

THE UKRAINE CRISIS AND THE RUSSIAN-UKRAINIAN WAR'S POTENTIAL CONSEQUENCES ON INDIA'S ECONOMY: A THEORETICAL ANALYSIS

.Dr DINESH KUMAR, Professor & Head, Department of Economics, Thiruvalluvar University (A State University) Serkkadu, Vellore District, Tamil Nadu, India- 632 115.

.PROF.MUSILEK, Ph.D., Research Scholar, Department of Economics, Thiruvalluvar University (A State University) Serkkadu, Vellore District, Tamil Nadu, India- 632 115.

Mr. E. MOHAMMED IMRAN KHAN, Ph.D., Research Scholar, Department of Economics, Thiruvalluvar University (A State University) Serkkadu, Vellore District, Tamil Nadu, India- 632 115.

Abstract

Russia and Ukraine began hostilities, which had an impact on the Indian economy as well as ramifications for several areas and components. Social and behavioral study can help people better understand the circumstances that led to the Russian invasion of Ukraine. It includes analyses of numerous previous global powers, conflicts, and humanitarian catastrophes that can teach us something today. Russia is a small source of imports (2.1%) and exports (1.3%) for India. Inflation can be brought on by a spike in consumer demand for goods and services. Inflation in the fiscal year 2022-2023 is projected to be 4.5 percent. The Government of India's choice to delay the LIC IPO portends troubled times in the future. Rising prices and the rupee's declining value could lead to a decrease in investment activity. Investigating theoretical aspects of the Ukraine Crisis and the prospective effects of the Russian-Ukrainian War on India's economy are the main goals of this research article.

This research gives a well-organized assessment of theories and points of view. Secondary source data and information are compiled from a variety of articles, both published and unpublished. With assistance from the University of Madras libraries among others, a review of the literature in the relevant fields was carried out. This study paper's main objective, in context of the aforementioned, is to provide a theoretical evaluation of the probable effects of the Russian-Ukrainian War and the Ukraine Crisis on India's economy. The study article's issue is extremely important, urgent, and relevant in terms of social, political, and economic dimensions. The theme of the research article is clear from the title alone, and it is thought necessary.

Key words: Portfolio Investors, Inflation, Consumer Demand, Ukraine Crisis, India's Economy and Prospective Effects of the Russian-Ukrainian War.

Theme of the Article

Russia and Ukraine started fighting on February 24, 2022, which had an effect on the Indian economy and had repercussions and ramifications on several regions and elements. People can better comprehend whatever led to the Russian invasion of Ukraine by using social and behavioral research. It presents studies of various historical global powers, conflicts, and humanitarian catastrophes that have lessons for us today. India abstained from casting a vote at a United Nations (UN) gathering. India has been impartial during the UN discussion. Since the commencement of this fight, six months have passed. Let's now talk about a few important aspects of the conflict between Russia and Ukraine and how it affects India's economy.

The Indian economy and financial system are being significantly impacted by the conflict between Ukraine and Russia. India's macroeconomic stability is under jeopardy as a result of the conflict's dramatic increase in the price of crude oil worldwide. In turn, the banking and financial sectors as well as the stock market are predicted to be shaken. The ongoing standoff between Russia and Ukraine has also had a significant impact on markets, as foreign portfolio investors (FPIs) have withdrawn more than Rs 1 lakh crore from the Indian markets in the three months since the standoff began, which is Rs 50,000 crore more than the combined withdrawal of the previous nine months. The Indian economy and financial system are currently feeling a significant influence from the Ukraine-Russian War. Even while India maintains a neutral posture on politics and only depends on Russia and Ukraine for a small portion of its imports (2.1%) and exports (1%), their conflict is slowing India's GDP development. According to projections made public, the IMF lowered its inflation forecast for its 38 member countries to around 9% and decreased its view for global GDP this year from 4.5% to 3%, down from its prediction of 4.5% in December.

