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RESEARCH ARTICLE

RUSSIAN UKRAINE WAR, WORLD REACTION AND ITS IMPACT ON THE INDIAN ECONOMY: A REVIEW

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Abstract

In a blowing act of aggression, Russian president Vladimir Putin launched a military assault on Ukraine on 24th of Feb.2022. The western leaders had warned of this possibility for weeks did little to cushion the shock. President Putin announced what he characterised as a "special military operation" to demilitarise and "denazify" Ukraine and made a barely coded threats of nuclear strikes upon any outside power that might come to its aid. Russia bombarded the Ukraine as its troops entered from north, west and south. Whole world condemned the unprovoked invasion on Ukraine. This war leads to continued fall of Indian rupee and condition can become more worse if the war continues and inflation spikes beyond the RBI target and input cost surge.

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Introduction:-

In 1954 Nikita Khrushchev Soviet premier gives the direction regarding the transfer of Crimea, home to the Black sea fleet from the Russian SFSR to Ukrainian SSR and was viewed as an insignificant "symbolic gesture" as both republics were part of the Soviet Union and answerable to Government in Moscow [1]. After referendum in 1991 Crimean autonomy was reestablished [2]. Since 1991 as a former Soviet Socialist Republics, Russia considers Ukraine part of its sphere of influence and in this regard both Russia and Ukraine possesses a modernized version of the Brezhnev Doctrine on "Limited Sovereignty" which states that the sovereignty of Ukraine can not be larger than that of the Warsaw Pact prior to the demise of Soviet sphere of influence with the Revolutions of 1989. This claim is based on statement of Russian leaders that possible integration of Ukraine into NATO would jeopardize Russia's national security [3].

After the dissolution of Soviet Union in 1991 both Russia and Ukraine retained close ties for decades. A memorandum on security assistance was made in the Budapest regarding Ukraine's Nuclear Arsenal (Dec. 1994) on the condition that Russian and other signatories would issue an assurance against threats or use of forces against the territorial integrity or political independence of Ukraine. Where as in 1999 Russia signed the Charter for European Security where it "reaffirmed the inherent right of each and every participating state to be free to choose or change its security arrangements including treaties of alliance as they involve" [4]. Black sea fleet was another cause of division. Ukraine agreed to lease a number of naval facilities in Sevastopol so that Russian Black Sea fleet could

continue to be bared threere together with Ukrainian naval forces. There occurs several disputes between 1990-2000 on gas [5]. In 2001 Ukraine, along with Georgia, Azerbaijan, and Moldova formed called GUAM organisation for Democracy and Economic development which Russia saw a direct challenge to the commonwealth of independent states. After the collapse of Soviet Union, Russian dominated trade group got established [6].

Another point of irritation between Russia and Ukraine was Orange Revolution of 2004 in which pro - European Viktor Yushchenko was elected president instead of the pro Russian Viktor Yanukovich [7]. Simultaneously Ukraine continued to increase its cooperation with NATO, deploying the 3rd largest contingent of troops to Iraq in 2004 and dedicating peacekeepers to NATO missions such as the ISAF force in Afghanistan and KFOR in Kosovo [8]

In 2010 Yanukovich was elected and Russia desired to repair the many ties with Ukraine. Meanwhile Ukraine had not renewed the lease of naval facilities in Crimea meaning that Russian troops could not be stationed in Crimea by 2017. Yanukovich signed a new lease and expanded the number of allowable troops and allowing troops to train in the Kerch Peninsula [9]. Yanukovich signed a new deal known as the Kharkiv Pact to resolve the 2009 Russia- Ukraine gas dispute and extends the stay until 2042 with an option to renew and in return receiving same discount on gas delivered from Russia. The base of present conflict starts long back and in 2014 Russia annexed Crimea...

