oct)**, worsening external balances

4. Capital Outflows

- Rupee weakness is driven more by **portfolio outflows** than by domestic economic fundamentals

- High U.S. yields encouraging investors to pull funds out of EMs

5. Adverse Global Geo-economic Environment

- Layered shocks: tariffs, commodity surges, and geopolitical instability affecting trade routes

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Forward Outlook

- The rupee may slide further to **₹90/USD** if progress on an India–U.S. trade deal is delayed.
- Future rupee movements largely depend on global dollar trends rather than domestic macroeconomics.

Why Did Hayli Gubbi Erupt Now?

Why is it in News?

The Hayli Gubbi volcano erupted on **23 November 2025**, after lying dormant for almost **12,000 years**.
This event produced a powerful ash-rich eruption—an anomaly for a shield volcano. Situated in Ethiopia's Afar Region, a hyperactive tectonic zone within the East African Rift System, the eruption was primarily monitored through satellite platforms because of the volcano's inaccessible location.

Relevance

GS1 – Geography

- Characteristics of shield volcanoes
- Tectonics of the Afar Rift and triple-junction dynamics
- Long-dormant volcano activation and magma composition
- Implications for rift-driven volcanism and the birth of future ocean basins

GS3 – Disaster Management

- Monitoring constraints in remote volcanic terrains
- Importance of satellite-based surveillance and hazard preparedness

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What is a Shield Volcano?

- Broad volcanoes with gentle slopes
- Built from successive outpourings of fluid basaltic lava

- Low-viscosity magma enables lava to travel great distances, giving the structure its "warrior's shield" appearance
- Typically non-explosive because basaltic magma holds limited gas

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Location & Tectonic Setting

- Located in Ethiopia's Afar, part of the Erta Ale volcanic chain
- Lies at the meeting point of three tectonic plates:
    - African Plate
    - Arabian Plate
- This convergence creates the **Afar Triple Junction**
- A central node within the East African Rift, where continental plates are diverging

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Geological Composition of Hayli Gubbi

- Dominantly comprises **basaltic lava**, which is fluid and gas-poor
- Also contains **trachyte and rhyolite**, which are silica-rich
- High silica content increases magma viscosity, trapping gases and raising explosive potential

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Why Did the Volcano Reactivate After 12,000 Years?

1. Tectonic Forcing

- Ongoing rifting causes the lithosphere to stretch
- Provides pathways for mantle material to rise

2. Magma Formation

- Upwelling mantle undergoes partial melting
- Fresh magma slowly accumulates in crustal reservoirs

3. Long-Term Pressure Buildup

- Over thousands of years, magma chambers become pressurised
- Silica-rich pockets evolve higher gas concentrations

4. Crusting/Faulting Events

- Rifting leads to sudden fault slip or crustal cracks
- A new conduit forms unexpectedly

5. Rapid Ascent of Gas-Charged Magma

- Once a conduit opens, pent-up magma ascends quickly
- Sudden decompression expands dissolved gases
- Produces an explosive eruption—even in a shield volcano

Why This Eruption Was Unusually Explosive

- Increased proportion of silica-rich magma (rhyolitic and trachytic)
- Such magma:
    - Is highly viscous
    - Hinders gas escape
    - Builds intense pressure before release
- 12,000 years of dormancy increased magmatic pressure

Monitoring Limitations

- Region is exceptionally remote with few:
    - Seismometers
    - Gas sensors
    - Ground-deformation networks
- Monitoring depends mostly on:
    - Satellite thermal imagery
    - Ash plume tracking
    - Remote radar and infrasound
- Current scientific assessments remain preliminary

Wider Geological Importance

- Demonstrates that rift volcanoes can reawaken after long dormancy
- Highlights mixed-magma systems inside shield volcanoes
- Indicates the East African Rift's dynamic evolution, a region gradually splitting the continent and possibly forming a new ocean basin

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Case Study: Climate Change and Assam's Tea Crisis

Why is it in News?