In 2023, the growth rate is expected to decline to 2.8%. Nearly 6 months have passed since the Russia-Ukraine war hurt India's economy. The invasion increased the cost of necessities, which also caused the annual inflation rate to increase to 7.8% in April of this year, the highest level since May 2014. Around ten billion USD, or 1.3% of India's overall commerce, is exchanged between India and Russia. Numerous valuable and semi-valuable stones, mineral oil, boilers, nuclear reactors, and composts are imported into India from Russia. This trade has been negatively damaged, which has had an influence on the Indian economy.

Statement of the problem

Inflation may occur when costs associated with production, such as labor and raw materials, rise and prices follow. A surge in consumer demand for products and services can induce inflation. The COVID-19 pandemic, Sri Lanka's economic crisis, and the Ukraine-Russia War are just a few of the causes. The purchasing power of the average person is reduced by inflation. Furniture, airline tickets, hotel rates, and basic necessities like groceries and gas can all be expected to increase in price. Inflation is anticipated to be 4.5 percent in the fiscal year 2022– 2023. During an inflationary period, variable interest rates on loans rise. Real estate and collectibles are examples of assets that typically keep pace with inflation. India imports from Russia \$609 million worth of fertilizer, \$832 million in precious stones, and \$205 billion worth of fuels and minerals. Bond pricing and returns are impacted by interest rates. Bond prices often decrease as interest rates increase. People are less willing to borrow money or refinance their loans as rates rise. A change in the rate is neither beneficial nor negative. It is more a reflection of the Indian economy as a whole.

The Reserve Bank of India will modify bank interest rates to protect the weakening currency. Credit that is both secured and unsecured, such as personal, vehicle, and home loans, will become more expensive. The increase in the rate of return on products like fixed and recurring deposits would encourage consumers to spend less. The price of shares is influenced by supply and demand, just like any other good or service. Prices increase when there is a shortage of shares to satisfy investor demand. They decrease when there are fewer investors looking to purchase shares. This technique relies on a simple formula to forecast the future price of a stock. India is working toward a goal of 35,000 crore in defense exports by 2025. In October 2018, India and Russia agreed on a \$5 billion purchase for S-400 missile systems.

The Russian-Ukrainian conflict is unlikely to end soon, hence the Indian defense industry is likely to grow. India signed up as Antonov's first client in 1984. Russian weapons make up more than 70 percent of the Indian military's stockpile. The only active aircraft carrier in service with the Indian Navy is the rebuilt Soviet-era INS Vikramaditya. Some joint venture projects between India and Russia are likely to be halted. India has no choice but to adopt a neutral stance and refrain from publicly supporting anyone. India and Russia's partnership is more valuable and cannot afford to be harmed. India will need to resort to nations like Kazakhstan, Uzbekistan, and

Georgia for spare parts. Market sentiment describes how investors generally feel about a specific security or financial market. It is the mood or tenor of a market, or the psychology of the crowd. Rising prices represent a bullish market, while falling prices mean a bearish market. Some day traders use market sentiment to choose which stocks are overvalued or undervalued. The ratio of equities hitting 52-week highs to lows is measured by the high-low index. A bullish ratio of about 50% is present in neutral markets.

The Government of India's decision to postpone the LIC IPO foreshadows difficult times ahead. Ukraine's conflict may have global impacts on trade and investment, disruptions to commodities markets, logistic networks, supply chains, foreign direct investment, and specific industries. Global trade will fall by 1%, dropping global GDP by 0.7%, and the GDP of low-income nations by 1%. The BFSI industry will benefit from shifting interest patterns and growing industries in a market primed for instability. Reduced investment activities could result from growing prices and the rupee's diminishing value. In context of the aforementioned, the main focus of this research paper is a theoretical assessment of the potential impacts of the Russian-Ukrainian War and the Ukraine Crisis on India's economy. The theme of the research article is so significant, urgent, and pertinent in social, political, and economic dimensions. The research article's theme is obvious from the title alone, and it is considered necessary.

