

March '22



# THE JOURNAL OF COMMERCE

## INSIDE THIS ISSUE

PG. 1

**Business News**

*by Srikruth Reddy*

PG. 3

**IMPLICATIONS OF THE RUSSIA-UKRAINE  
CONFLICT IN THE GLOBAL ECONOMY**

*by Catherine Gerard*

PG. 6

**The War Effect**

*by Souvik Das*

PG. 9

**An Ideal Woman**

*by Prof Urmila MS*

## BUSINESS NEWS

By **Srikruth Reddy (BBA Sec.F, 2<sup>nd</sup> Year)**

### COFFEE TAKEOVER

Tim Hortons is on its way to India in 2022. According to a press release from its parent company, Restaurant Brands International, the Canadian fast-food and chain coffee founded in Ontario will open its first outlet in New Delhi. After Delhi, it shall open outlets in Punjab, and soon at least 120 stores in the next three years and quickly get to 250-300 in five years.

India will be the fourth country Tim Hortons will be entering in the Asia-Pacific region. The pandemic-led lockdowns impacted food services players' sales and postponed the launch for chains such as Tim Hortons. The market is now on a revival path.



"This launch in India is another critical step in our continuing international expansion plans," David Shear, president of the parent company, said in the press release. The brand has seen a reduction in its popularity in Canada itself, especially among millennials who prefer the US-based coffee chain Starbucks over it.

### ROUGH MORNINGS

Two of the biggest FMCG (Fast Moving Consumer Goods) companies have increased prices of products, including tea, coffee, milk, and noodles. This means your morning coffee, snacks, and breakfast would cost you more.

Nestle and Hindustan Unilever (HUL) have announced a hike in price on these products. HUL has hiked Bru coffee powder prices by 3-7% across packs citing significant inflationary pressures.

The household budgeting of an average household has gone up largely in the past months because of the soaring inflation that has led to constant increases in prices of commodities. Inflation has shot up because the country is struggling to get enough supply of commodities due to a full-blown war between the two of the biggest producers (Russia and Ukraine) of these commodities



## BIDDING ADIEU

Despite the departure of global businesses from Russia over its invasion of Ukraine, some remain there. In the past week, dozens of international retailers have shuttered stores, taken down online services, and even sold off parts of their business in Russia. The conflict in Ukraine intensifies, and sanctions make it increasingly difficult to do business there.

Staying in Russia has become a reputational risk for many firms. Customers in markets pressure firms to exit Russia amid widespread international anger at Moscow's decision to send troops into Ukraine. It showed that around 380 global brands had announced they were moving out of Russia.

They included fast-food giant McDonald's, one of the first western multinationals to launch in Russia more than 30 years ago. It is reported it was temporarily closing its 850 stores in the country. But three weeks into the invasion, some major international companies chose to remain in Russia. They include well-known Western brands such as Bosch, Subway, Pirelli and Uniqlo



## THEY'LL TAKE 20

Amazon announced its first stock split since the dot-com boom, telling investors that they'll receive 20 shares for each share they currently own. The company also said the board authorized it to buy back up to \$10 billion worth of shares.

Amazon is the latest highly valued tech company to pull down the price of each share through a split.

Google parent Alphabet announced a 20-for-1 split in February. In mid-2020, Apple disclosed plans for a 4-for-1 split, and Tesla told investors it was instituting a 5-for-1 split. Distributions from the stock split will be made to Amazon shareholders at the close of business on June 3, and trading will begin on a split-adjusted basis on June 6.

Amazon said the split is aimed at giving employees more flexibility in how they manage their equity" and making the stock more accessible for average investors. Amazon's split, like Alphabet's, requires shareholder approval and would take effect in June if cleared.



# IMPLICATIONS OF THE RUSSIA-UKRAINE CONFLICT IN THE GLOBAL ECONOMY

By *Catherine Gerard (BCom Professional, 2<sup>nd</sup> Year)*

In the wake of 2022, the global economy was just recovering from the impact of the pandemic.

The Russian invasion of Ukraine has now altered the economy once again. Humans are being displaced, fuel and food prices are rising, and there is once again a feeling of uncertainty amongst the economies. In many parts of the world, especially in the euro regions, the Ukraine conflict has led to a significant supply shock for key commodities.

First, let's look at the sanctions imposed on Russia before examining their implications.

