iJRASET
International Journal For Research in
Applied Science and Engineering Technology

INTERNATIONAL JOURNAL FOR RESEARCH
IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 10 Issue: IV Month of publication: April 2022

DOI: https://doi.org/10.22214/ijraset.2022.41334

Indian Economy amid Russia-Ukraine Conflict

Sarita Parihar[1], Dr. Pupinder Kumar[2], Dr. Muzaffer Ahmad Khanday[3]
[3]Research Scholar, [1, 2]Assistant Professor in Economic, G.D.C, Kishtwar (J&K)

Abstract: Amid the Russia-Ukraine war India has very well managed it's relationship with Russia while in a dramatic manner is getting closer to United states strategically but Russia's invasion of Ukraine will make it hard for India to hold it for a longer time.

There are many Indian officials who consider Russian invasion as "Europe's problem". Russia is the largest supplier of key armaments to India. India also runs a trade deficit with Russia, with declining in the exports while the imports have gone up; oil is the major part of our import basket. The conflict is a chance for India to become an exporter of the wheat in the global market.

Keywords: Import, Oil, Export, Strategically, Invasion, Supplier.

I. INTRODUCTION

For any nation to make its economy more powerful it has to have a great hold on the assets which have the ability to double up the growth as well as the development ,Kautilya one of the India's well-known strategist has said that "welfare of the state depends on an active foreign policy" ,with this the Indian government post 2014 has continuously worked on its foreign policy and opened up many economic opportunities by allowing the FDI and ease of doing business for the countries across the globe.

Although India's trade in defense with Russia has fell down by 42% between 2014-2018 and 2009-2013 which means that India is focusing on the domestic production of not only in defense sector but in other sectors as well .The idea behind this is to bring the manufacturing-led export revolution, whereas on the other India needs to manufacture networked products ,this will make it a part of global value chain.

A. Russia-Ukraine Conflict and Indian Economy

The ongoing crisis between Russia –Ukraine can be an opportunity for India to export its wheat produce, as India's central pool stood at 24.2 million tonnes which is twice more than the buffer and strategic needs.

The crisis is also going to affect the trade with Russia, as our 2.8% of total imports have been imported from Russia in FY22 so far and also India can now show its commitment towards growth by sustaining a global action and proposing a UN sponsored initiative to stabilize global grain and oil prices.

The other concern for the government of India is to tackle to the situation of rise in the prices of oil and gases, Brent crude oil breached the $100 per barrel for the first time since 2014 after Russian President Vladimir Putin launched a full scale military attack on Ukraine which raised concern over the disruption of the global energy supply, India is a major importer of oil which and sources over 80% of its needs from other countries , India imported 43,000 barrels per day (bpd) from Russia which is only one percent of its overall imports.

The rise in the fuel prices is going to have an impact on India's inflation

And In order to limit the level of inflation central banks of USA and UK have

Already tightened its monetary policies which RBI is expected to take in the current year ,the higher fuel prices will also widen the current account deficit which is the difference between the values of goods and services imported and exported. India's bill regarding its subsidies will also rise with the spike in the fuel prices; it will increase the subsidy on LPG and kerosene.

The good thing India has right now is that it is having a high level of foreign exchange reserve built up by the Reserve Bank of India over the past few years and this is going to give an economic freedom amid rising geopolitical tension.

At present RBI holds reserves of about $680 billion, but on the other hand the macroeconomic variables are going to worsen and the rupee is going to come under the pressure, rupee plunged to a record low while the bond yields jumped on the concerns over higher inflation and widening current account deficit after crude oil prices surged to $130/bbl amid the crisis.

However, aggressive intervention from the RBI has kept volatility low, the aggressive intervention has slowed down the pace of the fall in the rupee but nevertheless the Indian unit is worst performing in Asia in 2022, depreciating 3.42%.

B. What lies Ahead for the Indian Economy?

The fiscal pressure and the widening of the current account deficit will weigh on India's growth in the next financial year, growth is expected to be less than 8% in FY23, the economic survey has already forecasted 8% -8.5% growth in FY23 at the end of January 2022, days after the International Monetary Fund pegged India's GDP growth for the year at 7.1%.

The Indian government has proposed the CAPEX of 7.5 Lakh crore in FY23 compared with Rs 6 lakh crore in the current fiscal year to support growth.

II. CONCLUSION

The ongoing tension between Russia and Ukraine is going to hit India in its energy sector but on the other hand India can also take it as an opportunity to build a strong global supply chain, India is already on the path of becoming a self-reliant in manufacturing sector. There is a rise in the forex reserve because there is rise in the investment in foreign portfolio investors in Indian stocks and FDI. So, Indian government is very optimistic about the growth of our economy and is hoping to achieve its target of five trillion economy by the end of 2025.

REFERENCES

[1] https://www.csis.org/analysis/india-and-ukraine-crisis
[2] Times of india : https://timesofindia.indiatimes.com/business/india-business/explained-how-russia-ukraine-conflict-may-impact-indias-economy/articleshow/89909200.cms
[3] Sanjeev Ahluwalia : https://www.orfonline.org/expert-speak/ukraine-and-slowing-indian-growth/
[4] CNBCTv : https://www.cnbctv18.com/energy/how-crude-oil-price-surge-amid-russia-ukraine-crisis-will-impact-india-12625702.htm
[5] Bloombergquint.com; https://www.bloombergquint.com/business/russia-ukraine-crisis-india-has-80-billion-war-chest-to-fight-currency-volatility-indranil-sengupta-clsa
[6] Business Standard; https://www.business-standard.com/article/economy-policy/fallout-of-russia-ukraine-war-rupee-nears-77-in-all-time-low-122030701582_1.html
[7] Economic times ; https://economictimes.indiatimes.com/news/india/russia-ukraine-war-to-weigh-on-indias-growth/articleshow/90040493.cms