Research Article Objective

The main objective of this study article is to examine theoretical aspects of the Ukraine Crisis and the potential implications of the Russian-Ukrainian War on India's economy.

The Study Article's Methodology

This study is descriptive with theoretical underpinnings. This study is an organized analysis of theories and viewpoints. This type of research involves conceptualizing or articulating how a theme and its surroundings function, as well as looking into or simulating the effects of those requirements. It only draws data and information from secondary sources that relate to the study article's theme. In terms of theoretical viewpoints, it is a descriptive and diagnostic design. Data and information from secondary sources are compiled from a range of papers, including published and unpublished materials. Additionally, a thorough review of the literature in the pertinent subjects was conducted with the help of the libraries of the University of Madras, Madras Institute

of Development Studies, Connemara Public Library, Vellore Central Library, and Thiruvalluvar University Library.

Conflict between Russia and Ukraine

The Ukraine-Russia crisis has increased trade ambiguity and will have an impact on oil and other commodities. Despite the fact that India and Russia do not engage in a lot of trade in goods, sanctions-related supply interruptions could have a negative economic impact on India. Growth will probably be hampered by the ongoing terms of trade shock and supply disruptions. Last week, Brent crude prices soared to almost \$130 per barrel, up 43 percent from the start of February. Given that Russia is one of the biggest suppliers of crude oil globally, this is a significant setback for the expansion of the global economy. India's GDP projection for the fiscal year 2023 was cut by 50 basis points by Morgan Stanley. Up to 85 percent of India's crude oil requirements are met by imports. Consumer inflation increases by 0.4 percentage points for every 10 percent increase in crude oil prices. Due to this, there is now a greater chance that India's current account deficit will increase and its import costs will rise.

The war in Ukraine will cause immediate complications that will have long-lasting effects

The Russian invasion of Ukraine will have a wide range of negative effects. A humanitarian catastrophe has developed out of the situation, making food and energy security unstable and raising concerns about the design of the global security system. Due to the globalized society we live in, these problems won't just affect Ukraine. They will present problems everywhere. To prevent these repercussions from leading to catastrophes upon catastrophes, both immediate and long-term solutions must be found.

The Russian invasion of Ukraine marked a turning moment for global energy architecture, global economics, and world security. We live in a globalized society where it is impossible to confine a war like this to a single area. Researchers are unable to isolate radiation within one nation's borders or protect it from the brittleness of its supply lines. With its severe humanitarian crisis, cyber attacks, economic hardships, disinformation and propaganda campaigns, strategic conflicts over energy supplies, and the possibility of nuclear war, this new sort of hybrid war will have far-reaching implications. The conflict that Russia is waging in Ukraine will hinder economic expansion and raise inflation. The conflict in Ukraine emphasizes the critical need for international aid.

Social and humanitarian effects

Humanitarian crises' impacts on fertility are expected to be somewhat influenced by the population's stage of demographic transition. Effects on fertility can be anticipated to be essentially involuntary in a community with a largely natural fertility rate. Contraception use, however, may fluctuate significantly in response to modifications in reproductive desires. A humanitarian crisis will probably postpone the start of a sexual relationship and raise the possibility of spousal separation or union breakdown, which will reduce fertility. Permanent celibacy is unlikely to be significantly impacted by a catastrophe. The short-term consequences of sex are likely to decrease fertility.

Although the consequences of hunger on fertility are not entirely evident, starving definitely lowers the likelihood of pregnancy. Sexually transmitted infections, such as HIV, and other infections may potentially have an impact on fecundity. The use of contraception may be discontinued in populations when voluntary fertility control is widely practiced. There is insufficient proof that stress or starvation significantly affect the likelihood of spontaneous pregnancy loss. If abortion is within the nexus of conscious decision, it could be reasonable to predict that it will rise during a crisis. Long-term refugee groups may very well favor large families over small ones and may marry soon. As temperatures change, diseases including cholera, malaria, and dengue fever will probably spread more widely in some regions. Malnutrition and diseases linked to diarrhea may also rise. decreased availability of water and food.