War in Donbas:-

During 2014 -2015 the initial protest across Southern and eastern Ukraine were large native and expression of discontent with new Ukrainian government [10]. Russia with the coordinated political and military campaign against Ukraine as a part of the broader Russia Ukrainian war and Putin described Donbas as part of the historic "New Russia" when the Ukrainian authorities cracked down on the pro Russian protests and arrested local separatist leaders in early March. These demonstration which followed the annexation of Crimea by the Russian federation result in armed conflict between Russian backed separatist forces and Ukrainian government. With this the hostilities between two nations increase. In August 2014 a war began between Ukrainian forces and separatist intermingled with Russia due to the crossing of border by unmarked Russian military vehicles into the Donetsk republic, and the Russian tried to hide its involvement. This settled into a static conflict, with repeated failed attempts at ceasefire. In 2015, the Minsk II agreements were signed by Russia and Ukraine but due to number of disputes agreements were not fully implemented. By 2019 7% of Ukraine was classified by the Ukraine government as temporarily occupied territories, while the Russian government had indirectly acknowledged the presence of troops in Ukraine.

In the end of 2021 Russia starts military build around Ukraine's border, and NATO accused Russia of planning an invasion, which Russia denied from time to time. Simultaneously Russian president Vladimir Putin criticized the enlargement of NATO as a threat to his country and asked Ukraine to refrain from joining the military alliance. He also expressed his view that Ukraine was wrongfully created by Soviet Russia. During Russia's advancement towards Ukraine on 21st Feb. 2022 Russia officially recognized the two proclaimed separatist states in the Donbas and openly sent troops into the territories and three days later Russia invaded Ukraine. With this most of the countries condemned Russia for its action, and accusing it of breaking international law and violating Ukrainian sovereignty and many nations imposed economic sanctions against Russia, its individuals or companies [11].

International Reaction of the invasion on Ukraine by Russia:

"In a tweet Ukraine's foreign Minister Dmytro Kuleba said that Putin had launched a full scale invasion of Ukraine "and peaceful cities are under strike. This is a war of aggression and Ukraine will defend itself and will win, the world can and must stop Putin and the time is to act now.

United States:-

President Joe Biden has condemned Russia for an unprovoked and unjustified attack on Ukraine and promises that his country and its allies will hold Russia accountable. "He stated that Putin has chosen a premeditated war that will bring a catastrophic loss of life and human suffering. Russia alone is responsible for the death and destruction of Ukrainian and the United States and its allies will respond in decisive way. The world will hold Russia accountable and President Joe Biden imposed many economic restrictions on Russia.

G7:

The response of seven industrialised nations strongly condemned Russia's invasion of Ukraine and said that they would bring forward severe and coordinated economic and financial sanctions against Moscow. This crisis is a serious threat to the rule based international order with ramifications well beyond Europe and leaders in joint statement said that the president Putin had reintroduced war to the European continent." He has put himself on the

wrong side of the history". The leaders also said they supported consistent and constructive engagement and coordination among major energy producers and consumers towards stable global energy supplies and are ready to support the Ukraine in this situation.

United Nations:

Secretary General Antonio Guterres condemned Russia's action and asked Putin to bring your troops back to Russia." "In the name of huminity, do not allow a war to start in Europe, which could be worst war since the begning of the century with consequences not only devastating for Ukraine, not only tragic for Russian Federation but with an impact can not even foresees and asked the Putin to give peace a chance.

World Health Organisation:

"Due to ongoing strike of Russia on Ukraine, UN health agency has voiced alarm over an expected health emergency in Ukraine.The office for Europe reiterates its deepest concern for the safety, health and well being of all civilians impacted by the crisis in the country and possibly beyond".

United Kingdom:

UK Prime Minister Boris Johnson said he was appalled by the horrific events in Ukraine. President Putin has chosen a path of blood shed and destruction by launching this unprovoked attack on Ukraine.In a telivised adress to the nation, he said that Western powers would impose massive sanctions to hobble the Russian economy and today with our allies will impose massive package of economic sanction to hobble the Russian economy.

European Union:

The European block will hold Moscow accountable for the unjustified attack on Ukraine, the chief of the European union executive commission Ursula von der Leyon said.In a statement "in these dark hours our thoughts are with Ukraine and the innocent women, men and children as they face this unprovoked attack and fear for their lives.The EU also imposed sanctions on Russia.

