



## RUSSIA VS. UKRAINE: ADVANTAGES, DISADVANTAGES AND LESSONS FOR INDIA

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### ABSTRACT

Russia and Ukraine war started on 24th Feb., 2022. After 2nd World war, it is the largest military conflict in Europe. The war negatively affected the entire global market. The paper tries to find out why Russia and Ukraine becomes enemy? The paper discuss about various reasons of dispute between Russia and Ukraine. The paper determines the various sanctions imposed by different countries on Russia and the steps taken by Russia to save its economy. The study discuss about positive and negative impact of war on Indian economy and what actually India can learn from Russia and Ukraine war. The data has been collected from secondary resources. The study concluded that it is necessary for a country to be self-reliant in defense matters. Each country needs to advance itself in technology. The defense services allegiance must not to the political party but to the constitution.

**KEYWORDS :** Economy, NATO, SWIFT

### INTRODUCTION:

The year 2022 is an important and challenging year for Ukraine. Ukraine is willing to be member of NATO. This pushed Ukraine into war with Russia. Russia and Ukraine war started on 24<sup>th</sup> Feb., 2022. Actually the war began in 2014 when Russia forcefully acquired Crimea and Donabas, internationally recognized as part of Ukraine.

The ongoing dispute between Russia and Ukraine does not seem to be ending. There are 1,25,000 Russian army personnel standing on the borders of Ukraine. The situation is so serious that a war can start at any time between the NATO countries and the Russian army. Meanwhile, efforts are on to stop the war, but so far no result has come to the fore.

### Objectives of the Study:

1. To find out the reasons of dispute between Russia and Ukraine
2. To determine the Sanctions imposed by different countries on Russia
3. To study steps taken by Russia to save its economy
4. To find out positive and negative impact of war on Indian economy.
5. To determine what India can learn from war?

### Why Russia and Ukraine become enemies:

Ukraine is bordered by Europe to the west and Russia to the east. Until 1991, Ukraine was part of the erstwhile Soviet Union. Tensions between Russia and Ukraine began in November 2013 when Viktor Yanukovich (President of Ukraine) began protesting in Kyiv. While he had the support of Russia. Yanukovich had to flee the country in February 2014 due to protests by US-UK backed protesters. Angered by this, Russia annexed Crimea in southern Ukraine. After this Russia supported the separatists there. These separatists occupied large parts of eastern Ukraine. Since 2014, pro-Russian separatists and Ukrainian forces have been fighting in the Donbass province. After 2014, Western countries took the initiative to prevent the constant tension and conflict in Russia and Ukraine and to establish peace. France and Germany signed a peace and ceasefire agreement between the two in 2015 in Minsk, the capital of Belarus. Recently Ukraine began to build close and friendship with NATO. Ukraine has good relations with NATO. It was created in 1949 to deal with the then Soviet Union. Ukraine's close proximity to NATO began to exasperate Russia. Around 30 countries of the world including America and Britain are members of NATO. If a country attacks a third country, then all the member countries of NATO unite and fight it. This is why Ukraine wants to be a member of NATO. But, Russia wants NATO not to expand itself. President

Putin was putting pressure on Ukraine and Western countries regarding this demand.

### Reasons of War:

What is the dispute between Russia and Ukraine, due to which a war-like situation is being seen?

1. After the collapse of the Soviet Union, Russia lost control of 14 former republics including Ukraine. It was a biggest tragic for Russia as both countries shared a single "historic and spiritual space".
2. Russia wants the West to keep Ukraine and other former Soviet nations out of NATO, halt weapons deployments near Russian borders and roll back forces from Eastern Europe.
3. The Russian President is demanding that Ukraine will always be a neutral state and it will not become part of NATO.
4. In January, 2021, Ukrainian President Volodymyr Zelenskyy requested US President Joe Biden to allow Ukraine to join NATO.
5. But, Russia do not want that Ukraine should be member of NATO. If Ukraine becomes the member of NATO, then it will get support of members countries in case of external attacks. This will result in that all members countries would move very close to Russia's borders.
6. Russia is feared that if Ukraine joins NATO then it will try to take back Crimea.
7. Actually, Russia is worried about mother land after NATO expansion.