Persistent high temperatures, delayed rainfall, and sticky humidity have continued well into **November**, disrupting the natural cooling period in Assam.
This abnormal weather is causing leaf wilting, blackening, and erratic flush cycles—directly harming tea productivity and quality.
Climate stress, combined with stagnating market prices, is compressing margins for growers.
A new 50-year climate analysis using IPCC RCP 2.6 & 4.5 scenarios predicts a severe drop in future tea suitability, pushing cultivation toward higher altitudes.
Meanwhile, the tea tribes—central to the plantation workforce—are emerging as a pivotal political constituency ahead of the **Assam 2026 elections**.

Relevance

GS1 – Geography

- Impact of weather variability on crop systems
- Monsoon dependence and floodplain vulnerability
- Changes in spatial suitability based on climate models

GS3 – Environment & Agriculture

- Climate-induced shifts in productivity, quality, and pest incidence
- Use of climate modeling (RCPs) to assess crop futures
- Adaptation technologies: irrigation, improved clones, agroforestry

GS2 – Governance & Social Issues

- Socioeconomic vulnerability of tea tribes
- Labour rights and political significance in the 2026 elections

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Tea Basics — Agronomy and Ideal Conditions

- Temperature: **13–28°C**, with optimal growth at **23–25°C**
- Rainfall: **1,500–2,500 mm**, well-distributed
- Soil: deep, acidic (pH 4.5–5.5) with rich organic content
- Growth: continuous but governed by flush cycles linked to moisture and temperature
- Quality: dependent on slow growth, cool nights, and consistent rainfall

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How Climate Change Is Disrupting Assam's Tea

Temperature Stress

- Mean minimum temperatures have risen **1°C in 90 years**, eliminating essential cool nights

- More days above **35°C**, reducing nutrient uptake and causing leaf wilting

Rainfall Variability

- Declining winter and pre-monsoon rainfall → poor first flush
- Erratic monsoon → floods, erosion, nutrient leaching
- Long-term reduction of **~200 mm** annual rainfall

Seasonal Shifts

- Heat persists into **November**, disturbing harvest cycles
- Moist, warm conditions increase vulnerability to diseases

Pest & Disease Surge

- Red spider mite
- Tea mosquito bug
- Blister blight
- Warmer nights have altered pest behaviour and population cycles

Impact on Tea Quality

- Lower synthesis of polyphenols and flavonoids
- Weaker aroma and global market competitiveness

Economic Pressures: Climate Intensifies, Prices Don't

- Tea auction prices rising only **4.8% annually** over 30 years
- Staples like wheat and rice saw **~10% annual growth**
- Real incomes stagnate, limiting investment in:
    - Irrigation
    - New clones
    - Soil restoration
- Rising input costs (labour, chemical inputs, energy)
- Ageing bushes (40–60 years old) not replaced due to high costs

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Why Assam Is Particularly Vulnerable

- Tea is grown mostly in floodplains, not highlands
- Monoculture plantations reduce ecological resilience
- High dependency on labour; wages rising without productivity gains
- Tea quality heavily dependent on climatic stability

Social & Political Dimensions

- 12 lakh workers, mostly women
- Exposure to heat stress, vector-borne diseases, and water shortages increasing
- Stagnant wages, poor working conditions persist
- Climate-linked output drops reduce working days
- Tea tribes gaining political influence ahead of 2026 elections
- Key demands:
    - Better wages
    - Affordable housing
    - Healthcare
    - Relief from climate-driven livelihood disruptions

Adaptation Efforts — What the Sector Is Attempting

Agronomic Interventions

- Drought-resilient clones and deep-rooted seed plants
- Mulching and cover cropping
- Agroforestry with shade trees
- Organic matter enhancements

Water Management

- Drip and sprinkler systems
- Rainwater harvesting
- Improved drainage to handle intense rainfall

Pest-Control Upgrades

- Integrated Pest Management (IPM)
- Bio-controls, traps, and targeted spraying

Supply Chain Reforms

- **trustea** certification initiative
- 1.4 lakh small growers verified
- 6.5 lakh workers covered
- Focus on sustainable water use, soil health, shade systems