Sanctions	
Luxury goods and travel	<ul style="list-style-type: none"> <li>• Export of luxury goods to Russia banned by the EU and UK i.e., vehicles, high-end fashion, and art. This is aimed at the Russian elite.</li> <li>• 35% tax on some imports from Russia</li> <li>• Export of goods used by Russian firms banned by the UK, EU, and the US. Includes dual-use goods.</li> <li>• Russian flights banned including private jets chartered by Russians.</li> <li>• The G7 organization, stripped Russia of its "most favored nation" status, therefore, making Russia lose many trading benefits.</li> <li>• Imposed sanctions on 386 members of the Russian parliament.</li> <li>• The US, EU, UK, and Canada have frozen the assets of Russian president Vladimir Putin and his foreign minister Sergei Lavrov.</li> <li>• The UK limited the sale of "golden visas" which allows British residency rights for Russians</li> </ul>
Oil and gas	<ul style="list-style-type: none"> <li>• All oil and gas imports from Russia were banned by the US. The UK is to phase out Russian oil imports by end of 2022.</li> <li>• Germany halted the Nord Stream 2 gas pipeline certification indefinitely.</li> </ul>
Financial	<ul style="list-style-type: none"> <li>• Western powers; the US, UK, the European Commission, and Canada have frozen the assets of Russia's central bank, to stop it using its foreign currency reserves.</li> <li>• Suspended from using the services of BIS, Bank for International Settlements, which is, the central bank for central banks.</li> <li>• Banned some Russian banks from access to the international financial messaging system SWIFT, delaying payments for energy exports.</li> <li>• Targets 70% of Russia's banking market.</li> </ul>

## E.U. and U.S.

- Ukraine makes up 1% of E.U. trade, while Russia accounts for 4.8%. Trade with Russia is heavily centered on energy, while corn and wheat make up Ukraine's trade with the E.U.
- The distribution of more alternative forms of energy is likely to cause bottlenecks in several European nations.
- A hypothetical cut-off from Russian oil and gas into Europe would impact Germany and Italy.
- In the short run, the E.U. has a chance of sustaining itself, but this disruption cannot be avoided in the long term. There will be a shortage of supply, which will raise prices and eventually lead to higher inflation. In 2022 and 2023, inflation is predicted to rise by 5.3% and 2.3%, respectively.
- In terms of the U.S., there are numerous impacts that Americans will face, along with the above-mentioned energy and oil issues, supply chain issues for farmers, travel restrictions, airfare costs, and stock market volatility are some of the other problems.

## ASIA

- The increase in food and oil prices will adversely affect Asian economies. As a result, Asia would see higher inflation, a weaker current account, and fiscal balances.
- Nomura says India, Thailand, and the Philippines are at risk most.
- Due to a widening trade deficit, the Indian rupee and Philippine peso will likely depreciate.
- Petrol and diesel prices will rise in India due to increased oil prices.
- CPI inflation is highly sensitive to oil prices in Thailand.
- As a vulnerable economy, the Philippines would face a much larger current account deficit due to its high dependence on oil imports and lack of subsidies.
- Indonesia is said to have an advantage over the above since a rise in oil prices will widen its current account deficit by 0.2 per cent of GDP. As the country progressively reduces restrictions regarding movement, people can travel more, which leads to higher fuel consumption.
- The Chinese market is vulnerable to commodity shortages, especially when it comes to nickel supplies. As the world's largest oil importer, China is adversely affected by the increase in oil prices. However, China has already decided to provide Russia with the economic and financial support they require. Therefore, China can lean on Russia if any issues arise.

Since most Asian economies are still recovering from the pandemic, higher inflation could negatively affect lower-income households.

## MIDDLE EAST

- The West's international diplomacy and political efforts in the Middle East, especially in Syria, Iran, and Libya, can be undermined by Russia.
- Since the U.S. has banned all Russian oil imports, Iranian crude oil and oil from other heavily sanctioned countries are now more desirable. The Iranian leadership embraces Russia's anti-western narrative since they share the desire to oppose the U.S.-led world.

- Turkey wouldn't be a significant fall because it provides a good destination for the Russian capital and tourists to escape U.S. sanctions.
- Additionally, several countries, like Lebanon, rely heavily on wheat imports from Russia and Ukraine. This could lead to a spike in bread prices.
- On the other hand, the Saudis and Emiratis are talking with Russia and Ukraine to de-escalate the situation. The consequences will mostly depend on how they manoeuvre between the U.S. and Russia in these economies. As the regional leaders have been appeasing both sides equally, it would affect them to pick one side.

### MAJOR IMPACT POINTS AFFECTING GLOBALLY

- Price hikes for energy and oil: Directly or indirectly, higher oil prices will increase households' cost of living, regardless of whether a country is a net importer. The higher energy prices will directly impact the cost of living and indirectly through increases in the costs of transportation and production of other goods and services.
- Agricultural commodities (wheat, maize, barley) prices will soar. Barclays wrote in a research report that the compounding effects of several shocks, food and fertilizers could reach levels not seen in a decade.
- Aluminium, titanium, palladium, and nickel will experience price increases.
- Businesses struggle to find channels to conduct trade, disrupting supply chains. The ongoing war has also disrupted supply chains that were already weakened. While repairing the supply chain, the Russian invasion of Ukraine and the subsequent sanctions worsened the situation.
- Routes by land, air, and sea were severely hampered. Black sea freight routes will be closed, halting commercial shipping.
- The automobile industry will be hit hard by oil price increases, shortages of semiconductors and chips, and other shortages of earth metals.

