

Impact and Access of Russia and Ukraine Conflict on Asian Economy: A Study on Indian Financial Market

Prof. (Dr.) Mohit Sharma

Professor & Dean, School of Commerce & Management, Shri Venkateshwara University, Uttar Pradesh (India)

Dr. Preeti Mishra

Assist. Professor, School of Commerce & Management, Shri Venkateshwara University, Uttar Pradesh (India)

Dr. Sneh Lata

Associate Professor, School of Humanities & Social Science, Shri Venkateshwara University, Uttar Pradesh (India)

Dr. Arun Kumar Goswami

Assist. Professor, School of Applied Sciences, Shri Venkateshwara University, Uttar Pradesh (India)

Abstract:

The study examines the implications of the Russia-Ukraine conflict that arose in 2022 on the economies of various Asian nations. The primary focus will be on the economic repercussions concerning specific commodities, including fuel, food, trade etc. Russia's invasion of Ukraine on February 22, 2022, was a significant shock not only to the global economy but also to Asia, significantly affecting the economies of various Asian nations. This qualitative analysis examines the repercussions of the war on essential economic factors such as trade, energy supply, inflation, and foreign investment in Asian countries including India, Pakistan, Bangladesh, Sri Lanka, and Nepal. Through an examination of news reports and expert interviews, the study aims to grasp the multifaceted effects of the war on these economies, utilizing data gathered from secondary sources like government publications, economic surveys, news articles, and expert discussions. The findings indicate that Asian nations are grappling with rising energy costs, disrupted supply chains, and inflation. Furthermore, the conflict has not only posed severe economic challenges but has also created opportunities for strategic economic reforms and enhanced resilience. Ultimately, the study seeks to offer valuable insights into the financial market of Asian nations, their implications for development and stability, and to provide a more nuanced understanding of the risks and challenges these countries face, particularly in the context of global uncertainty.

Keywords: *Russia, Ukraine, conflict, Asian countries, Financial Market*

Introduction:

With immediate consequences for global economic stability and security, the Russia-Ukraine conflict, which began in February 2022, quickly escalated from a regional problem to a global financial crisis. It is anticipated by the international community that the economic consequences of the conflict between Russia and Ukraine will be more severe than those of the COVID-19 pandemic or the financial crises of 2008–2009. The nation's financial economy is facing many difficulties as multinational and international firms are closing their offices and cutting connections with other Asian nations. This has caused significant disruptions in major stocks and banking assets associated with the US, China, India, and other countries. Its effects on Asia are examined in this paper through a variety of channels, with a focus on trade and finance. We conclude that the trade and financial repercussions on Asia are substantial, greatly affecting a range of commodities exported by the two nations, especially essential items such as grains and fossil fuels.

With rising energy prices, supply chain disruptions, and inflation, this study aims to investigate how the Russia-Ukraine conflict has affected the Asian financial market. In addition to highlighting the serious economic difficulties the conflict was facing, this study opened up possibilities for strategic economic reforms and improved resilience. It concludes by outlining the subsequent conversation. The final section concludes the research. All things considered, the study emphasizes how the Russia-Ukraine conflict has affected the Asian economy. Financial markets are negatively impacted by the ongoing conflict between Russia and Ukraine, especially in light of Asia's economic difficulties. Global trade relationships are disrupted by this conflict, which makes investors uneasy, especially with nations like China, India, Kazakhstan, Saudi Arabia, Indonesia, Iran, Mongolia, Pakistan, Turkey, and Myanmar. Thus, we investigate the impact of the Russia-Ukraine conflict on the Asian economy in this study. Many studies have documented the impact of wars and conflicts on the stock market, especially when it comes to particular studies. For instance, Abbassi et al. (2023), Jin et al. (2022), Qureshi et al. (2022), Bounou and Yatié (2022), Sohail et al. (2021), and Yousaf et al. (2022a) investigated the significant impact on the stock markets of Russia. Bounou and Yatié (2022) concentrated on nations that share borders with Ukraine and Russia. Nevertheless, there is a scarcity of specific literature addressing the conflict's impact on the Asian economy, especially concerning financial conditions.

