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## RUSSIA -UKRINE CRISIS: IMPACT ON INDIAN ECONOMY

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**ABSTRACT** : In the recent past the war between the two neighbouring countries Russia and Ukraine is a major setback to the world economy. The increased geopolitical risks induced by the Russian invasion of Ukraine will weigh adversely on global economic conditions throughout 2022. The whole world economy could be seen to experience slower growth and faster inflation. It will take years, if not decades, for things to get back to normal, if ever.

India's economy is still in recovery mode from the pandemic, hence the created crisis in Ukraine and Russia which have sent oil prices spiralling has raised concerns of a hit to India's economic recovery. Since the war broke out between Russia and Ukraine. prices of diesel and petrol as well as vegetable oils become very expensive. India's development is going to be challenged by the newer challenges emanating in the world Many observers worry that the impact on India's economy could be severe; others are sanguine that India's economy is insulated from the effects of a war that is very far away .

The article therefore wants to find out the overall economic impact of the war on Indian economy.

**Keywords:** Economic recovery, Crisis Impact on India

## II INTRODUCTION

Russia has declared war against Ukraine on 24th February 2022. Internationally it is considered a war of aggression, and it is the largest military operation on a European country since the world war-II. The world economy will pay a “hefty price” for the war in Ukraine encompassing weaker growth, stronger inflation and potentially long-lasting damage to supply chains, the OECD said. The organization slashed its outlook for global growth this year to 3% from the 4.5% it predicted in December and doubled its inflation projection to nearly 9% for its 38 member countries, according to forecasts released in Paris. In 2023, it expects growth to slow to 2.8%. Sanctions imposed on Russia due to the conflict are expected to have an impact on the global economy, including India through disruption of supply chains. The world especially, the developing countries facing continuous oil price volatility grain shortages supply chain disruption and economic stagflation. Its impact on energy and commodity prices is already visible in the economy. In a recent development, crude oil prices soared past \$100 per barrel, tracking uncertainty in global supply disruptions. India’s trade with Russia is approximately \$10 billion, which is 1.3% of India’s total trade. India imports a significant amount of precious and semi-precious stones, mineral oil, boilers, nuclear reactors and fertilizers from Russia, and all of this trade is being affected, with a cascading impact on the Indian economy.

After the U.S. and China, India is the world’s third-largest consumer of oil, over 80% of which is imported, and oil and food prices have always haunted the Indian economy. Five months into the conflict, faced with a steep upward movement of oil prices, India’s business leaders and policymakers are seriously evaluating the impact of this crisis just as business has started to come out of the pandemic. Until now, India has walked a fine line, trying to balance its relationship with the West and with Russia, with whom it has deep historical and strategic ties. India’s diplomatic response to the Ukraine-Russia war has become an enigma and a topic of global interest. This article therefore tries to analyse how India is going to be affected by this invasion.

### III OBJECTIVES

1. To study the war crisis between Russia and Ukraine.
2. To find the positive and negative impact of the Russia-Ukraine war to India

### IV METHODOLOGY:

This article is largely based on secondary sources, especially from the daily newspapers and from other various web sources, various articles on this recent issues.. All the collected information and data are presented systematically thereby a fair attempt is made to draw a meaningful inferences .

### V REVIEW OF LITERATURE

Countries worldwide are! barely recovering! From the economic impact of the covid-19 pandemic, the recent 2022 Russian attack on Ukraine could! worsen the situation as global economies may witness yet another rise in commodity prices and 'supply chainchokeholds'.Russiaisknownas!the'world'slargestsupplier!of!wheatandincombinationwithUkraine,bothcountriesaccount for almost a quarter of the sum of global export (Cohen!&!Ewing,!2022)

The popular belief worldwide is that the global financial sanctions unleashed on Russia, the seizure of assets and properties of the oligarch friends to President Putin for Russia's current attack on Ukraine will cripple the Russian economy and hinder any further attack on Ukraine. This is logical reasoning, however, the impact of this crisis extends to the global economy in general and Indian economy in particular. Thus, the purpose of this study is to review the economic impact of the 2022 Russia-Ukraine war on Indian economy.

Evidence from reviewed literature shows that although the consequences of this crisis have had a fatal impact on Russia's economy, the world economy in general and Indian economy in particular has begun to feel the impact of this crisis. Inflation which is already ravaging most global economies is steadily rising due to the sharp increase in oil, natural gas, and food prices just a few days into this crisis. Experts expect a negative impact on household consumption,

increase uncertainty, unpredictable stock swings, supply chain disruptions, bulging utility bills, decreased investment due to political risks, and economic growth impediments. It is therefore vital for policymakers worldwide to seek alternative means of survival if Russia decides to react by restricting its export of vital global commodities of which it is a significant export leader like oil, natural gas, wheat, neon, titanium, palladium, and ammonium nitrate.

Kavya Sharma and others in their article "What's the positive and negative impact of the Russia-Ukraine war to India?" threw lights on the Russia-Ukraine war crisis and how it is affecting the Indian economy in particular and global economy in general.

The study of Mimansa Verma "How will the Russian- Ukraine War Impact the Indian Economy" highlights the war crisis which carries a big impact on the Indian Economy, especially the rise of crude oil prices. On the other hand the supply disruptions of the ongoing conflict between Russia and Ukraine may impact .certain high-frequency indicators like financial markets , exchange rate and crude oil prices . SBI has stopped processing transactions by of Russian entities that have been sanctioned by the West over Moscow's invasion of Ukraine To effect this, SBI has issued a circular as it fears that any transaction with entities or sectors under sanction will invite sanction on it as well according to a PTI report.

