

Current Edge: Daily Brief

27th September 2025

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NEWS IN SHORT

- 1) Defence exports surge from ₹686 crore in 2013-14 to ₹23,622 crore in 2024-25, marking 34-fold increase

QUOTES OF THE DAY

"I should like to be able to love my country and still love justice." – **ALBERT CAMUS**

WHAT THE OTHERS SAY

"The test is in the future, not the past, Israel must listen to Abbas and most of the countries of the world, join the international consensus and declare its willingness to establish a Palestinian state in the 1967 territories." – **HAARETZ, ISRAEL**

India needs a plan

China has said it will not seek 'Special and Differential Treatment' at WTO. What does this mean for Delhi?

IE Explained; By Sachchidanand Shukla;
Syllabus: Pre/Mains – International Relations [Link](#)

Why in News?

China announced it will not seek **Special and Differential Treatment (SDT)** in future WTO negotiations → raises pressure on India to follow.

China's Move & Global Context

- **Tactical retreat** → avoids US tariff heat, keeps "developing" tag perks.
- **WTO praises as reform**, but critics → symbolic only, China keeps subsidy leeway.
- Developed nations ↑ \$850 bn farm subsidies (OECD 2023) → yet target India.
- **Trump tariffs** → 100% on pharma, plus on furniture, trucks → ↑ pressure on India.

India's WTO Dependence

- **SDT** = backbone since 1995 accession → tariff flexibility, longer timelines.
- **India** = 136th per capita income rank, needs SDT for vulnerable groups.
- **Agriculture** → 50% workforce, MSP & PDS feed 800m; \$40 bn subsidies yearly.
- **AoA caps**: 10% AMS for dev. nations vs 5% for developed → India often accused of breach (1986-88 ref. prices inflate AMS).
- **Without SDT** → 20-30% subsidy cut over decade → 10-15% ↓ rural incomes → food price volatility & ↑ malnutrition (already 35% of U-5 children).

Risks if India Loses SDT

- **WTO disputes** → ex. 2023 sugar subsidy case, saved by SDT.
- **Coerced graduation** → AoA compliance cuts, NSFA undermined.
- **Services** (55% GDP) = leverage, but agriculture = political redline.

Strategic Options for India

1. Agriculture

- **Lead G33** → extend “peace clause” (public stockholding shield) till 2030.
- **Push developed nations** → eliminate export subsidies (2005 Hong Kong pledge).
- Shift subsidies → Green Box: research, climate-resilient crops, extension.
- Update AoA reference prices → reflect market, ↓ AMS distortions (ICRIER 2024: 50% reduction possible).
- Expand DBT (already 90% fertiliser subsidies DBT).

2. E-commerce

- Join plurilateral talks → offer data flow & consumer rules (with security carve-outs).
- Use ONDC → empower MSMEs in global digital trade.
- Demand tiered data rules → longer transition for developing nations.

3. Gradual SDT Recalibration

- Phase out non-core SDT → gain reciprocal market access.
- Retain SDT for vulnerable segments (agri, food security).
- Use Green Box → fund cold storage, processing, competitiveness.

4. Intellectual Property (TRIPS)

- Retain compulsory licensing & patent opposition → cite Doha Declaration 2001 (public health).
- Phase stricter IP compliance only in non-critical areas.
- ↑ biotech R&D funding → reduce generic export dependency.

5. Tiered SDT Framework

- Link SDT rights to per capita GDP/sectoral competitiveness.
- Helps India keep agri flexibilities while opening selectively elsewhere.

- 1) SDT allows developing countries higher permissible de minimis levels for trade-distorting agricultural subsidies compared to developed nations.
- 2) Under SDT, developing countries are exempt from the WTO’s Agreement on Agriculture (AoA) subsidy disciplines.
- 3) India has historically invoked SDT to justify its Minimum Support Price and Public Distribution System programmes.

Which of the above statements is/are correct?

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

Hint:

- Stmt 1 → Think: de minimis cap → 10% for developing vs 5% for developed.
- Stmt 2 → Careful: SDT ≠ total exemption, only flexibilities & peace clause.
- Stmt 3 → India’s MSP & PDS defended via SDT (esp. Bali peace clause).