Ukraine needs jobs more than it needs subsidies

As of August 3, the United States has provided a total of €44.5 billion in support, consisting of €25 billion in military aid, €9 billion in humanitarian help, and €10 billion in financial support. This was by far and away the largest contributor in absolute terms. In January 2022, the average monthly wage in Ukraine fell to 14577 UAH (398.627 USD). The largest monthly average wage for employees was 14179 UAH, and the lowest monthly average wage was 115 UAH. Half of all Ukrainians have lost their jobs since the war began. Only 2 percent of people could get temporary employment. Investment in skill development and re-education is essential to addressing this issue. Those who have departed for other nations are prepared to come back when it is secure to do so. They could support Ukraine's economy after the war if

they could invest in their knowledge and a stronger sense of business culture in the interim. More than eleven million people have already fled their homes in Ukraine, with 5.3 million going to neighboring nations and 6.5 million remaining within the nation itself as the war rages on. This is according to the United Nations.

According to the UN agency for children, two thirds of all Ukrainian children have been affected and have been forced to leave their homes. Panic selling and investor fear caused the Sensex to drop by 2700 points as the conflict began, wiping off Rs. 7.5 lakh crores from the stock market. The 50 percent drop in the Russian stock market had a huge effect on other Asian stock markets. We will look more closely at how the violence affected the price of gold and crude oil. The impact will be negligible because there are limited linkages between India and either country in the financial or corporate sectors. Many foreign businesses that had operations in Russia quit doing so as a consequence of the crisis; the majority of these businesses were American or had connections to the US, including PayPal, McDonald's, Disney, etc.

Prices of gold and crude oil

Russia is one of the world's largest producers of crude oil, and due to the sanctions the US has imposed on Russia, it is expected that the price of crude oil would increase further if long-running tensions persist. The sanctions could also lead to a spike in crude oil prices; these prices have already crossed \$100 per barrel, the highest level in 14 years, and they rose by 45 percent in the first half of 2021 when they were rising to \$80 per barrel. The impact on India, however, will be minimal for the time being because the country imports the majority of the oil it consumes, with the Middle East providing the majority of that oil because its geographic location makes logistics and transportation more affordable. Russia has a huge area under its control from which it may export oil via pipeline to Europe and its neighbors, via road to the nations in its southern region, and via sea route through Alaska to the western nations.

The cost of gold likewise skyrocketed to \$2000 per ounce. Since gold is regarded as a safe haven in such circumstances, many investors switched from stock and other investments to gold investments as the equity market grew turbulent during the conflict. Such market attitudes contributed to the rise in gold prices and the decline in equities and other markets, among other things. Russia also chose to link the Russian ruble to gold on March 30th, with 1 gram of gold equaling 5000 rubles until June 30th, 2022. As a result, the Russian ruble has already regained

some of its lost value, and there is a significant chance that it will continue to do so. Russia may raise its gold supply as the currency is recovering its value, which might strengthen it even more. Russia is the third-largest producer of gold in the world, and it may be able to simply raise its gold supply. In layman's terms, if the value of the ruble increases significantly, demand for the US dollar may decline since it would be more expensive to acquire gold in dollars than it is in rubles, and individuals would switch from using dollars to using rubles.

Beneficial changes in the prices of the items India exports

Due to the conflict, exports of goods related to such commodities are being delayed, and there may be a gap in the market. Russia and Ukraine are both major producers and exporters of grains around the world. For instance, Russia and Ukraine are two of the top producers of wheat on the market, but because of the conflict, the supply is being disrupted, and India is already filling the void by expanding wheat exports. Wheat from Gujarat, Rajasthan, and Uttar Pradesh is delivered for between Rs. 2,400 and 2,450 per quintal as opposed to about Rs. 2,100 per quintal, and that too in just over 15 days. The only thing to keep in mind is that the Indian Government must carefully control both exports and the country's overall domestic stock availability. Edible oil, vegetable oil, and oilseed prices are also soaring.