The experiences of Asian nations and their reactions to the economic consequences of the Russia-Ukraine conflict are examined in this article using a qualitative research methodology. The study intends to shed light on the intricate effects on the financial market and prospects for strategic economic reforms by employing structured secondary data from government economic reports, international trade analyses, policy briefs, and expert evaluations. Generally speaking, both countries' economies suffer during times of war. Nonetheless, the goal of this study is to find out if the conflict between Russia and Ukraine is being handled well and how it is affecting the financial markets of Asian nations.

Literature Review:

A substantial amount of research has thoroughly documented the various effects of international conflicts on financial markets specific to some country, which in turn influence the overall economic health. Countries such as Bhutan, Nepal, the Maldives, and Sri Lanka may experience short-term growth fluctuations that are less severe than those faced by India and Bangladesh (Shahbaz and Muzaffar, 2025). Most studies indicate the cumulative negative and long-lasting impacts of war and conflict on the financial markets within the Asian economy. For example, Frey and Kucher (2000) investigated how the crisis affected European bond market prices; similarly, Kumari et al. (2022) utilized the event study model to analyze the Indian stock market's reaction to Indo-China conflicts from 2019 to 2022.

According to previous studies, the war between Russia and Ukraine not only impacts their own economies but also has repercussions for the entire Asian economy. Jin et al. (2022) have emphasized the novel and harmful effects of the ongoing conflict on financial markets. Furthermore, Adekoya et al. (2022) studied the interconnectedness of oil with financial assets such as bonds, bitcoin, and US Gold. Additionally, Chortane and Pandey (2022) investigated the effects of the Russia-Ukraine conflict on the global currency value relative to the US dollar, confirming a negative impact on global currency values, with varying effects across different regions. The persistent geopolitical tensions not only heighten the risks associated with equity markets but also disrupt the supply of energy products and the tourism sector, as noted by Pandey and Kumar (2023).

Research Objectives:

- To investigate the economic consequences of the Russia–Ukraine war on international and Asian financial markets.
- To identify strategic economic reforms and policy measures implemented by Asian nations to bolster financial resilience.

Research Methodology:

This study employs a qualitative research design grounded in content analysis and a comprehensive review of secondary sources to examine the war relations between Russia and Ukraine and their effects on the financial markets of the Asian economy. It utilizes evidence from public sources, including official government reports, digital newspapers, foreign policy statements, academic publications, and credible news outlets, to construct a detailed and nuanced understanding of the issue. Additionally, the article employs local or regional publications like Deccan Herald and Hindustan Times are referenced for insights pertaining to South Asian countries, while Nikkei Asia and East Asia Forum are consulted for information regarding East Asian nations. Furthermore, financial reports from international organizations and entities, including the Asian Development Bank, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and the International Monetary Fund (IMF), are incorporated into the analysis.

Discussion & Results:

The discourse surrounding the economic ramifications of the Russia-Ukraine conflict in 2022 has generated considerable interest in numerous academic publications. For example, a notable work by Khudaykulova et al. (2022), titled "Economic Consequences and Implications of the Ukraine-Russia War," offers valuable insights into the wider effects of the conflict. In a similar vein, Aahish Tank (2022) investigates the "Economic Impact of Russia-Ukraine War," while K. Siddiqui (2022) examines "The Ukraine-Russia War and Its Impact on the Global Economy." In Southeast Asia, a study conducted by Bakrie et al. (2022) addresses the economic consequences of the conflict on a country-by-country basis, focusing on Vietnam, Malaysia, Indonesia, Myanmar, Thailand, and the Philippines. Li and Liu (2022) provide an analysis of the specific economic effects in this region. The Sustainable Development Goals (SDGs) consist of 17 objectives that acknowledge the interconnectedness these goals necessitates a balance among social, economic, and environmental sustainability. According to governments and international

organizations, SDG 16 should be fundamental to sustainable development and should be prioritized. For global peace, international collaboration and responsible conduct are essential. To effectively execute this vital initiative, stakeholders and global leaders must demonstrate a strong commitment (Aslam, & Muzaffar, 2025b). The SDGs can only be maintained by 2030 through inclusive world peace, making SDG 16 a prerequisite (Aslam, & Muzaffar, 2025a; Kumari, 2023). Hence, paper aims to study and providing a comprehensive review of the war's impact on the financial market on the Asian Economy.