News / Explained / Explained Economics / GDP (Graphs, Data, Perspectives): On the weakness of the Rupee

GDP (Graphs, Data, Perspectives): On the weakness of the Rupee

While a weaker currency makes imports from the rest of the world costlier, it has a silver lining, too. What do data tell us about the rupee’s position in recent months, and what would it take for things to turn around?

IE Explained; By Udit Misra;

Syllabus: Pre/Mains – Economy [Link](#)

Why in News?

Rupee hit fresh record lows in late-Sept 2025 (≈₹88.6–88.8/USD), prompting questions on causes, impact and reversal conditions.

Slide – Quick Facts

- **Peak levels:** intraday ≈₹88.6–88.8/USD (23–24 Sep 2025).
- **2025 YTD:** INR ↓ ~3–3.6% vs USD; ↓ ≈1.3% in past month (per IE chart).
- Also weaker vs EUR/GBP — not USD-only.

Way Forward

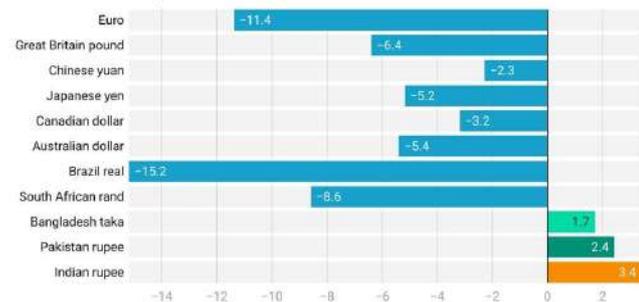
- China’s exit from SDT asks → India next in line.
- India must balance → food security, rural livelihoods, export ambitions.
- Smart pivot → trade non-core SDT, strengthen core protections.
- Better to adapt now → than be coerced later.

Test Your Knowledge 01

Q1. With reference to Special and Differential Treatment (SDT) under WTO, consider the following statements:

INR slips while competing economies gain against USD

Indian rupee has weakened against the US dollar in 2025 even as the currencies of comparable economies have strengthened.



Year to Date change in %
Chart: Udit Misra - Source: Google Finance - Created with Datawrapper

Chart 1: Since Jan 2025, USD ↓ vs EU, China, Japan, Brazil, S.Africa, but INR ↓ >3% → weaker than peers. INR with B'desh & Pak, yet slid more. Past 1 month alone: INR ↓ 1.3%.

Impacts

- **Imports ↑ cost** → fuel, tech imports pricier → inflationary pressure.
- **Exports ↑ competitiveness** → exporters benefit amid global protectionism.
- **Markets:** foreign investors selling Indian equities/bonds → capital outflows exacerbate FX pressure.

Rupee weakness

More and more rupees required to buy major international currencies

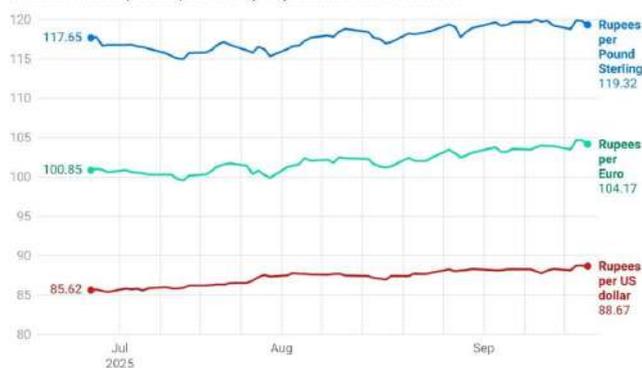


Chart: Udit Misra - Source: CMIE - Created with Datawrapper

Chart 2: Rupee's slide is not just against the US dollar; it has become weaker against other major currencies such as the euro and the pound.

Key drivers (why it fell)

- **External policy shocks:** steep US tariffs on Indian goods + H-1B fee hikes → hit export demand, IT profits, remittances.
- **Capital flows:** FPIs/FDIs weak or net outflows (>~\$15bn pulled YTD reported).
- **Stronger USD** (global data → slower Fed cuts) raising dollar demand.

- **RBI stance:** measured intervention, allowing controlled depreciation to support exporters.