Additionally, there may be a benefit for the mustard oil farmers in Rajasthan and Uttar Pradesh, who plan to sell their harvest in the upcoming weeks. Currently, mustard prices are above the minimum support price of Rs. 5,050 per quintal, or Rs. 6,500 per quintal. The rising cost of synthetic fiber has also driven up cotton prices. One of the main factors driving up the price of both the commodities indicated above and other commodities is Brent crude oil. In order for this continuous fight to potentially have a positive end in many such places, India must carefully monitor, analyze, and respond to the existing situation.

India's Oil Supply Will Decline due to the Russia-Ukraine Crisis

Domestic edible oil processors typically keep 30 to 45 days' worth of raw materials on hand, which should aid them in surviving the supply shock in the short run. Analysts caution that if the fighting and the ensuing trade interruption continue for an extended period of time, supplies and pricing will begin to suffer. 10 percent of India's 230-240 lakh metric tons of yearly edible oil consumption is made up of refined sunflower oil. The world's greatest producer of sunflowers, Ukraine, is still engaged in conflict, which is anticipated to cause a shortfall of 4-6

lakh tonnes, or at least 25 percent, of sunflowers in 2019. 10 percent of India's yearly consumption of 230–240 lakh tonnes of edible oils is made up of refined sunflower oil. Imports fill 60 percent of the demand for goods and services. Ukraine meets the majority of the country's annual crude sunflower requirement of 22-23 lakh tonnes. If there is a prolonged interruption in trade, edible oil producers will be forced to import additional crude sunflower oil from Argentina. To eliminate idle capacity, processors may decide to refine different edible oils. The shortage of supplies coincides with a 25 percent year-over-year increase in the average price of refined edible oils.

Indian grain exporters are preparing to replace huge gaps in global supplies

The second month of Russia's invasion of Ukraine has passed. Sanctions against Russia and a lengthy conflict in the Black Sea region increase the likelihood of global economic instability. India will not be exempt because it is suffering the most from high global oil prices as well as rising prices for minerals, metals, and food oils. The entire globe has been looking to India to make up for the massive stockpile gap left by the unrest in Europe's breadbasket. Ukraine is one of the major exporters of wheat in the world, and Russia and Ukraine combined account for 25 percent of the market. According to an analysis by the Agricultural and Processed Food Products Export Development Authority (APEDA), an organization under the Union Ministry of Commerce and Industry, a ban on Russian flights to Europe also means opportunities for Indian exporters of processed food products, such as nuts, fruit juices, confectionary, pulses, and cereal preparations, among others.

Exporters will benefit from the commodity's skyrocketing price on the global market. In comparison to the current year, India will be able to export 10–12 million of wheat in the upcoming fiscal year. The export of wheat, oats, millet, sugar, cattle, and cattle byproducts were all prohibited by Ukraine. India seeks to increase its exports of wheat to the Middle East, Turkey, and Egypt. The Indian government has been working hard to promote wheat aggressively abroad. In 2016, India's worldwide share was less than 0.14 percent; it is currently less than 1%. India will produce 108 million tons of wheat in 2020-21, making it the second-largest producer in the world. The COVID pandemic continues to linger like the Sword of Damocles over the economic recovery. Global economic growth could be halted by the Russia-Ukraine conflict and the ensuing volatility in oil prices. Even the assumption that the price of crude oil would remain

around \$75 per barrel was used to predict India's gross domestic product (GDP) growth rate for the upcoming fiscal year. Indian exporters have difficulties due to high ocean freight charges brought on by a shortage of containers following the outbreak. Finding a compromise between India's ambitions to dominate the world in wheat exports and reducing food inflation is the second problem.