Structural Reforms Needed

- Treat tea similarly to agriculture for policy incentives
- Diversify estate incomes:
    - spices
    - fruits
    - livestock
    - fisheries
    - agri-tourism
- Invest in climate forecasting and early-warning systems
- Support for replantation, irrigation, and compensation (similar to MSP-based crops)

The Tea–Climate Paradox: The Big Picture

Assam contributes **over half** of India's tea output and anchors a **$10 billion** industry.
Yet, climate volatility is rising sharply while global tea prices stagnate.
Costs—from labour to logistics—continue climbing, squeezing margins.
Without substantial adaptation and supportive policy frameworks, India risks losing its reputation in the global premium tea market.

27th November 2025: Daily MCQs

1. With reference to recent findings on PM2.5 exposure in India, consider the following statements:

1. More than half of all Indian districts record annual PM2.5 levels above the National Ambient Air Quality Standard.
2. At least five districts meet the WHO PM2.5 guideline value of 5 µg/m³.
3. During the monsoon season, more than 80% of districts fall within the NAAQS limit due to atmospheric cleansing.

Which of the statements given above is/are correct?

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

Answer: (b) 1 and 3 only
Explanation:

- Statement 1 is correct: ~60% of districts exceed NAAQS.
- Statement 2 is incorrect: 0 districts meet the WHO guideline.
- Statement 3 is correct: ~90% districts fall within NAAQS in the monsoon.

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2. Consider the following factors that contributed to the depreciation of the Indian Rupee in 2025:

1. Significant tariffs imposed by the United States on Indian exports.
2. Surge in global gold prices leading to increased gold imports.
3. RBI reducing its policy rates sharply to stimulate domestic demand.
4. Portfolio outflows triggered by strengthening U.S. dollar yields.

How many of the above are correct?

(a) Only one
(b) Only two
(c) Only three
(d) All four

Answer: (c) Only three
Explanation:

- 1, 2, and 4 are correct.
- 3 is incorrect — RBI rate cuts did not trigger the depreciation.

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3. With reference to the Hayli Gubbi eruption of 2025, consider the following statements:

1. It is a shield volcano that typically erupts explosively due to high gas and silica content.
2. The volcano lies at a triple junction where the African, Arabian, and Indian plates meet.
3. The presence of trachyte and rhyolite in its magma contributed to the unusual explosivity of the eruption.

Which of the statements given above are correct?

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

Answer: (a) 3 only
Explanation:

- 1 is incorrect (shield volcanoes are usually non-explosive).
- 2 is incorrect (the Indian Plate is not involved).
- 3 is correct (silica-rich magma caused explosivity).

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4. In the context of climate impacts on Assam's tea sector, consider the following statements:

1. Rising minimum night temperatures reduce the formation of flavour compounds essential for tea quality.
2. Erratic monsoon behaviour leads to nutrient leaching and reduced early-season flushes.
3. Climate impacts have been balanced out by strong tea price growth in the last three decades.

Which of the statements given above is/are correct?

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

Answer: (a) 1 and 2 only
Explanation:

- 1 and 2 are correct.
- 3 is incorrect — tea prices grew only 4.8% annually whereas costs rose much faster.

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5. Consider the following regarding the East African Rift System:

1. It is a divergent boundary where continental plates are pulling apart.
2. Volcanic activity in the region may eventually contribute to the formation of a new ocean basin.
3. The East African Rift is the world's only active continental rift with shield volcanoes.

Which of the statements given above are correct?

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

Answer: (a) 1 and 2 only
Explanation:

- 1 is correct.
- 2 is correct.
- 3 is incorrect — shield volcanoes exist in several other rift regions (e.g., Iceland).

Mains: The Indian Rupee emerged as the worst-performing Asian currency in 2025 despite benign domestic fundamentals. Examine the external factors responsible and assess India's policy response. 15 Marks.