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Economic & Business

Indian Economy & Business

GST Reforms & Economic Impact: The Indian government introduced "Next-Gen" GST reforms, effective September 22, 2025, that simplify the tax structure from four slabs to a two-rate system: 5% for essential goods and 18% for most others. This move is expected to boost domestic consumption, with Finance Minister Nirmala Sitharaman stating an estimated ₹2 lakh crore will be in the hands of the public. The changes also reduce taxes on two-wheelers, small cars, and life-saving medicines, while increasing them to 40% on luxury and "sin" goods.

CBI Charge Sheet: The Central Bureau of Investigation (CBI) filed a charge sheet against industrialist Anil Ambani and former Yes Bank CEO Rana Kapoor for alleged fraudulent transactions. The CBI's investigation claims that Yes Bank invested in Ambani's group companies, Reliance Commercial Finance and Reliance Home Finance, despite warnings, leading to a loss of approximately ₹2,797 crore for the bank.

Sovereign Rating Upgrade: A Japanese credit rating agency, R&I, upgraded India's sovereign rating to BBB+ with a stable outlook, citing the country's demographic dividend and resilient domestic demand.

Trade Deal Efforts: India and the U.S. agreed to intensify efforts to finalize an early and mutually beneficial trade deal.

Stock Market Performance: Indian benchmark indices, the Sensex and Nifty, closed lower,

ending a three-day winning streak. The decline was attributed to profit-taking, with sectors like IT and private banking facing losses.

Global Economy & Markets

U.S. Market Reaction: U.S. stock markets ended higher, with the S&P 500 and Nasdaq Composite reaching new all-time highs. This positive sentiment followed a 25 basis point interest rate cut by the Federal Reserve and optimistic comments on trade talks between the U.S. and China.

World Bank Initiative: The World Bank Group successfully closed its inaugural securitization transaction, a \$510 million collateralized loan obligation (CLO). This new model aims to attract institutional private capital, such as from pension funds and insurance companies, into emerging markets to support development projects.

Bank of England Decision: The Bank of England held its key interest rate and slowed its pace of quantitative tightening, citing concerns about inflation risks.

Forex Reserves: India's foreign exchange reserves rose by \$4.7 billion, reaching a total of \$703 billion, nearing its record high. This increase was driven by gains in foreign currency assets and gold holdings.

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MCQS

1. What is the new two-rate tax system introduced as part of India's "Next-Gen" GST reforms?

- a) 12% for essentials and 28% for others.
- b) 5% for essentials and 12% for others.
- c) 5% for essential goods and 18% for most others.
- d) 18% for essential goods and 28% for most others.

Answer: c) 5% for essential goods and 18% for most others.

The news report states that the new GST reforms simplify the tax structure to a two-rate system: 5% for essential goods and 18% for most others.

2. What was the specific financial instrument used by the World Bank Group in its new \$510 million securitization transaction?

- a) A collateralized bond obligation.
- b) A credit default swap.
- c) A collateralized loan obligation (CLO).
- d) A mortgage-backed security.

Answer: c) A collateralized loan obligation (CLO).

The news mentions that the World Bank Group's new model to attract private capital into emerging markets successfully closed its inaugural securitization transaction, which was a \$510 million collateralized loan obligation (CLO).

3. What was the primary reason cited by the Japanese credit rating agency R&I for upgrading India's sovereign rating to BBB+?

- a) A decrease in fiscal deficit.
- b) India's demographic dividend and resilient domestic demand.
- c) A strong export performance.
- d) Reduced foreign debt.

Answer: b) India's demographic dividend and resilient domestic demand.

The report indicates that the Japanese credit rating agency R&I cited India's demographic dividend and resilient domestic demand as the key factors for upgrading the country's sovereign rating.

4. What caused the U.S. stock markets, including the S&P 500 and Nasdaq Composite, to reach new all-time highs?





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- a) An increase in corporate profits.
- b) A positive jobs report.
- c) A 25 basis point interest rate cut by the Federal Reserve.
- d) The resolution of a trade dispute with the European Union.

Answer: c) A 25 basis point interest rate cut by the Federal Reserve.

According to the news, the positive sentiment in the U.S. stock market, leading to new all-time highs, followed a 25 basis point interest rate cut by the Federal Reserve and positive comments on U.S.-China trade talks.

5. What was the approximate loss to Yes Bank mentioned in the CBI's charge sheet against Anil Ambani and Rana Kapoor?

- a) ₹279.7 crore
- b) ₹27.97 crore
- c) ₹27,970 crore
- d) ₹2,797 crore

Answer: d) ₹2,797 crore

The news report clearly states that the CBI's investigation claims that Yes Bank's investments in Anil Ambani's group companies led to a loss of approximately ₹2,797 crore for the bank.

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