The inflationary pressures stemming from global food shortages, coupled with escalating prices, adversely impact worldwide inflation, as many countries rely on international sources for essential food and agricultural products. International financial markets collapsed due to the war, leading to significant currency depreciation while capital exited emerging economies. The combination of high inflation rates and market volatility, along with trade barriers, has entirely stifled economic growth (Shahbaz, & Muzaffar, 2025a; Umar, 2022). Trade activities conducted by India, Pakistan, Bangladesh, and Sri Lanka, which depend on Russian oil, gas, fertilizers, wheat, and machinery, face persistent trade challenges due to the current financial restrictions imposed on Russia (Shahbaz and Muzaffar, 2025). The stable condition of Bangladesh has deteriorated despite its previously stable status. Import costs are increasing, and export revenues have reached a level that necessitates government rationing and budget reductions due to the energy crisis (Kuzemko, et. al., 2022).

Transport expenses continue to escalate in Pakistan, Bangladesh, and Sri Lanka, as the effects of rising fuel prices and insurance costs on Russian shipments exert economic pressure on all countries reliant on imports (Shahbaz & Muzaffar, 2025). The instability of global supply chains necessitates that South Asian economies implement both strategic policy reforms and economic resilience measures to adjust to evolving trade conditions (Lo, 2022). Through the Belt and Road Initiative China supports Pakistani, Sri Lankan and Bangladeshi economies with both financial backing and infrastructure funding along with trade supports that lets these nations operate even though Western capital evaporates (Muzaffar & Khan, 2021; Rahim, et. al., 2018).

Through interconnected financial networks, the war affected Asian equities by dramatically increasing volatility spillovers across global financial markets, according to research. Global market spillovers increased during the conflict, and Asian markets including China and Japan saw changes in their functions as transmitters and receivers of volatility (Li et al., 2023). Asian markets were more vulnerable to external shocks as a result of their increased connectivity,

especially from European markets that served as significant risk transmitters. Early on in the conflict, Asian stock markets responded sharply, reflecting geopolitical risk and investor uncertainty. The war's geopolitical shocks acted as a "black swan" event, causing abnormal returns and raising systemic risk in both developed and emerging markets, including those in Asia, according to studies on G20 markets.

In summary, this conflict significantly affects the regional economy and the stability of the financial and economic systems. Numerous studies have examined the relationship between domestic and regional stock markets during crises and conflicts, analyzing capital markets alongside other variables such as the Asian currency crisis and foreign exchange markets (Karanasos et al., 2022; Kubiczek and Tuskiewicz, 2022). From an economic perspective, Pakistan is likely to experience significant inflation due to increases in oil, food, and commodity prices, as its imports exceed its exports (Pereira et al., 2022; Shah et al., 2022; Hellegers, 2022). Furthermore, the work of Chen et al. (2022), titled *The Russia-Ukraine Conflict, Crude Oil Price, and Transportation Industry Yield*, addresses the repercussions of rising crude oil prices due to the conflict on the global economy. Politically, Pakistan faces challenges in aligning with Russia, as it is already grappling with high inflation, sluggish economic growth, and political instability (Steinbach, 2023). On the other hand Sri Lanka engages in minimal direct trade with Russia and Ukraine, fragile economies frequently find it difficult to withstand pressures and may ultimately collapse (Muzaffar, et. al., 2017; Izzeldin, 2023; Shahbaz, & Muzaffar, 2025). Sohag et al. (2022) focus on the effects of Russia's geopolitical risks and global energy prices on the food prices in Eastern and Western Europe.

