

Today's Prelims Topics

US Withdrawal from the Loss and Damage Fund

Context

The United States has withdrawn from the board of the Loss and Damage Fund which was established to provide financial support to countries affected by climate change disasters.

About Loss & Damage Fund

- It is a financial mechanism that helps developing countries to deal with the economic and non-economic loss and damage caused by climate change.
- **Established:** In COP-27 (Conference of Parties) of UNFCCC at **Sharm El-Sheikh, Egypt**
- **Managed by:** World Bank (Interim trustee for 4 Years)
- As of 2025, **\$750 million has been pledged** to the fund.
- **Objectives:**
 - Supporting vulnerable nations
 - Addressing and compensating for losses and damages incurred due to climate change
 - Financing humanitarian assistance in the immediate aftermath of a disaster
 - Addressing medium– and long-term impacts of Climate Change
- **Board of the Loss and Damage Fund:**
 - The fund is **governed by a board** responsible for **allocating funds, approving projects, and setting policies.**
 - The **board was officially set up in 2023** after COP28 in Dubai finalized its operational framework.
 - **Composition: 26** members representing developed and developing nations.

UNFCCC

- The United Nations Framework Convention on Climate Change (UNFCCC) is a treaty that establishes the legal framework for international cooperation on climate change.
- It was signed in **1992**.
- Conference of the Parties (COP) is the **main decision-making body** of the UNFCCC.
 - Its meeting is held **every year**.

Source:

- [Indian Express - L& D Fund](#)

India's Position in the Global Spice Market

Context

India being the largest producer and exporter of diverse varieties of spices in the world, its share in the global seasoning market is very low.

Spice Production in India

- India is the **largest producer and exporter of spices**, contributing **75% of global spice production**.
- Produces a variety of spices like **black pepper, cardamom, ginger, turmeric, chili, cumin, coriander, and saffron**.
- **85%** of spices produced in India are consumed domestically.
- **Top spice-producing states in India:**
 - (1) Madhya Pradesh (2) Rajasthan (3) Gujarat (4) Karnataka (5) Telangana.

World Spice Organisation (WSO)

- **WSO is a Non-profit organization** bringing together **farmers, processors, traders, and consumers**.
- It was founded in **2011**. (HQ- Kochi, Kerala)
- WSO hosts the **National Spice Conference (NSC)** along with All India Spices Exporters Forum.
- **Focus areas:**
 - **Sustainability** – Promotes **eco-friendly spice farming**.
 - **Food safety & quality control** – Ensures adherence to **global standards**.
 - **Training & research** – Works with **Farmer Producer Organizations (FPOs)** to **improve farming techniques and pesticide management**.

India's Share in the Global Seasoning Market

- Despite being the **largest producer and exporter of spices**, India's share in the **global seasoning market (\$14 billion in 2024)** is only **0.7%**.
 - **Spice** refers to a single, dried plant part like a seed, bark, or fruit used to add flavor to food.
 - **Seasoning** is a blend of various ingredients, including spices, herbs, salt and other flavor enhancers.
- In contrast, **China** holds **12%** of the market, while the **U.S.** accounts for **11%**.
- **Reason for Low Share in Seasoning Market:**
 - India primarily **exports raw spices**, whereas countries like **China and the U.S.** dominate **processed and value-added spices** (seasonings).
 - There is a **huge growth opportunity** in the **seasoning segment**.
- **Need for Value Addition in Spice Exports:**
 - Currently, **only 48%** of India's spice exports are **value-added** products.
 - The remaining **52%** are sold as **whole spices**.
 - **Target:**
 - Increase value-added spice exports to **70%**.
 - Achieve **\$10 billion** export revenue by 2030 (**Spices Board of India's target**).
- **Emerging competitors:** Vietnam, Indonesia, Brazil, China, and African countries are expanding their spice production.

Spices Board of India

- **Established:** 1987 under the **Ministry of Commerce & Industry. (HQ - Kochi, Kerala).**
- It is a statutory body under the **Spices Board Act 1986.**
- It was formed by merging the Cardamom Board (1968) and the Spices Export Promotion Council (1960).
- **Key functions:**
 - **Export promotion** – Enhancing India’s global spice trade.
 - **Quality control** – Operating **testing labs** in cities like **Kochi, Mumbai, Chennai, Delhi, Tuticorin, Kandla, and Guntur.**
 - **Farmer support** – Training on **pesticide management, hygiene, and sustainable farming.**
- **It manages "Flavourit"** – An outlet selling premium spices directly to consumers.

