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Economic & Business

Economic and business news on August 11, 2025, is dominated by the new U.S. tariffs on Indian goods and the resulting market reactions. India is also actively pursuing other trade negotiations and dealing with domestic economic issues.

Tariffs and Trade

The U.S. administration, led by President Donald Trump, has imposed a 50% tariff on many Indian imports, making it one of the highest on any country. This move, which includes an initial 25% tariff and an additional 25% penalty, is a direct result of India's continued purchase of Russian oil. The tariffs have created significant uncertainty for India's export economy, with experts estimating a potential \$4-5 billion drop in engineering exports alone and a negative impact on overall GDP growth.

In response, India is proactively seeking to strengthen other trade relationships. Officials from the Ministry of External Affairs (MEA) briefed a Parliamentary Committee, stating that the tariffs were based on "flawed assumptions." Concurrently, India is holding meetings with officials from the Association of Southeast Asian Nations (ASEAN) to review the ASEAN-India Trade in Goods Agreement (AITIGA). This review aims to address India's growing trade deficit with the bloc and shore up trade in the face of U.S. pressure.

Stock Market and Corporate News

The Indian stock market has been experiencing a period of sustained selling pressure, with the Nifty 50 and Sensex extending their losing streak to six weeks. This bearish sentiment is being driven by foreign investors, who are now at their most pessimistic about Indian stocks in two years. The weakening rupee, high valuations, and the new U.S. tariffs are key factors.

In corporate news, several companies are trading ex-dividend today, meaning investors need to have bought shares before today to be eligible for the payout. Companies like Jio Financial Services, Akzo Nobel India, and Castrol India are among those in focus.

Domestic Economy

Domestically, a key development is the government's withdrawal of the Income Tax Bill, 2025, which was introduced earlier this year. An amended version of the bill, incorporating stakeholder feedback, is expected to be reintroduced in Parliament. This aims to improve fairness and reduce ambiguity in tax treatment for various taxpayers.

Other economic indicators include India's services sector, which showed strong growth in July, hitting an 11-month high. However, job growth in the sector was modest, and cost pressures from factors like food, freight, and labor persisted. In Goa, a weak monsoon season is causing concern and could impact water resources and crop cycles.





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MCQS

1. What is the primary reason cited by the U.S. administration for imposing new tariffs on Indian goods?

- A) India's high tariffs on American imports.
- B) India's continued purchase of Russian oil.
- C) India's growing trade deficit with the U.S.
- D) India's membership in the ASEAN trade bloc.

Answer: B) India's continued purchase of Russian oil.

The news states that the 50% tariff, imposed by the Trump administration, is a direct result of India's continued purchase of Russian oil.

2. Which of the following is NOT listed as a factor driving the bearish sentiment in the Indian stock market?

- A) The weakening rupee.
- B) High stock valuations.
- C) The new U.S. tariffs.
- D) Strong performance in the services sector.

Answer: D) Strong performance in the services sector.

The news identifies the weakening rupee, high valuations, and the new U.S. tariffs as key factors for the bearish sentiment. The strong performance of the services sector is mentioned as a separate economic indicator.

3. What is the government's plan for the Income Tax Bill, 2025?

- A) To withdraw it permanently.
- B) To pass it without any changes.
- C) To reintroduce an amended version after incorporating stakeholder feedback.
- D) To replace it with a new bill focused on corporate taxes.

Answer: C) To reintroduce an amended version after incorporating stakeholder feedback.





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The Indian government withdrew the initial bill and plans to reintroduce an amended version in Parliament after incorporating feedback from stakeholders to improve fairness and reduce ambiguity.

4. What is causing concern in Goa's economy?

- A) A strong monsoon season causing floods.
- B) A weak monsoon season with rainfall far below expectations.
- C) A decline in the tourism sector.
- D) A surge in labor costs impacting businesses.

Answer: B) A weak monsoon season with rainfall far below expectations.

The news mentions that Goa is experiencing a weak monsoon season, with rainfall far below seasonal expectations, which could impact water resources and crop cycles.

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