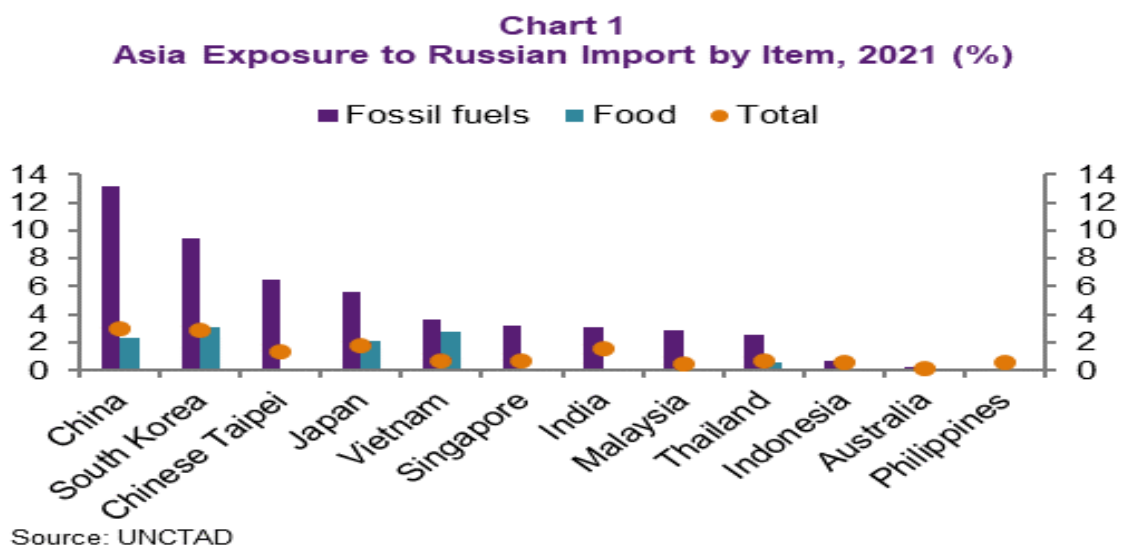
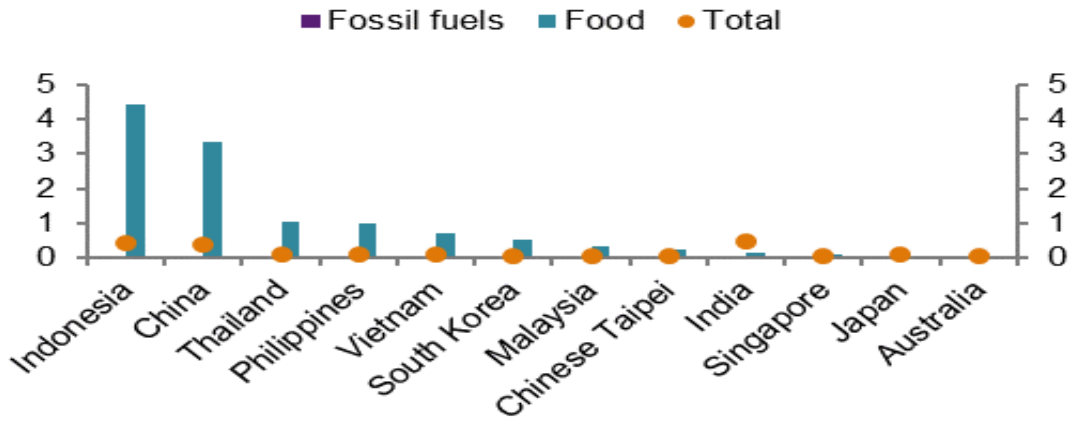
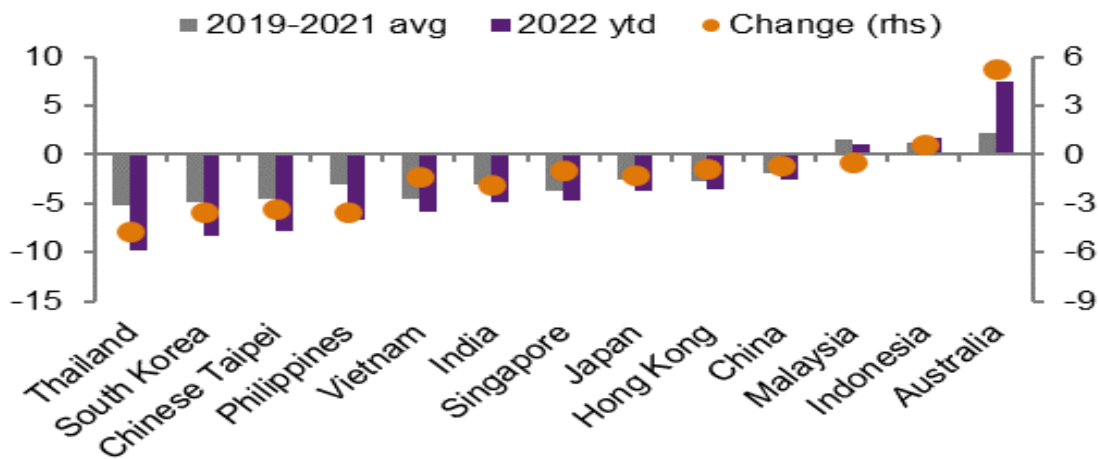