### Death of Russia by Thousand Cuts:

There are large numbers of sanctions imposed by different countries on Russia.

1. The US put a lot of sanctions while targeting the central bank of Russia (CBR). Now CBR cannot access its foreign exchange reserve (US\$643bn) as it is not able to convert its assets held in euros and dollar into rubles.
2. Now a large number of Russian banks are removed from the international payment system SWIFT. Almost all of the Russian banks totally depend upon SWIFT system for international transactions. This will hamper the payment system of Russia being paid for gas and oil export.
3. The US is also banned the import of gas and oil from Russia. By the end of 2022, UK will also phase out Russian oil
4. The US announced sanctions to choke Russia's tech supply. Now, US export the limits of high tech supply. This will deprive Russia of more than half of its current high-tech supply. It will "strike a blow" to Russia's aims to modernize its military, its vaunted aerospace industry, its

- space program, shipping and other industry,
6. Visa and master card also suspend Russian Operation.
  7. Now Russia cannot easily tap its emergency National Wealth Fund (NWF).
  8. The European Union declared that now Europe is on the way to become independent from Russia energy by 2030. And Europe will look after the alternative resources of energy supplies.
  9. Germany suspended approval of the Nord Stream 2 gas pipeline from Russia. It connects Russia to Germany through the Baltic Sea.
  10. United Kingdom imposed Sanctions on five Russian banks including Rosia, IS Bank, GenBank, Promsvyazbank and Black Sea Bank.
  11. EU placed an export ban on goods and technology in the aviation and space industry alongside a prohibition on providing insurance, reinsurance and maintenance services to Russian aviation service providers.
  12. US and UK also imposed Sanctions on wealthy business leader and seven Russian billionaires. Their assets are frozen and ability to travel internationally is restricted.
  13. Various Assets are being frozen belongs to Russian President Vladimir Putin in the UK, US, Canada and European Union.
  14. European Union imposed Sanctions on 351 politicians and 27 Russian officials from the defense and banking sectors who voted in favor of making Ukraine's two regions independent. Among them are the banks that fund the government and the institutions working in the segregated areas.
  15. Australia imposed sanctions on eight members of the Russian Security Council banned from entering the country.
  16. Ukraine impose banned the entry of 351 Russian leaders.
  17. Japan banned entry of some people into the country with a ban on Russian bonds.
  18. Russian flights are banned from European Union, United Kingdom, United States of America and Canada airspace
  19. Many international companies including Coca Cola, Starbucks, and McDonald's are suspended from trading in Russia.
  20. Sanctions have also been imposed on Russian athletes. They are excluded from global championships.
  21. Now, the Champions League final by UEFA will be host by Paris after Russia's invasion of Ukraine

**Steps taken by Russia to save its Economy:**

1. Russia has banned exports of large no of products (around 200 products) include agricultural, telecoms, electrical equipment, vehicle, medical and many more. It will decrease the supply of such products in international market. The decision will affect the 48 countries worldwide along with United State and European Union. Actually, it is hit back by Russia against sanctions imposed by western countries.
2. Russia has imposed sanctions on foreign investors. They are not free to sell their stocks and bonds till they do not get permission from the government.
3. Russian banks have doubled their rate of interest (9.5% to 20%) so that decrease in the value of rouble can be stopped.
4. Russia already warned at international level that it will stop the supply of gas if UK and EU will try to put oil sanctions.

**Positive and Negative Impact of War on Indian Economy**

**Positive Impact:**

1. Russia and Ukraine are largest producers of grain. Ukraine is known as the world's wheat bowl. Two countries together supply around one fourth of wheat globally. But after war, this vacuum can be filled by India by selling wheat in international market. Wheat prices are

at nine years high at international level. Thus, it is an opportunity for India to export wheat and reap the economic benefit.