Source:

- [The Hindu - Spices production](#)



US Strategic Bitcoin Reserve

Context

US President Donald Trump has signed an executive order establishing a Strategic Bitcoin Reserve and a **US Digital Asset Stockpile**.

About US Strategic Bitcoin Reserve (SBR)

- **SBR** is a newly established **national reserve of Bitcoin**.
- It is the **first official Bitcoin reserve** held by a government as a **strategic asset**.
- The reserve will **not be used for sale or trading**, but instead will function as a **store of value** for the US government.
- **Purpose of the Strategic Bitcoin Reserve:**
 - To strengthen **US financial resilience** by holding **decentralized digital assets**.
 - Position the US as a **leader in the global crypto economy**.
 - Prevent **premature selling of Bitcoin** that has cost taxpayers **over \$17 billion** in lost value.
 - Ensure **proper management and security of forfeited Bitcoin holdings**.
- President Trump has also mentioned **four** other coins apart from Bitcoin which would be part of the digital asset stockpile – **Ethereum, XRP, Solana and Cardano**.

How Will the US Strategic Bitcoin Reserve Function?

- **Source of Bitcoin Holdings:** The reserve will **not purchase Bitcoin** but will be capitalized with Bitcoin that has been:
 - **Seized in criminal or civil asset forfeiture cases** by agencies like the **US Department of Treasury** and the **Department of Justice**.
 - **Transferred from other US government agencies** that own Bitcoin.
 - It is estimated that the **US government currently holds 200,000 BTC**.
- **Management of the Reserve:** The **US Treasury Department** will oversee the reserve.
- **Policy on Selling Bitcoin:**
 - **US will NOT sell Bitcoin from the reserve**.
 - Bitcoin will be maintained as a **long-term reserve asset**, similar to **gold reserves**.
 - The **US Digital Asset Stockpile**, separate from the SBR, will contain **other cryptocurrencies that can be sold**.

What is Strategic Reserve ?

- A strategic reserve is a **stock of a critical resource** which can be released at times of crisis or supply disruptions.
- **E.g. U.S. Strategic Petroleum Reserve**, the world's largest supply of emergency crude oil, which was created by an act of Congress in 1975 after a 1973-74 Arab oil embargo throttled the U.S. economy.

Strategic reserves of Other Countries

- **India's Strategic Petroleum Reserves (SPRs):** Collection of oil stockpiles which the government can use to respond to supply disruptions in the **global oil market**.
 - India's SPRs have a total capacity of **5.33 million** metric tonnes (MMT) of crude oil.
 - **Locations:** Visakhapatnam, Mangalore and Padur.
 - **Under Construction:** Chandikhol (Odisha) & Padur-II (Karnataka)
- **Canada:** It has the **world's only strategic reserve of maple syrup**.
- **China:** It also has strategic reserves of petroleum, metals, grains and even pork products.

Source:

- [Indian Express - Bitcoin Reserve](#)

Trump's Tariff Rollback and Its Impact

Context

Recently US President Donald Trump imposed high import taxes (tariffs) on Canada and Mexico but rolled them back within **48** hours.

Structural Issues with the US Economy

- **US Economy Relies on Imports:**
 - The **US consumes more than it produces** domestically, leading to a **trade deficit**.
 - The **US has a trade deficit because it imports more than it exports**.
- **Why does this happen?**
 - **High labor costs** in the US make **domestic production of certain goods inefficient**.
 - Countries with **cheaper labor** (e.g., China, Mexico, Vietnam) have a **comparative advantage**.
 - The **US dollar as a reserve currency** allows **high import consumption**.
- **Tariffs won't solve this issue** because the **US will always need to import more goods** to meet demand.
- **USMCA (North American Free Trade Pact)** signed by Trump in his **first term** governs trade between the US, Canada, and Mexico.
 - USMCA was signed in **November, 2018** during Donald Trump's first term. It **replaced NAFTA** (North American Free Trade Agreement).
 - The current imposition of tariffs on Canada and Mexico is violating this free trade pact. This poses a question mark on US's trade deals.