Chart 2
Asia Exposure to Ukrainian Import by Item, 2021
(%)

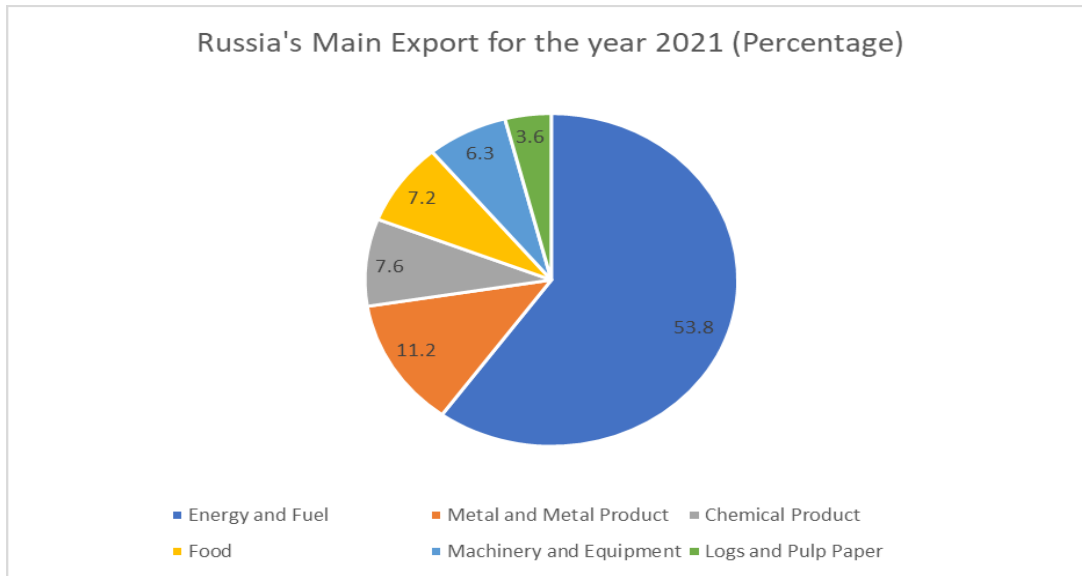


Source: UNCTAD

Chart 3
Fuel Trade Balance (% GDP)



Source: Natixis, UNCTAD. 2022 data used 12 month rolling sum as of Q3 2022.