2. After the sanctions on defense weapons imposed on Russia, Indian government is showing interest in domestic manufacturers for making defense weapons. Around 1500 new companies are registered under make in India campaign and they are interested in making defensive weapons. . They have large scope for defense goods in research and development. Even domestic manufacturers are ready to make defense goods independently without the help of DRDO.
3. SWIFT has a monopoly over international transaction. Whenever a country challenges western ideas then it is removed from the SWIFT system. That's why many Russian banks have been removed from the SWIFT international payment system. Now many countries are thinking that it can be a challenge for them in future. Because the same will happen with them if they oppose the western ideas. Now India has an opportunity to replace SWIFT by UPI. As UPI can also work without internet. It has made possible to each citizen to make digital transactions easily. India is doing digital transactions with Bhutan and Singapore through UPI. India is in talk to enable UPI in 10 countries.

**Negative Impact:**

1. International flights prices may shoot by 25% to 45%
2. India's stock benchmarks logged their second worst day since March 2020. Sensex fell down by 4.72%.
3. Rising crude oil prices will impact our import bills. India imports 2.05 billion dollar crude oil, 832 million dollar precious stones and metals and 609 million dollar fertilizers. After US sanctions on Russia, it will be difficult and expensive to import all these from Russia.
4. Ukraine imports pharmaceutical products from India. Many pharmacy companies like Ranbaxy, Sun Pharma and Dr. Reddy's have offices in Ukraine. There will be negative impact on sale of all these pharma companies.
5. India purchase 70% of sunflower oil from Ukraine. India import 2 lakh to 3 lakh ton of sunflower oil every month from Ukraine. The war will affect the prices of edible oils.
6. India import around 70% defense weapons from Russia. After sanctions on Russia, it will be negatively impact import of such items.
7. As oil prices are increasing at international level. This is increasing the prices of food items like pulses, fruits, oil and vegetables.
8. It is also expected that rupee may depreciate further. This will badly impact the balance of payment of India.

**Russia-Ukraine Crisis: Lessons for India**

1. India must understand that if in the future China attack on India then nobody would come to help India. As happening in Ukraine, nobody will provide military support or enter into war for sake of India.
2. It is necessary to be self-reliant in defense matters. Apart from this, India is largely dependent on Russia for military weapons. In the midst of the war, countries like America have announced to impose sanctions. In such a situation, India may also have a problem. Keeping this in mind, India needs to become self-reliant in defense matters as soon as possible.
3. Now it is important for India to increase the defense budget. Because enemies in the neighborhood are showing their eyes with nuclear weapons. Think and see that if tomorrow Pakistan along with China attacks India, then we will have the help of other countries.
4. As India is the largest importers of arms with the US as well as Russia as its arms suppliers. So, now the government needs to more focus on Atamnirbhar Bharat. While India has made significant progress in defense

manufacturing under the government's flagship Aatmanirbhar Bharat programme that imparts special importance to make in India in defense.

5. It is difficult for a country having weak military to stand against a technologically advanced country. So India needs to advance itself in technology. Government need to more focus on technological part.
6. Leadership should be professionals and not with political leanings for personal gains.
7. The defense services allegiance must remain to the constitution and not to the ruling political party.
8. It is not wise to face war. Ukrainian President Volodymyr Zelensky has turned down a US offer to leave Kyiv amid Russian attacks. By doing this, he showed the courage to fight a powerful country like Russia; experts say that it is not a wise thing to face such a war by coming in big things. It will take decades for Ukraine to stand up again.
9. China is continuously increasing the defense budget. According to a study, Russia spends 4.3 percent of its GDP on defense. In view of the Russia-Ukraine war, China has also increased the defense budget significantly. Recently China has increased its defense budget by 7.1 percent, last year China had increased by 6.8 percent. But India's defense budget is only 2.1 percent of GDP. Now it is the time when Indian government also needs to more focus on defense budget.

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