Misconception About Who Pays Tariffs

- Trump claims tariffs are paid by foreign countries → **FALSE**.
- **Reality:**
 - **US importers (American companies)** pay the tariffs when goods arrive.
 - **Higher costs** are passed to **consumers as increased prices**.
- **Why did tariffs fall out of favor post-WWII?**
 - Because **they ultimately increase consumer costs** without boosting domestic employment.

Source:

- [Indian Express - Tariff Threat](#)

Vanuatu's Citizenship by Investment Program

Context

Former IPL chief **Lalit Modi** has **surrendered his Indian passport** at the Indian High Commission in London and has **acquired citizenship of Vanuatu**.

About Citizenship by Investment (CBI)

- **Vanuatu** is an archipelago of **83 islands**, spread over **1,300 km.** located in Southwestern Pacific Ocean.
- **CBI allows individuals to acquire citizenship in a country by making significant financial contributions** to its economy.
- This scheme is popular among wealthy individuals looking for **easier global mobility, tax benefits, and offshore financial services**.
- According to the **Global Residence Index**, Vanuatu offers the **fastest and simplest CBI** program.
- **Cost:** Citizenship for an individual costs between **\$135,500 and \$155,500 (₹1.18 crore to ₹1.35 crore)**.
 - In **2019**, the BBC reported that **passport sales account for nearly 30% of Vanuatu's revenue**.
- Countries such as **Malta, Turkey, Montenegro, Antigua and Barbuda, Dominica, and Egypt** also offer similar programs.
- **Advantages of Vanuatu Citizenship:**
 - **Visa-Free Travel:** As of 2025, a Vanuatu passport grants visa-free access to **113 countries**.
 - **Tax Haven Status:** Vanuatu is considered a zero-tax jurisdiction, meaning it has no: Personal income tax, Capital gains tax, Inheritance tax, Wealth tax etc.



Source:

- [Indian Express - Golden Passport Scheme](#)

India-US Extradition Treaty

Context

The **United States Supreme Court** rejected **Tahawwur Hussain Rana's** plea against his extradition to India.

About India-US Extradition Treaty (1997)

- It was **signed in 1997** to facilitate extradition between **India and the United States**.
- An offense is **extraditable** if it is **punishable by imprisonment of more than one year in both countries (dual criminality principle)**.
- **Political offenses are not extraditable**. However, some crimes are **not considered political offenses**, such as: Murder of a Head of State, hijacking, terrorism, and crimes against internationally protected persons.
- **Extradition may be refused** if:
 - The person **risks persecution based on race, religion, nationality, or political beliefs**.
 - The offense is of a **military nature**.
 - The offense carries **capital punishment**, unless the requesting country gives assurances that the death penalty will not be carried out.
- **Challenges in Extradition under India-US Treaty:**
 - **Slow process:** Extradition cases often take years due to **legal challenges**.
 - **65 Indian fugitives** are awaiting extradition from the US.
 - **Only 11 extraditions** between **2002 and 2018**.
 - **US reluctance:** Several key Indian requests have been **denied**. E.g.,
 - David Headley - 26/11 Mumbai attacks conspirator,
 - Warren Anderson - Union Carbide CEO, Bhopal Gas Tragedy.
 - **Different legal systems:** Some Indian charges don't meet **US legal standards** for extradition.

Extradition Treaties vs. Extradition Arrangements

- **Extradition Treaty:** A **formal legal agreement** between two countries for extradition.
 - India has signed **extradition treaties with 48 countries**.
 - **Major countries:** USA, UK, Canada, France, Germany, UAE, Russia, Australia.
- **Extradition Arrangement:** A **mutual understanding** for extradition, even without a formal treaty. (Presently with **12 countries**).
 - **Major Countries:** Hong Kong, Saudi Arabia, Papua New Guinea, Fiji, Italy, Switzerland, Sweden.

Source:

- [Indian Express - Extradition Treaty](#)

India Aircraft Leasing and Financing Summit 2025

Context

The **2nd India Aircraft Leasing and Financing Summit** was held in **GIFT City, Gandhinagar, Gujarat**, organized by the **Union Ministry of Civil Aviation** in collaboration with **FICCI** and **IFSCA**.

