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Dr. Prashant D Satpute
G.S. Tompe Arts, Commerce
and Science College, Chandur
Bazar, Amravati,
Maharashtra, India

Russia Ukraine conflict: Impact on India and lessons for India

Dr. Prashant D Satpute

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Abstract

Recently, the war between two neighboring countries, Russia and Ukraine, has greatly affected the world economy. Various geopolitical risks arising from Russia's intervention in Ukraine will affect the global economy throughout 2022. The entire world economy may experience slow growth and rapid inflation. It will take years, even decades, for everything to return to normal. The Indian economy is still recovering from the pandemic, so the crisis caused by Ukraine and Russia has raised oil prices, raising concerns that India's economic recovery will be affected. Since the war broke out between Russia and Ukraine. Diesel and gasoline and vegetable oils have become very expensive. India's growth will be subject to new challenges emerging around the world many observers worry that the impact on the Indian economy could be serious; others agreed that the Indian economy would not be affected by the distant war. As history has shown, the economy recovered after the conflict. We have not learned how to predict the outcome or subsequent date of the conflict. Russia's invasion of Ukraine shuddered the world economy. Russia and Ukraine account for less than 2% of the world economy, but they make up the majority of many products: the region produces 37% of the world's palladium, 17% of natural gas, 13% of grain, 12% of oil. And 9% nickel. The Russian sanctions numbered and the intersection of the supply chain will affect international trade and finance. The impact on commodities, especially energy, is a major concern for the Indian economy. Rising oil prices inevitably lead to a depreciation of the rupee, higher inflation and slower GDP growth. A 10% increase in oil prices should reduce GDP growth by 20 basis points, increase inflation by 40 basis points and increase the current account deficit.

Keywords: Economic recovery, crisis Impact on India, lessons for India

Introduction

Russia declared war on Ukraine in the second month of 2022. It became known internationally as the War on Terrorism and was fought in World War II. The world economy will pay a "heavy price" for the Ukraine war, including slower growth, higher inflation, and the potential for long-term damage to the chain, the OECD said. The Group cuts its global growth forecast to 3% this year from its December forecast of 4.5% and doubles its earnings forecast for 38 countries, which is about 9%, based on estimates from Paris. Growth by 2023 is 2.8% waiting for it to slow down. Sanctions on Russia due to the conflict should have an impact on the global economy, including India, by disrupting the supply chain. The world, especially 4,444 developing countries, is facing continuous fluctuations in oil prices, food shortages, supply chain disruptions, and 4,444 economic stagflation. The effect on energy and commodity prices was observed in transactions. Oil prices rose above \$100 per barrel in the latest restructuring after uncertainties about global supply cuts. India's trade with Russia is about \$10 billion, or \$, or 1.3% of India's total trade. India imports precious and semi-precious stones, mineral oil, boilers, nuclear reactors and fertilizers from Russia, and it's all about the Indian economy. India is the world's third-largest oil consumer after the United States as well as China. Five months after the conflict, India's business leaders and policymakers scrutinized the impact of the crisis in the face of increasing pressure on oil prices, even though businesses had started before had sprung up. Until now, India has walked a narrow line, trying to balance its relations with the West and Russia, with which it has a deep history and ties. India's military response to the Ukrainian-Russian war has become a mystery and is a matter of international concern. Therefore, this article tries to analyze how India will be affected by the invasion.

Corresponding Author:
Dr. Prashant D Satpute
G.S. Tompe Arts, Commerce
and Science College, Chandur
Bazar, Amravati,
Maharashtra, India

Opportunities and Challenges for India

India will likely be one of the hardest hit, as it imports 80% of its oil from other countries. In the last quarter of, the Indian economy grew more slowly than expected, and economists predicted that current economic growth would be affected. Russia is a country with a population of approximately 150 million, with a GDP of \$1.7 trillion. It holds 30% of the world's 4,444 natural resources and its main exports are oil and gas. The impact of countries' refusal to buy from Russia has already had a huge impact on oil prices, and frankly, countries have had a huge impact on the Indian economy. India imports a lot of precious and semi-precious stones, mineral oil, boilers, nuclear reactors, and fertilizers from Russia, all trade affected, indirectly affected by Indian trade Sunflower oil sellers, Ukraine and Russia produced in large quantities quantity affected. Five months after the conflict, India's business leaders and policymakers scrutinized the impact of the crisis in the face of mounting pressure the oil price is expected to reach \$140 a barrel, but companies have started exiting before they spread.