Export and import sectors in India are affected

Vladimir Putin, the president of Russia, declared a "special military action" in eastern Ukraine on February 24, 2022. Everyone was caught off guard by what was viewed as a war crime. That day, the Indian stock market fell by 4.7 percent. The Indian rupee was initially pegged to the US dollar at 75.02 but later fell to a low of 75.75 on the interbank foreign exchange market. This was mostly caused by money leaving emerging countries because of geopolitical unpredictability. From their high, the foreign reserves have decreased by more than 2 percent to 3 percent. India's total foreign exchange reserves currently range between \$630 and \$635 billion. In the week ending September 3, 2021, it reached a record-breaking high of USD 642.45 billion. According to the most recent data, the cover given by foreign exchange reserves is typically equal to 10 months of total imports.

A Benefit of the Declining Rupee for Exporters

India exported Rs. 27.114 billion to Russia as of December 2021. The volume of export trade was at its greatest level in thirty years. The value of the Indian rupee decreased as soon as the public learned about the battle. Exporters benefit in the short term from the rupee's depreciation. This is valid only for exporters who do not import raw materials for their manufacturing processes. For instance, automakers like Maruti and Mahindra import electronics components from foreign nations, such as Taiwanese computer chips. A steady currency exchange rate is preferred by businesses. Adjustments in exchange rates put one against the other, and the domestic market might not be eager to accept such changes. A steady currency exchange rate is a much more preferred choice to guarantee business stability, even though a devalued rupee may assist exporters in the short term.

India has sufficient foreign exchange reserves to weather any significant fluctuations in currency exchange rates. Large exporters have a dedicated Treasury Department that regularly buys and sells US dollars. Since currencies are volatile, their hedges may no longer be effective, which could have an effect on their exports. A stable exchange rate enables a business to more

effectively plan and predict the demand and supply for goods and services. Since changes are a result of a global crisis, the current exchange rate is not stable. Most companies would prefer market stability to the transient profits brought on by exchange rate changes.

Indian import sectors' worst nightmare

For Indian importers, the price of the same amount of goods and services would now rise. India imports a large number of goods, mostly petroleum products, precious metals, and other things. Brent crude's current price has surpassed \$100 per barrel (\$102.59 on February 28). India will also have to pay more for goods when the value of the rupee declines. Importers will have to fork over more rupees for every dollar, which will have a marginally negative effect. Businesses would have increased pressure on their margins due to the inflationary environment that exists now. It will be interesting to see if they decide to pass this forward to the customer. As a result, inflation is also impacted by currency devaluation.

Margin losses and increased capital expenditures

According to official data, India's oil import bill increased by 99 percent to \$94.3 billion between April 2022 and December 2022. This must be paid in US dollars, but due to the rupee's significant depreciation against the dollar, paying the same amount in dollars will cost you more in rupees. Many manufacturing firms import equipment and tools from other countries. Importers of capital goods will have to pay more in rupees for the same amount of goods as a result of the weakened rupee. For instance, all mobile phone makers are required to import computer chips, and the phones are then assembled or manufactured in India.

The Russian invasion of Ukraine in February, which was the biggest conventional military assault since World War II, has the potential to devastate the world economy. India adopted a neutral posture as a result of its long-standing strategic alliance with Russia. This partnership, which is reminiscent of the Cold War era, covers a number of areas, including technology, nuclear energy, defense, and diplomacy.

India's military equipment

According to the Stockholm International Peace Research Institute, India accounts for nearly a quarter of Russia's total arms exports. India increased its allocation for military spending in its union budget for 2022-2023 by about 10% to \$70.2 billion. The \$5 billion sale of the S-400 air missile system, built by Russia, is a significant defense contract that was agreed upon in October 2018. According to a Congressional Research Service report (pdf) dated October 2021,

Russian-supplied equipment is necessary for the Indian military to function successfully. According to the Indian Army, the T-72M1 and T-90S from Russia make up 66% and 30% of all units, respectively, of the main battle tank force. In the medium run, analysts predict that India will continue to rely on Russian defense systems, despite the prospect of US sanctions over the S-400 acquisition that hangs over the country.