Key Highlights of the Summit

- **First Indian Bank-Executed Aircraft Financing Deal:**
 - **Axis Bank** became the first Indian bank to execute an aircraft financing transaction at GIFT City IFSC.
- **GIFT City's Role in Aviation Finance:**
 - **GIFT City** is emerging as **India's first aircraft leasing hub**.
 - Traditionally, **India relied on multinational banks for aircraft financing**.
 - GIFT City is emerging as an alternative to **global leasing hubs** like Dublin and Singapore.
 - **Key benefits of GIFT City for aviation finance:**
 - Reduces dependence on foreign leasing hubs.
 - Brings economic benefits from India's aviation sector back to India.
- **Growth of India's Aviation Sector:**
 - India is now the **3rd largest domestic aviation market** in the world.
- **Key drivers of growth:**
 - **UDAN scheme:** Extended for **10 more years**, aiming to connect **4 crore passengers** and develop **120 new destinations**.
 - **Airport expansion:** Currently: **149 operational airports**.
 - **By 2029-30:** Additional **50 new airports** planned.
 - **By 2047:** Total **350 airports**, including **34 mega airports** handling **2 crore passengers annually**.
- **Importance of Aircraft Leasing in India:**
 - **Aircraft leasing** is a legal agreement where an airline or other operator rents an aircraft from a leasing company for a set period of time.
 - It's a popular way for airlines to acquire aircraft without having to purchase them outright.
 - **Current status of India's airline fleet:** 800 aircraft in operation.
 - **Target:** 1,500 aircraft in the next 5 years.

GIFT City (Gujarat International Finance Tec-City)

- It is India's **first International Financial Services Centre (IFSC)**, located in **Gandhinagar, Gujarat**.
- A **special economic zone (SEZ)** with world-class financial infrastructure.
- **Regulated by:** IFSCA (International Financial Services Centre Authority).
- **Why is GIFT City Important for Aviation Finance?**
 - **No foreign exchange restrictions**, making it attractive for global investors.
 - **Lower tax rates and regulatory benefits** for financial services firms.

Source:

- [The Hindu - Aircraft financing](#)

Places in News

Barbados

- Recently Barbados has conferred the '**Honorary Order of Freedom of Barbados**' on **Prime Minister Narendra Modi**.
- It is awarded to individuals for their outstanding contributions to Barbados, its international relations, or global peace and development.
- **Reason for Recognition:** India's crucial assistance to Barbados during the COVID-19 pandemic.



- **Location:** An island country in the **southeastern Caribbean Sea**.
- Barbados is **not part** of the nearby archipelago of the **Lesser Antilles**, although it is usually grouped with it.
- **Lesser Antilles** is a long arc of small islands in the Caribbean Sea extending in a north-south direction from the **Virgin Islands to Grenada**.
- **Independence:** Gained independence from the **United Kingdom in 1966**.
- **Republic Status:** Became a **republic on November 30, 2021**, replacing the British monarchy with a **President as Head of State**.

Source: [PIB - Barbados](#)

Latakia (Syria)

- According to the Syrian Observatory for Human Rights (SOHR), Syrian security forces have executed dozens of Alawite civilians in the coastal province of Latakia.
- **Syria Population:** Around 22 million people before the war, now significantly reduced due to displacement.
- **Religious Composition:** Majority Sunni Muslim
 - **Alawites (10% of the population)**, an offshoot of Shia Islam.
 - Other minorities include **Christians, Druze, and Kurds**.



- **Location:** A **coastal province** in northwestern **Syria**, bordering the **Mediterranean Sea**.
- **Historical Significance:**
 - Stronghold of the **Alawite minority** and the **Assad family**.
- **Strategic Importance:**
 - Home to **Russia's Hmeimim Air Base**, a **crucial military installation**.
 - Major **port city** and economic hub.
- **Syria Bordering Countries:** Turkey, Iraq, Jordan, Israel and Lebanon.

Source: [The Hindu- Latakia](#)

Dnipro/Dnieper River

- Russian forces are making repeated high-casualty attempts to cross the Dnipro River in Ukraine's Kherson region.



- It is the **longest river in Ukraine** and the **fourth longest in Europe**. (2200 km)
- **Origin:** Valdai Hills, Russia.
- **Flows through:** Russia, Belarus, and Ukraine, before emptying into the Black Sea.
- **Divides Ukraine into east and west**, making it a natural military barrier.
- **Role in the War:**
 - Kherson region is located at the mouth of the Dnipro, making it a critical zone in the conflict.

Source:

- [The Guardian - Dnieper](#)