(Source: Russia Briefing, 2022)

To begin with, there has been a sharp rise in energy prices, particularly for oil and gas, as well as for other commodities like metals and food. This represents a clear global shock that impacts Asia, the largest net importer of energy worldwide, especially in countries like China and India. In addition to energy, the trade of other commodities produced in significant quantities in Ukraine or Russia has also faced disruptions. The second shock involves a sudden increase in risk aversion, resulting in a sharp correction in global stock markets and a significant withdrawal of portfolio investments from emerging markets, particularly in China. The third shock is the unprecedented exodus of refugees from Ukraine, which has now become the largest on record, surpassing that of Afghanistan (Herrero, Haoxin Mu, 2023) At the same time, we have observed research that delves deeper into the affected sectors, such as the work by Izzeldin et al. (2023) on the war's effects on global financial markets and the study by Pandey and Kumar (2023) focusing specifically on tourism sector stock.

Funding Statement:

This research did not receive any specific funding from public, commercial, or non-profit funding agencies. The study was carried out independently by the author(s).

Ethics Statement:

This research prioritizes information derived from official and verified sources in qualitative data; the research seeks to provide a comprehensive understanding of the effects of conflict in Asian nations, along with the responses, challenges, and evolving strategies. Ethical considerations are

fundamental aspects at every phase of the research process, particularly including research articles, news reports, government publications, and expert discussions. No human participants, personal data, or confidential information were involved, thus ethical approval was not necessary.

Data Availability Statement

The data supporting the findings of this study are sourced from publicly accessible secondary sources, such as government reports, financial databases, published research articles. All pertinent sources are appropriately cited within the study.

Findings:

The findings indicate that the 2022 conflict between Russia and Ukraine will exert a global influence on commodities, particularly affecting Asian countries. This influence includes price hikes and supply shortages of commodities. Nevertheless, the effects on these commodities differ among Asian nations due to varying levels of dependence on these commodities, which play a significant role in shaping the overall impact. Countries in Asia have faced escalating fuel and commodity prices, heightened trade imbalances, currency fluctuations, and variations in stock market performance. Developing nations have been particularly susceptible due to their reliance on energy imports and constrained fiscal capabilities. Nevertheless, the crisis has also presented opportunities for strategic reforms, diversification of trade partners, and enhancement of domestic production capacities.

Conflict of Interest:

The authors are not having any conflict of interest for publishing the paper in this journal.

Conclusion:

The Russia–Ukraine conflict has resulted in significant economic and financial repercussions for Asian countries, exacerbating inflationary pressures and market volatility. Although the immediate effects have posed substantial economic challenges, the situation has also highlighted the necessity for resilient financial systems, diversified trade frameworks, and proactive policy measures. It is crucial to bolster economic cooperation and strategic planning to mitigate risks stemming from global geopolitical uncertainties. These insights could assist policymakers in regulating and alleviating the effects and severity of investor anxiety on financial markets. For instance, policymakers might implement measures to ensure financial stability and assess the

influence of escalating geopolitical tensions on commodity prices, which in turn affects inflation trends.

Scope of Study:

This research aims to examine the financial and economic repercussions of the Russia–Ukraine war on selected Asian nations, primarily from 2022 onwards. It is confined to secondary data analysis and encompasses macroeconomic indicators such as inflation, energy prices, trade, and stock market performance. The study does not involve primary data collection or quantitative econometric modeling, which may be considered in future research.

References:

