



IMPLICATIONS OF RUSSIA - UKRAINE CONFLICT ON INDIAN NATIONAL ECONOMY

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Abstract:

The war between the two neighbouring countries Russia and Ukraine is a major setback to the world economy and it adversely affect the growth and high inflation rate, because of this crisis the whole world economy could be seen slower growth and faster inflation. Russia and Ukraine are the major commodities producers in general more particularly the oil. The war would definitely cause global prices soar. Food costs have jumped with wheat for which Ukraine and Russia produce 30% of global exports. The biggest effect on current accounts will be in the petroleum importers are ASEAN economies India, frontier economies including some of the pacific island. Most of the Indians are cutting down fried food and even vegetables as the Ukraine war increases the prices of edible oil and fuel. Consumers are feeling the bite as the companies hike the oil prices since the war broke out between Russia and Ukraine. Due to this, prices of diesel and petrol as well as vegetable oils become very expensive.

Keywords: Economy, Inflation, Export, Commodities

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I. 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. It spark Europe's largest refugee crisis since the war has begun, nearly 3.8 million citizens of Ukraine has left the country and millions of people are displaced. The war between the two neighbouring countries is a major setback to the world economy and it adversely affect the growth and high Inflation rate, because of this crisis the whole world economy could be seen slower growth and faster inflation. The Russian invasion of Ukraine has impact global economy adversely, and India too has felt the ripple effects, with growing commodity prices contributing to the country's rising inflation rate. Markets have also been heavily impacted by the ongoing standoff between Russia and Ukraine as foreign portfolio investors (FPIs) pulled out over Rs 1 lakh crore from the Indian markets in the three months since the stalemate began, Rs 50,000 crore more than the combined withdrawal of previous nine months.

Other cause for heavy selling by foreign investors in Indian markets are monetary tightening around the world due to inflation. foreign portfolio investments (FPI) pull out has led to the depreciation of the Indian rupee versus the US dollar. Rupee depreciated by approximately 4 per cent from 77.53 against the US dollar on February 24, when the war began, to 77.7 against the dollar by May 31. Weak rupee has also impacted imports adversely, especially oil imports. India's GDP numbers have also felt the impact of the ongoing Russia-Ukraine war. Experts believe that inflation will be a persistent issue for a while and the economy has been tackling a surge in prices for a while now.

2. Objective of the study:

1. To study the surge of edible oil prices.
2. To examine the increase of crude oil prices.
3. To study the war crisis between Russia and Ukraine.
4. To identify the factor which carries impact on Indian Economy
5. To assert sanctions on crude oil exports.

3. Methodology

This article is largely bank on secondary sources, especially from the daily newspapers and from other various web sources. All the collected and collated information and data are presented systematically thereby meaningful inferences

would be drawn. Further, the article relates to the present situation.

4. Review of the Literature:

A brief review of the findings of the studies on Russia-Ukraine war crisis is presented here under.

1. Alfred Kammer and others in their article "How War in Ukraine is Reverberating Across World Regions" threw lights on the Russia-Ukraine war crisis and how it is affecting the global economy.
2. The study of Mimanse Verma "How will the Russian- Ukraine War Impact the Indian Economy" highlights the war crisis carries a big impact on the Indian Economy, especially the rise of crude oil prices. The supply disruptions would certainly cause the growth of the Indian Economy.

5. Russian invasion carries a big impact on three major things

The first thing is higher prices for commodities like food and energy push up the increase of inflation all over the world. Besides, the purchasing value will come down. The second thing is neighbouring countries economies trade, supply chain would be disrupted and there is surge on refugee flows. And the third one is it reduces the business among the countries, tightening financial conditions of countries; this would be adversely affected on the market. Russia and Ukraine are the major commodities producers in general more particularly the oil. The war would definitely cause global prices soar. Food costs have been jumped, because Ukraine and Russia which produce 30% wheat of the global exports. The biggest affect on current accounts will be in the petroleum importers are ASEAN economies India, frontier economies including some of the pacific island.

6. The War Crisis

The Russia-Ukraine war makes uncertainty in global trade and will have impact on oil and other commodities. India has trade with Russia, but it may lose economically due to supply disruption caused by the international community. Keeping in view of the war the US impose ban on all oil and Gas imports from Russia, Brent crude crisis to surged to nearly \$130 per barrel , 43% from the beginning of the February. This is a major setback for world economic growth as Russia is one of the largest exporter of crude oil in the world.

7. The conflict on Indian Economy

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. Therefore, high fuel

prices bring a jump in the inflation rate. Most of the Indians are cutting down fried food and even vegetables as the Ukraine war increases the prices of edible oil and fuel. Consumers are feeling the bite as the companies hike the oil prices since the war broke out between Russia and Ukraine. Due to this, prices of diesel and petrol as well as vegetable oils become very expensive and are burning pockets of the consumer. Because of the prevailing situation, the global prices of crude oil have carried a big impact on the economy. India imports 85% of crude oil, the prices of which has risen by almost 50% this year alone. India is also the biggest importer of edible oil buying almost 60 % of its needs. The price of palm, the country's most widely consumed edible oil has been rose to 45% this year. The suppliers of sunflower oil, which Ukraine and Russia produce in large quantities has been disrupted.

V. 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. Apart, from this India is the biggest importer of edible oil buying around 60% of its domestic needs. The supplies of sunflower oil from Ukraine and Russia have been virtually disrupted and the prices of edible oil has gone up. Also, the investors from India are not ready to invest in Ukraine.

VI. Conclusion:

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. They 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. It is noted that Russia and Ukraine are the major suppliers of wheat and cooking oil for the world and accounting together for one fourth of the world exports. Therefore, the conflict between Russia Ukraine carries huge impact on Indian Economy. 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.

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