

ECONSCIENCE

DEPARTMENT OF ECONOMICS

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WORLD TRADE OUTLOOK NUDGED UP FOR 2025, BUT RISKS STAY HIGH

The World Trade Organization (WTO) updated its view of global trade in early August 2025. It now expects world merchandise trade to grow slightly in 2025 instead of shrinking, but says the rebound is weak and uncertain.

The WTO also warns that new and higher tariffs and other trade barriers are cooling trade and could slow growth in 2026.

Impact:

- When countries trade less or face higher import taxes, prices can rise (because foreign goods cost more) and choice shrinks for consumers.
- Companies that rely on imported parts may face higher costs and delays. That can reduce profits, slow hiring, or raise prices.
- Export-driven sectors (like textiles, electronics, auto parts, farm goods) may see fewer orders if overseas demand softens.

Key Takeaways:

- 2025: Trade is recovering a bit from last year's dip.
- 2026: Growth could slow if tariffs and uncertainty stay high.
- Plan for price swings in imported items and uneven demand for exports.



GLOBAL ECONOMY

Did you know?

More than 60% of all goods traded globally travel by sea. So when shipping lanes are blocked or prices rise, everyone from phone buyers to rice importers feels it.

Quote:

“When goods don’t cross borders, soldiers will.”
– Frédéric Bastiat (French economist, 19th century)



RBI KEEPS KEY INTEREST RATE UNCHANGED TO FIGHT INFLATION

On 6 August 2025, the Reserve Bank of India (RBI) left the repo rate unchanged at 5.50%. The RBI said it wants to make sure inflation heads closer to its 4% target before easing. The Monetary Policy Committee also kept its stance at “withdrawal of accommodation”, meaning policy remains slightly tight to slow price pressures.

What this means for you:

- **Loans & EMIs:** Home, car and personal loan rates are unlikely to fall immediately.
- **FDs & savings:** Banks may hold deposit rates at current levels.
- **Businesses:** Borrowing costs remain stable but not cheap.



U.S. TARIFFS ON INDIAN EXPORTS

In August 2025, the United States dramatically increased tariffs on Indian goods—doubling their previous rate. These 50% tariffs, one of the steepest trade barriers imposed by the U.S., were aimed at sectors like textiles, gems & jewelry, carpets, industrial goods, and seafood. The move came in response to India’s continued purchase of Russian oil, which the U.S. views as undermining sanctions on Moscow.

Reason: India has been purchasing discounted Russian oil, which Washington views as undermining its sanctions regime.

Significance: This is a real test of India’s global trade strategy—whether it can withstand external shocks by building resilience at home and abroad.



ASSAM CLEARS NEW PROJECTS WORTH ₹969 CRORE ~2,700 NEW JOBS EXPECTED

In August 2025, the Assam Cabinet approved industrial and infrastructure proposals totalling about ₹969 crore. The state estimates around 2,700 jobs from these projects across manufacturing and services.

Why this matters:

- New factories and parks can create direct jobs and indirect jobs (transport, food, shops).
- If projects spread beyond Guwahati, they can lift smaller towns.



NAMRUP-IV FERTILIZER PROJECT MOVES AHEAD UNDER NEW JOINT VENTURE

The Namrup-IV urea plant saw fresh momentum in August 2025 following the July formation of a new government-backed company (AVFCCL).

Officials conducted site reviews and discussed a roadmap to start construction.

Why this matters:

- A modern fertilizer plant can secure urea supply for farmers in the Northeast, cut transport costs, and reduce imports.
- Construction brings local jobs and long-term skilled employment.



PARLIAMENTARY NOD FOR IIM GUWAHATI

In a major educational development, Parliament approved the creation of the Indian Institute of Management (IIM) Guwahati.

- **Funding:** ₹555 crore allocated for 2025–2030.
- **Mentorship:** IIM Ahmedabad will mentor the new institute.
- **Location & Timeline:** Temporary campus to begin operations this year, with the permanent campus planned near Guwahati.

Impact:

- Expands higher education opportunities in the Northeast.
- Expected to drive regional entrepreneurship and managerial talent.
- Will contribute to the state's broader development goals by linking academia, industry, and government initiatives.

FUN FACT

 THE WORD "ECONOMICS" COMES FROM THE GREEK WORD OIKONOMOS, WHICH MEANS "MANAGEMENT OF THE HOUSEHOLD."

 ECONOMICS BEGAN AS FAMILY RESOURCE MANAGEMENT BEFORE IT GREW INTO A STUDY OF NATIONS AND MARKETS.



"INDIA'S TRUE STRENGTH LIES IN THE RESILIENCE AND ASPIRATIONS OF ITS PEOPLE. ECONOMIC GROWTH IS NOT JUST ABOUT NUMBERS, BUT ABOUT IMPROVING THE LIVES OF ORDINARY CITIZENS."

— DR. MANMOHAN SINGH, FORMER PRIME MINISTER & ECONOMIST