1. Abbassi, W., Kumari, V., & Pandey, D. K. (2023). What makes firms vulnerable to the Russia–Ukraine crisis? *Journal of Risk Finance*, 24(1), 24–39.
2. Adekoya, O. B., Oliyide, J. A., Yaya, O. S., & Al-Faryan, M. A. S. (2022). Does oil connect differently with prominent assets during war? Analysis of intra-day data during the Russia–Ukraine saga. *Resources Policy*, 77, 102728.
3. Aslam, H., & Muzaffar, M. (2025a). Barriers to Sustainable Development: Examining Pakistan’s Economic Taboos and SDG Challenges. *Pakistan Social Sciences Review*, 9(2), 351–366.
4. Aslam, H., & Muzaffar, (2025b). Interplay of Socio-Political Development & Sustainable Development Goals (SDGs) Implementation: Evidence From Pakistan. *Journal of Social Sciences Development*, 4(1), 113–124.
5. Bakrie, C.R., et al. (2022). Pengaruh Perang Rusia dan Ukraina terhadap Perekonomian Negara Kawasan Asia Tenggara”. *Jurnal Caraka Prabhu*, 6(1), 65–86.
6. Bounghou, W., & Yatié, A. (2022). The impact of the Ukraine–Russia war on world stock market returns. *Economics Letters*, 215, 110516.
7. Chortane, S. G., & Pandey, D. K. (2022). Does the Russia–Ukraine war lead to currency asymmetries? A US dollar tale. *Journal of Economic Asymmetries*, 26, e00265.
8. Chen, Y., et al. (2022) “The Russia-Ukraine Conflict, Crude Oil Price, and Transportation Industry Yield”. *BCP Business & Management*, 30, 88–95.
9. Frey, B. S., & Kucher, M. (2000). History as reflected in capital markets: The case of World War II. *Journal of Economic History*, 60(2), 468–496.

10. Hellegers, P. (2022). Food security vulnerability due to trade dependencies on Russia and Ukraine. *Food Security*, 14(6), 1503-1510.
11. Herrero, A. G., Haoxin Mu. (2023). The War in Ukraine: Economic impact on Asia. *Economic Diplomacy*, 56-63.
12. Izzeldin, M. (2023). The impact of the Russian-Ukrainian war on global financial markets. *International Review of Financial Analysis*, 87, 102598.
13. Jin, C., Lu, X., & Zhang, Y. (2022). Market reaction, COVID-19 pandemic and return distribution. *Finance Research Letters*, 47, 102701.
14. Karanasos, M., Yfanti, S., & Hunter, J. (2022). Emerging stock market volatility and economic fundamentals: The importance of US uncertainty spillovers, financial and health crises. *Annals of Operations Research*, 313(2), 1077–1116.
15. Khudaykulova, M., Yuanqiong He, & Akmal, K. (2022). Economic Consequences and Implications of the Ukraine- Russia War. *International Journal of Management Science and Business Administration*, 8(4), 44-52.
16. Kubiczek, J., & Tuskiewicz, M. (2022). Intraday patterns of liquidity on the Warsaw stock exchange before and after the outbreak of the COVID-19 pandemic. *International Journal of Financial Studies*, 10(1), 13.
17. Kumari, V. (2023). Are the European Union stock markets vulnerable to the Russia–Ukraine war? *Journal of Behavioral and Experimental Finance*, 37, 100793.
18. Kumari, V., Pandey, D. K., Kumar, S., & Xu, E. (2022). What do border disputes cost? Evidence from an emerging market. *International Journal of Emerging Markets*.
19. Kuzemko, C., Blondeel, M., Dupont, C. & Brisbois, M.C. (2022). Russia’s war on Ukraine, European energy policy responses & implications for sustainable transformations. *Energy Research & Social Science* 93, November, 102842.
20. Le, V.H., Von Mettenheim, H-J., Goutte, S. and Liu, F. (2022) ‘News-based sentiment: can it explain market performance before and after the Russia–Ukraine conflict?’, *The Journal of Risk Finance*.
21. Lo, G.-D. (2022). The Russo-Ukrainian war and financial markets: the role of dependence on Russian commodities. *Finance Research Letters*, 50(2), 103194.
22. Li, Yanshuang, Yujie Shi, Yongdong Shi, Shangkun Yi, & Weiping Zhang. 2023. COVID-19 vaccinations and risk spillovers: Evidence from Asia-Pacific stock markets. *Pacific-Basin Finance Journal* 79, 102004.

