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## Economic & Business

### Trade and International Relations

**US Tariffs:** The US Department of Homeland Security has issued a formal notice to India regarding the implementation of additional tariffs on Indian goods, effective August 27. The new 25% duty, bringing the total tariff to 50%, is being imposed by the Trump administration in response to India's continued purchase of Russian crude oil.

**India's Response:** In response to the looming tariffs, Prime Minister Narendra Modi, speaking in Ahmedabad, reiterated that India would "withstand the economic pressure" and not "succumb to pressure." He emphasized the government's commitment to protecting the interests of farmers and small businesses. Modi also called for a greater embrace of 'Swadeshi' (Made in India) products. The Reserve Bank of India (RBI) is holding consultations with exporters to discuss support needed to overcome the challenges posed by the tariffs.

### Financial Markets

**Stock Market Performance:** The Indian stock market, including the Nifty50 and BSE Sensex, opened lower on August 26, tracking weakness in global markets and in anticipation of the US tariffs. The Sensex was down over 400 points, and the Nifty50 opened below the 24,850 level.

**Foreign Investment:** Foreign institutional investors (FIIs) have been net sellers of Indian equities in the first half of August, with financial services and IT stocks taking the biggest hit. This sell-off is attributed to tariff uncertainty, a

weaker rupee, and disappointing corporate earnings.

**Analyst Outlook:** Analysts are cautioning that the market may remain volatile in the near term. While some see the potential for a rebound if global liquidity improves, others anticipate that foreign inflows will be directed towards non-traditional sectors like capital goods and select metals.

### Domestic Economic Policy and Outlook

**Fiscal Policy:** The government has formally notified the Income-tax Act, 2025, which will come into effect on April 1, 2026. The Central Board of Direct Taxes (CBDT) is working to simplify the Income Tax Return (ITR) forms in alignment with the new law.

**Economic Forecast:** Fitch Ratings affirmed India's credit rating at 'BBB-' with a stable outlook, forecasting a GDP growth of 6.5% for the fiscal year ending March 2026 (FY26). The agency noted that while the direct impact of the US tariffs on GDP would be modest, the uncertainty could dampen business sentiment. Fitch also anticipates that low inflation will provide room for one more interest rate cut by the RBI in 2025.

**New Projects:** Prime Minister Modi laid the foundation stones and unveiled projects worth ₹5,477 crore for various districts in Gujarat.





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### MCQS

**Question 1: What will be the new total tariff on Indian goods after the US implements the additional 25% duty on August 27?**

- A) 25%
- B) 50%
- C) 75%
- D) 100%

**Answer: B) 50%**

The news states, "The new 25% duty, bringing the total tariff to 50%, is being imposed by the Trump administration..."

**Question 2: According to the news, what was the primary reason cited by the US for imposing additional tariffs on Indian goods?**

- A) India's trade surplus with the US
- B) India's continued purchase of Russian crude oil
- C) A dispute over intellectual property rights
- D) India's withdrawal from a trade agreement

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

The news states, "...the new 25% duty...is being imposed by the Trump administration in response to India's continued purchase of Russian crude oil."

**Question 3: In his response to the US tariffs, what did Prime Minister Narendra Modi call for a greater embrace of?**

- A) International collaboration
- B) Public-private partnerships
- C) 'Swadeshi' (Made in India) products
- D) Technological innovation

**Answer: C) 'Swadeshi' (Made in India) products**  
The news states, "Modi also called for a greater embrace of 'Swadeshi' (Made in India) products."







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**Question 4: How did the Indian stock market open on August 26, according to the news?**

- A) With both the Sensex and Nifty50 at record highs
- B) With the Sensex up, but the Nifty50 down
- C) Lower, with the Sensex down over 400 points
- D) With a strong rebound from the previous week's losses

**Answer:** C) Lower, with the Sensex down over 400 points

The news states, "...The Indian stock market...opened lower...The Sensex was down over 400 points, and the Nifty50 opened below the 24,850 level."

**Question 5: What factors are attributed to the sell-off of Indian equities by Foreign Institutional Investors (FIIs) in the first half of August?**

- A) Strong corporate earnings and a stronger rupee
- B) Political stability and new government policies
- C) Tariff uncertainty, a weaker rupee, and disappointing corporate earnings
- D) An increase in global liquidity and a shift to private equity

**Answer:** C) Tariff uncertainty, a weaker rupee, and disappointing corporate earnings  
The news states, "This sell-off is attributed to tariff uncertainty, a weaker rupee, and disappointing corporate earnings."

**Question 6: According to the analyst outlook, where are foreign inflows anticipated to be directed towards in the near future?**

- A) Traditional sectors like financial services and IT stocks
- B) Non-traditional sectors like capital goods and select metals
- C) Real estate and infrastructure

D) Consumer goods and retail

**Answer:** B) Non-traditional sectors like capital goods and select metals  
The news states, "...others anticipate that foreign inflows will be directed towards non-traditional sectors like capital goods and select metals."

**Question 7: What is the credit rating and outlook that Fitch Ratings affirmed for India's economy?**

- A) 'BB+' with a negative outlook
- B) 'BBB-' with a stable outlook
- C) 'A-' with a positive outlook
- D) 'BBB' with a stable outlook

**Answer:** B) 'BBB-' with a stable outlook  
The news states, "Fitch Ratings affirmed India's credit rating at 'BBB-' with a stable outlook..."

**Question 8: When is the new Income-tax Act, 2025, scheduled to come into effect?**

- A) August 26, 2025
- B) January 1, 2026
- C) April 1, 2026
- D) August 27, 2025

**Answer:** C) April 1, 2026

The news states, "The government has formally notified the Income-tax Act, 2025, which will come into effect on April 1, 2026."

**Question 9: What was the total value of the projects that Prime Minister Modi laid the foundation stones for and unveiled in various districts of Gujarat?**

- A) ₹2,500 crore
- B) ₹5,477 crore
- C) ₹7,000 crore
- D) ₹10,000 crore

**Answer:** B) ₹5,477 crore





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