What would reverse the slide (conditions to watch)?

- **Capital return** → sustained FPI/FDI inflows (policy/earnings confidence).
- **Trade shock fade** → rollback/clarity on US tariffs, visa rules → export/remittance recovery.
- **RBI action** → decisive FX intervention or hawkish domestic policy to attract inflows.
- **Global dollar weakness** → Fed guidance or weaker US data reducing dollar demand.

Conclusion

Rupee weakness = mix of external shocks + capital outflows; fixes require restored investor flows, easing trade/visa frictions or decisive policy action.

Test Your Knowledge 02

Q2. Which of the following factors can lead to the appreciation of the Indian Rupee in the foreign exchange market?

- 1) Increase in Foreign Direct Investment (FDI) inflows
- 2) Rise in crude oil imports
- 3) Strong demand for Indian goods in global markets
- 4) Reduction in US interest rates

Select the correct answer using the code below:

- a) 1 and 3 only
- b) 1, 3 and 4 only
- c) 2 and 4 only
- d) 1, 2, 3 and 4

Hint:

- FDI inflows ↑ → more dollar inflow → rupee appreciation
- Crude oil imports ↑ → more dollar outflow → rupee depreciation
- Demand for Indian goods ↑ → higher forex inflows → rupee appreciation
- US interest rates ↓ → capital shifts to EMs (like India) → rupee appreciation

News / Explained / Agni-P missile test: All you need to know about the successful rail-based launch

Agni-P missile test: All you need to know about the successful rail-based launch

India rail-based missile launch: Thus far, only Russia, the US, China, and possibly North Korea had the capability of launching long range ballistic missiles from rail-based platforms. India now joins this club.

IE Explained; By Arjun Sengupta;
Syllabus: Pre/Mains – Security [Link](#)

Why in News?

DRDO successfully test-fired **Agni-P missile** from a **rail-based mobile launcher**, making India 5th nation with this capability.



Strategic Significance

- **Second-strike assured** → Crucial for India's "No First Use" nuclear doctrine
- **↑ Survivability** → Mobile launchers harder to target vs fixed silos
- **Counter-satellite threat** → Avoids vulnerability from improved enemy ISR (Intelligence, Surveillance, Reconnaissance)
- **Force multipliers** → Complements submarines, aircraft, road-mobile systems

Why Rail-based Launchers?

- **Nationwide reach** → 70,000 km rail network, unlike limited road-based systems
- **Concealment** → Tunnels, last-moment deployment → evades satellite tracking
- **Cost-efficiency** → Cheaper & easier to scale vs submarine-launched ballistic missiles (SLBMs)
- **Mobility advantage** → Can bypass road bottlenecks, weight restrictions

Agni-P Features

- **Lineage** → Upgrade of Agni-I, tech from Agni-IV & V
- **Specs** → 11,000 kg; 2-stage solid-fuel; range 1,000–2,000 km
- **Payloads** → Nuclear, thermobaric, or high explosive
- **Canisterised launch system** → Quick transport, storage, launch readiness
- **Credible Deterrence** → Strengthens India's MRBM arsenal in South Asia security matrix

Test Your Knowledge 02

Q3. Consider the following about Agni-P missile:

- 1) It is a two-stage, solid-fuel propelled missile.
- 2) It has an operational range of 1,000–2,000 km.
- 3) It can only carry nuclear warheads.

Which of the above is/are correct?

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

Hint: Think of Agni-P's fuel type (solid, 2-stage), its range (1000–2000 km), and remember it can also carry non-nuclear warheads (thermobaric, HE).

NEWS IN SHORT

Defence exports surge from ₹686 crore in 2013-14 to ₹23,622 crore in 2024-25, marking 34-fold increase

Why in News?

Rajnath Singh announced record ₹23,622 crore defence exports in FY 2024-25

Growth Numbers

- 34-fold increase: From ₹686 crore (2013-14) to ₹23,622 crore (2024-25)
- 12.04% growth over previous year

Sector Breakdown

- Private sector: ₹15,233 crore (64%)
- Defence PSUs: ₹8,389 crore (36%)
- Exports to **80+ countries** including USA, France, Armenia

Future Target

- ₹50,000 crore exports by 2029

