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Economic & Business

US Tariffs on Indian Goods

The US has imposed an additional 25% tariff on Indian goods, bringing the total tariff to 50%. This measure, announced by President Donald Trump, is a direct response to India's continued import of crude oil from Russia. The move is expected to primarily impact Indian exports in sectors like engineering, electronics, pharmaceuticals, jewelry, and garments.

Impact: The Global Trade Research Institute (GTRI) and other sources have called the US decision "unfair" and "unjustified," pointing to similar oil imports by other US allies that haven't faced punitive action. The tariffs have already created a bearish sentiment in the Indian stock market, with the Sensex and Nifty trading lower. Despite this, some reports suggest the overall impact on India's GDP will be minimal, around 0.19%. In response, India's Ministry of External Affairs has stated it will take all necessary actions to protect its national interests.

RBI's Monetary Policy

The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) has unanimously decided to keep the repo rate unchanged at 5.5%. This is the third consecutive time the rate has been held steady after a series of rate cuts earlier in the year. The decision aims to balance a mixed economic environment.

Rationale: While India's domestic growth is considered resilient, with a projected GDP growth of 6.5% for FY26, there are risks from global uncertainties and the new US tariffs. The

RBI also noted that inflation has been lower than expected, with a favorable forecast for the year. By keeping the rate steady, the RBI is adopting a cautious "wait-and-watch" approach to monitor the evolving economic situation.

Market Reaction: The stock market reacted negatively to the news, as some sectors, like auto, realty, and banking, had hoped for a rate cut to boost credit demand, especially ahead of the festive season.

Other Key Business News

Stock Market Performance: The Indian stock market, including the Sensex and Nifty 50, is trading lower due to the negative sentiment from the US tariffs. IT, healthcare, and metal stocks were among the biggest losers.

Corporate News: TCS is planning to roll out salary hikes for about 80% of its employees, while Uber is in talks with banks and private equity firms to fund its robotaxi expansion. A number of companies, including Avanti Feeds and PI Industries, have set August 7 as the record date for their dividend payouts.

E20 Fuel: Union Minister Nitin Gadkari has dismissed concerns about the new E20 petrol blend damaging older vehicles, calling the claims a "political conspiracy."





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MCQS

1. What is the new total tariff percentage that the US has imposed on Indian goods?

- a) 25%
- b) 50%
- c) 75%
- d) 100%

Answer: b) 50%

The US imposed an additional 25% tariff on Indian goods, which, when added to the existing 25% tariff, brings the new total to 50%.

2. What was the reason cited by the US for imposing the additional tariffs on India?

- a) India's trade deficit with the US
- b) India's continued import of crude oil from Russia
- c) Concerns over intellectual property rights
- d) India's new shipping laws

Answer: b) India's continued import of crude oil from Russia

The news report explicitly states that the US' action is a direct response to India's "continued import of crude oil from Russia."

3. What was the outcome of the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) meeting regarding the repo rate?

- a) It was increased to 6.0%
- b) It was decreased to 5.0%
- c) It was kept unchanged at 5.5%
- d) The decision was postponed to a later date

Answer: c) It was kept unchanged at 5.5%

The RBI's Monetary Policy Committee unanimously decided to keep the repo rate unchanged at 5.5% for the third consecutive time.





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4. According to the PHDCCI report mentioned in the text, what is the estimated overall impact of the new US tariffs on India's GDP?

- a) A significant decline of over 5%
- b) A minimal impact of around 0.19%
- c) An increase of 1.0%
- d) The report did not estimate the impact on GDP

Answer: b) A minimal impact of around 0.19%
The news report mentions a report from PHDCCI that suggests the overall impact on India's GDP will be minimal, estimated at 0.19%.

5. Which of the following sectors is explicitly mentioned as being negatively impacted by the new US tariffs?

- a) Real estate
- b) Automobiles
- c) Engineering
- d) Banking

Answer: c) Engineering
The text states that the tariffs are expected to "primarily impact Indian exports in sectors like engineering, electronics, pharmaceuticals, jewelry, and garments."

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