India's economic prospects

The situation between Russia and Ukraine has resulted in harsh financial penalties and international political pressure on Russia. Global investors are putting more of their money into safe-haven assets like US Treasuries and gold. Capital is leaving emerging countries as a result of the US Federal Reserve's tapering of stimulus programs. Several economists have had to update their growth predictions for this year due to the Ukraine situation. The majority now predicts lower-than-anticipated growth in 2022. According to them, the crisis might reduce growth in the US and the UK by 0.3–0.5 percent in 2022. Since India's core economic fundamentals are sound, the impact on the long-term outlook would be minimal. During Fiscal Year 2021–22, India is anticipated to increase at a rate between 8.3 and 8.8 percent, followed by two more years of expansion exceeding 7.5 percent.

As a result, India is poised to overtake China as the emerging market with the quickest rate of growth. In Q3 of Fiscal Year 2021–22, the GDP increased by 5.4 percent, which was less than we had anticipated. The quarter from July to September's growth was revised up to 8.4 percent, which explains the ensuing quarter's waning rebound. The uneven (at best mild) rebound in a few industries, particularly in manufacturing, agriculture, and contact-intensive services, hampered overall growth. Expenditure growth slowed compared to previous quarters, despite holiday demand and a drop in illnesses supporting private consumption. The impetus for the increase in gross fixed capital formation was slowed down by slower-than-anticipated demand growth and reduced capacity utilization. This quarter, even government spending decreased. However, exports continued to expand rapidly, driving up the overall rate of growth.

Possible Options for India

The US and its several ally-based groups made the decision to stop operating in Russia during this conflict. SWIFT, a global organization with connections to more than 200 countries and 11000+ banks, chose to cut ties with Russia after handling more than 4 crore transactions in

a single day. Due to this circumstance, there is a void that India's own UPI can fill (Unified Payments Interface). The use of UPI has increased significantly over the past few years, and UPI has even advanced to the point where digital payments can now be done without an internet connection. In financial year 21–22, UPI's transaction volume surpassed \$1 trillion. If UPI can cover this gap, it will represent a significant step forward for India's financial sector, taking SWIFT's place in the Russian market. Nepal too implemented UPI for peer-to-peer payments, assisting its businesses in expanding. India needs to become a powerhouse without heavily relying on weaponry; hence, the NPCI (National Payments Corporation of India) needs to onboard as many individuals and banks as soon as feasible.

The RuPay card was also recently introduced in Nepal, following its introduction in Bhutan, Singapore, and the United Arab Emirates. India may be able to take over similar markets in bigger nations like Russia if it takes this to another level and expands it. The aviation industry in Russia is also shut down since a big number of aircraft may be subject to lease agreements that could be terminated or insurance coverage halted because the host nation is determined to make the sanctions painful. By providing some assistance and therefore establishing itself in certain industries, India might benefit its friend and thereby enhance foreign exchange rates and income from such activities. Rural experts believe that after crop harvest and monsoon forecast certainty, rural demand will quickly rebound, assisting the economy to enter another boom cycle. This year, mustard, the second-most significant Rabi crop in India, would contribute the second-highest amount to farm revenue due to a 30% increase in seeding in Fiscal Year 22 compared to Fiscal Year 21. According to Prabhudas Lilladher, mustard prices have increased by 30 percent year over year from Rs. 50–60 per kg to Rs. 70–80 per kg. The brokerage business noted that numerous government infrastructure programs will improve job prospects, which will lead to an increase in employment and income in rural areas.

Conclusion

India depends on Russia for a small portion of its imports (2.1%) and exports (1.3%). The ongoing standoff between Russia and Ukraine has also had a significant impact on markets. Inflation may occur when costs associated with production, such as labor and raw materials rise. The Ukraine-Russia crisis has increased trade ambiguity and will have an impact on oil prices. India will need to resort to nations like Kazakhstan, Uzbekistan, and Georgia for spare parts. A

humanitarian catastrophe has developed out of the situation. Both immediate and long-term solutions must be found. Crude oil prices have already crossed \$100 per barrel, the highest level in 14 years. The cost of gold likewise skyrocketed to \$2000 per ounce. Analysts caution that if the fighting and the ensuing trade interruption continue for an extended period, supplies and pricing will begin to suffer. India adopted a neutral posture as a result of its long-standing strategic alliance with Russia. India's oil import bill increased by 99 percent to \$94.3 billion between April 2022 and December 2022. Several economists have had to update their growth predictions for this year due to the situation.