The Ukrainian-Russian war now has a significant impact on the Indian economy and finances. Although India maintains a neutral policy and is solely dependent on Russia - Ukraine's imports (2.1%) and exports (1%), their conflicting influence on India's GDP growth. Meanwhile, the Russian-Ukrainian war is creating a glimmer of hope for Indian agriculture. Contrary to the export period, especially rice, maize, millet, and processed foods. As the government's development plans are expected to support employment opportunities, employment, and wages will increase in rural areas. Rapidly rising international prices made Indian rice exports less competitive and could fill some of the gaps between Russia and Ukraine. This may attract growers in Rajasthan and Uttar Pradesh. The fall in synthetic fiber prices may put cotton growers in a better position than before. The import ban from Russia also means more opportunities for Indian olives, sweets, fruits, and exporters. However, an increase in the price of oil will cause the country's import bill to increase. If the conflict continues, this will make the current account deficit. Therefore, the Russian-Ukrainian war has both positive and negative effects on the Indian economy. The key to this is to be mindful, manage the negative effects, and make the most of the opportunities that come with the. Several reports suggest that India could deliver 10-12 million tons of grain to markets this year from Russia and Ukraine.

Lessons for India

Self-reliance in Defence

This conflict shows that a country must be confident in meeting the military needs of its soldiers in order to win a major war. India's over-reliance on any country, including Russia, for military supplies harms its national security. In all possibilities, Moscow's economy will be affected by Western sanctions, while the military-industrial complex can meet the needs of its own sons, who can suspend the use of weapons for India. New Delhi should be careful not to create any other trust in the defense industry (such as buying more weapons from the US, France or Israel) and push the "Make in India" initiative by competing in defense. At the same time, India should evaluate the effectiveness of Russian weapons and weapons systems in the Ukrainian conflict (since New Delhi also uses the same platform) and check their effectiveness in the details of India's campaign.

Impact of Technology on War

India's modern military system must be based on cutting-edge technologies suitable for India's conditions and situations. Technology is a good balance when the military differs between the two major enemies. China's Assassin's Hammer program is designed to destroy US military superiority and gives China a chance to defeat US forces in a conflict. The Ukrainian military has successfully used unmanned aerial vehicles supplied by Western countries to cause 4,444 heavy attacks against Russian tanks. Before this crisis started, they didn't have a drone office, but they were able to use the technology to their advantage. At a time when India faces the threat of war on both sides, it will be important to develop and acquire important military equipment to deal with this problem. There is a great game about technology to become the superpower of the world, India must understand this great game of technology and take the right lessons because it also has an impact on its modern army.

Information Warfare

Common sense and management of information warfare encourage Ukraine in the war with Russia. This makes Ukraine useful in three ways - raising the morale of its own citizens, encouraging military support from other countries, and getting support from the public like Ukrainians in Russia. Indian policymakers need to examine and analyze how Ukraine is responding to better knowledge of Russia and the potential for war rivalry to drive India's withdrawal. Winning a battle depends on the timing of the skill and knowledge of the battle. Intelligence shared by Western countries has provided a better understanding of the warring forces in the Ukrainian Defense Forces, which could affect Russia's numerical strength. To truly win the war, winning the narrative is important. Otherwise, there may be a situation where the war is won but the narrative is lost. At the same time, India needs to be mindful of other aspects of the media war. India still does not have a correspondent in Moscow. Information from the West is ubiquitous in the Indian and Russian-Ukrainian crises without an equal perspective in the public sphere. The concept of freedom starts in people's hearts and aspects can be affected by the information war between great powers. They can use the Indian media to advance their agenda and shape national opinion in their own interests.

Reduce dependency on hydrocarbons

Hydrocarbons have become an important tool in geopolitics and the overall national energy of hydrocarbon-rich countries. On the other hand, the country is dependent on exports as it has lost its geopolitical power. India imports about 80% of the oil and 45% of the natural gas it consumes. European countries get energy from Russia but doesn't want India to do it, it shows their hypocrisy. The long-term and sustainable option for a power-hungry country like India is to switch to renewable energy. One such area is liquid hydrogen, India has the potential to be the cheapest green hydrogen producer due to the size and size of the Indian market and the good climate.

Conclusion

Considering the short-term damage of the, the long-term fate of India's continuing situation in global waters, which the Russian army began to feel a few hours after crossing Ukraine, is unknown. Although the two countries are

thousands of miles apart, they are geographically and economically close to each other. India's dependence and relationship with Russia is not hidden in any of its businesses, even as it is one of the largest exporters and a hub for students in host countries.

Even the slightest doubt can affect the future of important defense cooperation and agreements. Sanctions against Russia could lead to delays in agreement and closure of future deals, showing India's weakness vis-a-vis Chinese power. The conflict between the West and Russia makes it difficult for India to be realistic. Although the Russia-Ukraine crisis did not directly affect India in terms of bilateral trade, the increase in oil prices caused by the crisis poses a great risk for the Indian economy. High oil prices pose a risk to external stability and financial mobility. Also, except for the direct impact of higher inflation rates, the transition to other areas may not be temporary as the RBI wants. Also, given the increase in yield, the government will have to adjust its monetary stance.

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