NATO:

The Atlantic alliance's secretary general said Russia had chosen the path of aggression against a sovereign and independent country. The attack puts at risk countless civilian lives"JensStoltenberg said in a statement describing it as a grave breach of international law and a serious threat to Euro Atlantic security.After chairing an emergency meeting of NATO ambassadors, Stoltenberg said the Western military alliance will display capabilities and forces on its territory after Russia invaded Ukraine.

International Olympic Committe:

The IOC said Russia had breached the Olympic Truce that is currently in effect, which aims to harness the power of sport to promote peace and dialogue. At the UN resolution IOC call for cooperation to "use sport as a tool to promote peace, dialogue and reconciliation"as was adopted on 2nd Dec.2021 by consensus of all 193 UN member states.

China:

China rejected calling Russia's moves on Ukrainean"invasion"and urged all sides to exercise restraints.China is closely monitoring the latest salution and asked all sides to refrain from getting out of control.Besides all the countries of the world condemns the attack of Russia on Ukraine.

Economic impact of Russian Ukraine war in India:

After getting economy on track from the post Covid 19 pandemic, war has also a serious economic cost pushing the planet into a spate of uncertainty ,turmoil and geopolitical risks.The volatility in the global financial market is unpredictable causing irreparable loss of wealth of millions of investors.The impact of multidimensional sanctions on Russian are increasing the fear of redistribution of foreign inflows from emerging markets to western financial markets that is handling its worst ramification of Russian invasion on Ukraine.

In India large number of foreign institutional investors ,the external sector shocks and tremors quickly overwhelm the domestic stock market ,the BSE sensdex is down to its lowest level on March 2022.The index is down by 14.4/ from its peak.Similarly the NSE -Nifty is down to 15863on March 7,2022.With razing levels of invasion without any sign of abatement the loss could be deeper .Though markets will adjust to the downturn and the global central bank will wait to move towards normalization in view of the conflict ,the market uncertinities is poised to exacerbate .The rupee against US dollar is another major macroeconomics concern leading to widening current account deficient.The US dollar and Indian rupee cross rate may stay range bond between Rs 76-79 untill the conflict subsides and forex flows are regulated .The continued fall of rupee is pushing exporters into new dimension of

exchange rate risk .It has touched a low of Rs 77 to dollar at its all time low .The CPI inflation in India continue to be on delicate on foothold increasing to 7 months high of 6/ in January of 2022,whereas whole sale price index remained on double digits for the 10th consecutive months .According to National Statistical officer (NSO) estimate the Q3 GDP expands at 5.4/ and estimates that GDP growth for year 2022 will end up at 8.9/ .These numbers can go adverse if the war situation continues and inflation spikes beyond the RBI target and input cost surge.

Conclusion:-

The toughest decision in the coming period likely rest with president Zelenskyy. Being severely gunned he will need to decide how to wage the war and what cost his government and the Ukrainian people more broadly are prepared to sustain in defending their homeland . For Western powers the challenges will be of different nature .Most have already reacted with outrage to what they described as an unjustifiable attack on Europe's stability and the international politics .US president Biden warned of a catastrophic loss of life and EU's chief executive dubbed Russian advances "barbaric " .Secretary General Jens Stoltenberg harshly condemned the Russian action .This is deliberate cold blooded and long planned invasion .The question is what they can do beyond using strong rhetoric that is at once meaningful and mindful of the need to avoid a potentially cataclysmic escalation.

No one is a winner in a war. There is only destruction of life, livelihood and property and the economic impact will linger on for a long time and makes people poor and destitute as still with Covid 19 is experiencing. It is the time that world leaders should come together not to discuss the scale of sanctions, but to work out ways to resolve the issue and put an end to the mayhem. In order to arrive at amicable solutions to end conflicts diplomatic channels should be used for dialogue and negotiation. Prolonged armed conflicts will worsen the plight of innocent countries and its people.

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