India needs to become a powerhouse without heavily relying on weaponry. RuPay card was also recently introduced in Nepal, following its introduction in Bhutan, Singapore, and UAE. The aviation industry in Russia is also shut down since a big number of aircraft may be subject to lease agreements. Overall, the crisis in Ukraine raises concerns about the monetary policy makers' approach because it will both hurt growth and drive inflation higher. In the short term, higher rates won't be able to offset the war's price increases, but they might make any decline in confidence and activity worse. Delaying rate increases runs the risk of further entrenching inflation, so if they feel they must in the coming months, we advise only doing so gradually.

References:

- ❖ **Shantanu Nandan Sharma, ET Bureau (2022)** “Russia-Ukraine war impact: India's grain exporters are gearing up to fill the huge gaps in global stocks, especially wheat”, The Economic Times, Mar 26.
- ❖ **McDermott, Roger N. (2016)**, "Brothers Disunited: Russia's use of military power in Ukraine". In Black, J.L.; Johns, Michael (eds.). *The Return of the Cold War: Ukraine, the West and Russia*. London. pp. 99–129. doi:10.4324/9781315684567-5. ISBN 978-1-138-92409-3. OCLC 909325250.
- ❖ **Yahoo News (2015)**, "Putin describes secret operation to seize Crimea". . Retrieved 24, 8th March.
- ❖ **Isaac Webb (2015)**, "An Eye for an Eye: Ukraine's POW Problem". The Moscow Times. Archived from the original on 18 May 2015. Retrieved 25 April .
- ❖ **Bellal, Annyssa (2016)**, "The War Report: Armed Conflict in 2014", Oxford University Press. p. 302. ISBN 978-0-19-876606-3. Retrieved 17 October 2016.
- ❖ **Overland, Indra; Fjaertoft, Daniel (2015)**, "Financial Sanctions Impact Russian Oil, Equipment Export Ban's Effects Limited". *Oil and Gas Journal*. **113** (8): 66–72.

- ❖ **Hall, Gavin E. L. (2022)**, "Ukraine: the history behind Russia's claim that Nato promised not to expand to the east". The Conversation. Retrieved 14 March.
- ❖ **Chris Stephen (2006)**, "Russian anger as Ukraine seizes lighthouse". Irish Times. Retrieved 20 May 2022.
- ❖ **Kuzio, T. (2018)**, "Euromaidan revolution, Crimea and Russia–Ukraine war: why it is time for a review of Ukrainian–Russian studies", *Eurasian Geography and Economics*, 59(3-4), 529-553.
- ❖ **Bebier, A. (2015)**, Crimea and the Russian-Ukrainian conflict. *Romanian J. Eur. Aff.*, 15, 35.
- ❖ **Liadze, I., Macchiarelli, C., Mortimer-Lee, P., & Juanino, P. S. (2022)**, "The economic costs of the Russia-Ukraine conflict", *NIESR Policy Paper*, 32.
- ❖ **Havlik, P. (2014)**, "Economic consequences of the Ukraine conflict", (No. 14). *Policy Notes and Reports*.
- ❖ **Lange-Ionatamishvili, E., Svetoka, S., & Geers, K. (2015)**, "Strategic communications and social media in the Russia Ukraine conflict. Cyber war in perspective: Russian aggression against Ukraine", 103-111.
- ❖ **Dougherty, J. (2014)**, "Everyone lies: The Ukraine conflict and Russia's media transformation. Shorenstein Center on Media, Politics and Public Policy", *Discussion Paper Series* (July 2014).