23. Muzaffar, M. & Khan, M. (2021). China's Foreign Policy and Strategic Stability towards South Asia: An Analysis. *South Asian Studies*, 36(2), 339-350.
24. Muzaffar, M., Jathol, I., & Yaseen, Z. (2017). SAARC: An Evaluation of its Achievements, Failures and Compulsion to Cooperate, *Global Political Review*, II (I), 36-45.
25. Pandey, D. K., & Kumar, R. (2023). Russia-Ukraine war and the global tourism sector: A 13-day tale. *Current Issues in Tourism*, 26(5), 692-700.
26. Pereira, P., Bašić, F., Bogunovic, I., & Barcelo, D. (2022). Russian-Ukrainian war impacts the total environment. *Science of the Total Environment*, 837, 155865.
27. Qureshi, A., Rizwan, M. S., Ahmad, G., & Ashraf, D. (2022). Russia-Ukraine war and systemic risk: Who is taking the heat? *Finance Research Letters*, 48, 103036. <https://doi.org/10.1016/j.frl.2022.103036>.
28. Rahim, N., Khan, A. M., & Muzaffar, M. (2018). Problems and Prospects of CPEC for Economic Development and Regional Integration. *Global Economic Review*, III (I), 21-30.
29. Shah, S.N.A. et al. (2022) "Russia-Ukraine Crisis and Its Impact on South Asia". *Review of Applied Management and Social Sciences*, 5(2), 141-148.
30. Shahbaz, K., & Muzaffar, M. (2025). The Ripple Effects of the Russia-Ukraine War on South Asian Economies: Trade, Energy, and Inflation in a Geopolitical Crisis. *Pakistan Social Sciences Review*, 9(3), 20-35.
31. Shahbaz, K., & Muzaffar, M. (2025). Assessing SAARC's Diplomatic Performance: Crisis Management, Regional Cooperation, and Institutional Challenges in South Asia. *Annals of Human and Social Sciences*, 6(2), 298-317.
32. Shahbaz, K., & Muzaffar, M. (2025a). The Russia-Ukraine Conflict and Its Implications for Regional Security: Assessing the Impact on Pakistan's Stability and Strategic Interests. *Pakistan Languages and Humanities Review*, 9(2), 307-318.
33. Siddiqui, K. (2022) "The Ukraine-Russia War and Its Impact on the Global Economy". *The World Financial Review*, (November-December), 21-34.
34. Sohail, H. M., Zatullah, M., & Li, Z. (2021). Effect of foreign direct investment on bilateral trade: Experience from Asian emerging economies. *SAGE Open*, 11(4), 21582440211054487.
35. Sohag, K., Islam, M. M., Tomas Žiković, I., & Mansour, H. (2022). Food inflation and geopolitical risks: analyzing European regions amid the Russia-Ukraine war. *British Food Journal*.

36. Steinbach, R. 2019. "Growth in Low-Income Countries: Evolution, Prospects, and Policies." Policy Research Working Paper 8949, World Bank, Washington, DC.
37. Tank, A. (2022). Economic Impact of Russia –Ukraine War. *International Journal of Innovative Research in Science, Engineering and Technology (IJIRSET)*,11(4), 3345-3349.
38. Umar, Z. (2022). The impact of the Russia-Ukraine conflict on the connectedness of financial markets. *Finance Research Letters*, 48, 102976.
39. UNESCAP. (2022) "The War in Ukraine: Impacts, Exposure and Policy Issues in Asia and the Pacific". *UN Economic and Social Commission for Asia and the Pacific Policy Brief* (May).
40. United Nations. (2022) "Global impact of war in Ukraine on food, energy and finance systems", Brief No.1. Available at: <https://news.un.org/pages/wp-content/uploads/2022/04/UN-GCRG-Brief-1.pdf>.
41. World Bank (2022) "Russian Invasion of Ukraine Impedes Post-Pandemic Economic Recovery in Emerging Europe and Central Asia". 2022. *World Bank* .Available at: <https://www.worldbank.org/en/news/press-release/2022/10/04/russian-invasion-of-ukraine-impedes-post-pandemic-economic-recovery-in-emerging-europe-and-central-asia>.
42. Yousaf, I., Patel, R., & Yarovaya, L. (2022). The reaction of G20+ stock markets to the Russia–Ukraine conflict "black-swan" event: Evidence from event study approach. *Journal of Behavioral and Experimental Finance*, 35, 100723.