## **V OPPORTUNITIES AND CHALLENGES FOR INDIA IN THE WAR ERA**

INDIA could be one of the majorly impacted countries since it imports 80 per cent of its crude oil from other countries. India's economy expanded at slower pace than expected in the last quarter and economic think tankers predicted that there is certainly dent to growth in the current one.

Russia is a country of almost 15 crore people with a USD 1.7 trillion GDP. It has 30% of the world's natural resources and its main exports are oil and gas. The implications of countries being reluctant to buy from Russia has already had a major impact on oil prices and clearly, that already has had a serious impact on the Indian economy. India imports a significant amount of precious and semi-precious stones, mineral oil, boilers, nuclear reactors and fertilizers from Russia, and all of this trade is being affected, with a cascading impact on the Indian economy.

The suppliers of sunflower oil, which Ukraine and Russia produce in large quantities has been disrupted. Five months into the conflict, faced with a steep upward movement of oil prices, with a projection to touch upon \$140 per barrel, India's business leaders and policymakers are seriously evaluating the impact of this crisis just as business has started to come out of the pandemic.

The Ukraine-Russia war presently leaving a marked impact on the Indian economy and financial system. Despite the neutral political stance maintained by India and only a limited dependence on Russia- . Ukraine for imports (2.1%) and exports (1%), their conflict is affecting India's GDP growth.

Simultaneously Russia Ukraine war has also created a silver lining for Indian agriculture by disrupting global Agri commodity chain due to supply disruptions and that augurs well for the rural economy thus Russia-Ukraine conflict is also creating an unlikely opportunity for select Indian agriculture exporters, especially in wheat, maize, millet and processed food. Employment and wages in rural areas is set to pick up owing to various infra initiatives of the government which is expected to increase employment opportunities. Skyrocketing global prices have made Indian wheat exporters very competitive and, in a position, to partially fill the void left by Russia and Ukraine. The situation may likely benefit the mustard growers in Rajasthan and Uttar Pradesh. Plummeting costs of synthetic fibres may put cotton growers in a better position than before. A ban on freight from Russia also means more opportunities for Indian exporters of nuts, confectionery, fruits and pulses.

In spite of this any further increase in crude oil prices invariably leads to higher import bills for the country. If the conflict continues, this will worsen the current account deficit

Thus the Russia-Ukraine war has both negative and positive impacts on the Indian economy. The key is to stay vigilant, manage the negative impact wisely, and make the best use of upcoming opportunities.

Several reports say India will be able to export 10-12 million metric tons of wheat this year to markets vacated by Russia and Ukraine.

## VI RESULTS OF THE STUDY .

The findings of the article are that the conflict between Russia and Ukraine is a big blow to global economy that would certainly hurt the growth and raise prices of cooking oil and crude oil. The war has prevailed between Russia and Ukraine the repercussions which the world could face are well anticipated. Now talking about India and the impact of the war on India, the economic repercussions are very evident given our country's dependency on Russian military market, Nuclear investments, Space investments, futuristic gas and oil corporation .

But despite the prevailing environment of gloom and doom due to the Ukraine crisis, the Indian economy's ability to resist imported inflation is greater than ever. Apart, from this Indian Rural market may expand as Russia and Ukraine export 30 per cent of wheat which has been stopped after the war began, however, Indian farmers are producing wheat in large quantities. We have to take up the challenge with a global dimension. We will achieve 'atma nirbharta' and fulfill demands of the world in terms of providing wheat. Coming to hike in oil and gas prices, though India doesn't depend directly on Russian oil and gas but the sanctions and embargos result in shooting up of the prices of oil and gas globally which definitely affects India which is one of the largest importer of oil in the world.

India has been pushing to reduce import dependence on oilseeds for several years. The government launched the National Food Security Mission – Oilseeds and the National Mission on Edible Oils-Oil Palm to augment the availability of edible oil in the country. The Russia-Ukraine crisis is likely to see India ramp up these efforts further– India has placed an embargo on all wheat exports from the country due to rising domestic pressures after initially agreeing to fill the gap in the international wheat market created by the crisis.

## VI CONCLUSIONS

The 2022 Russia-Ukraine war can be summarized in the words of Antony Blinken, US Secretary of State as he stated, it is bigger than a conflict between two countries. It is bigger than Russia and NATO. "It is a crisis with global consequences and it requires global attention and cooperation" (U.S. Department of State, 2022)

The Russia-Ukraine war is a big blow to the global economy and created uncertainty in global trade, it has huge impact on, crude oil, cooking oil and other commodities like wheat and corn. The impact on the Indian economy will be wide ranging and deep in various ways –Both countries are the big suppliers and exporters of wheat, edible oil and other commodities to the entire world. Thus, the war between Russia-Ukraine adversely affecting the supplies of these commodities in general and more particularly wheat and crude oil. So, there is a surge in prices of cooking oil, gas and crude oil. However, in view of the supply disruptions caused the skyrocketed prices of cooking oil and fuel across the world, the international community should come forward and resolve the ongoing conflict through peaceful negotiations and rescue the global economy especially the developing economies.

It is obvious that this is a war that never should have been, but it is unfortunately a reality and the impact has been and will be huge. Even if the war ends shortly, the face off of relationships will have long ranging effect on world geopolitics, and indeed, the world economy. The current crisis causes increase in oil prices that will directly affect Indian economy. Politically India will face a serious test as Russia is our friend in need for several decades and the US which India is trying to be friends with are the principal players of the Ukraine crisis. presence from various domains in order to keep up with its economy.

Despite the prevailing environment of gloom and doom, however, the present article argues that the Indian economy is displaying and shall continue to display resilience

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