In conclusion, we can say that the three key channels which the ongoing geopolitical conflict could impact are price shocks in energy, oil, and commodity markets and security challenges in case of a broader conflict. Since oil and energy is one of the main issues the economy might face



## THE WAR EFFECT

By *Souvik Das (Alumini Batch 2020)*

After a month into the new year, when things were just about to go right, some exceptional events took place in the Eastern European Nation, Ukraine. Yes! This article mentions and highlights the uneventful crisis that the world is going through. World War 3? Has it really begun?

With that in mind, we all understand when in a state of war, the countries at stake are economically drained. Without fear about the future, we hold high on our weapons and begin to attack while our opposition sometimes tries to defend or retaliate. That is what war is in a nutshell.



But, keeping aside the countries at stake, as mentioned before, do we really think about how many other countries that are not mere participants in the war are affected? Of course, we do. Globalization and the world economy go hand in hand. This, in turn, has helped major businesses around the globe to succeed and prosper. "According to WHO [World Health Organization], Globalization is defined as "the increase interconnectedness and interdependence of people and countries". We as business students have a deeper understanding of this but rarely do we talk about that sector of business, which pumps globalization majorly and which are highly affected by these recent attacks.

### CURRENT STATE OF LOGISTICS:

"Trade and Logistics" have been an integral part of business, our means to survive. We use different products that have a different impact on our lives, but it is not always true that the product we use has to come from our home country. It can be imported from countries and are willing to provide them in exchange for money. A report suggests, since the beginning of the attacks, the global supply chain has witnessed a precipitous drop in trade:

- From the US and European sanctions, Russia is highly affected and projected an 11.8% drop in exports compared to the previous month- The Kiel Institute for the World Economic.
- 3.9% decline in shipments abroad in the US, with European Union and Germany, slides 2.3% and 3.8% respectively.
- The aforementioned reports might sound minimal, but if this state continues, things will get compounded and reach a number that would be impossible for most countries to survive.
- Let us put some light on that "one commodity" that we consume daily or are indirectly related and impacting our lives, which has been heavily affected due to the recent tensions between Russia and Ukraine.

Oil, one of the most demanded commodities, especially Crude oil, has multiple advantages and benefits throughout multiple industries all around the Globe. Russia, the second-largest exporter of crude oil after Saudi Arabia, has faced a major blow post declaration of the war. Russia is not just an oil exporter, but its major exports include coal, fertilizers, and natural gas.

European nations are one of the major importers of Russian oil, which includes countries like Germany, Lithuania, Finland, Estonia, Netherlands, Hungary, etc. Apart from Europe- China, South Korea and the US are dependent on Russian oil. But with the recent attacks, several countries have sanctioned Russian exports, which is a huge downfall in the global market. Also, the two nations, Ukraine and Russia, also account for 16% of the world's grain export and 14.4% for fertilizer and 10% for edible oil. This has caused disruptions in the world. The Geopolitical crisis has created a mess within the dependent countries' businesses as imports are allowed from Russia only after an abnormal tax is paid.

The UK has put a 35% tax on imports from Russia, which is massive! This is likely to cause disruptions in the global supply chain in general.

The supply chain industry has been highly infected after the outbreak of Coronavirus disease in December 2019. This has led to millions of job losses, business crises, etc. But as soon things were about to get normal for this industry, we got hit by another event which caused severe trouble thereon. Logistics is that part of an operation that is highly imperative but are vulnerable to multiple conditions. Currently, the Russian-Ukrainian border situation is becoming tense, which in turn are contributing to the downfall of this industry.

### **Growth And Improvement:**

We now understand and have a clear picture of the recent condition and the current state of logistics. Despite being shaky, the question now arises, will the countries/businesses dependent on oil and other primary commodities stop importing altogether? The answer is 'No'. This might add up to an influx in the shipping price and overbudgeted spending on procurement, but the imports must go on for mere survival. As one door closes, the other opens, when one fails to deliver something, they look for other opportunities, called a substitute. Therefore, in this regard, since countries are failing to procure from Russia, they are looking forward to other substitutes and would like to fulfil their demands even with financial constraints. Therefore, it isn't affected by logistics, but the recent blow will create disruptions but eventually will hold a pace a move forward. Logistics is imperative, yet a complex operation that has a skyscraping demand and being the only connector between different corners of the globe, the downfall will not continue for a long time.

### Technological Shift:

Considering the number of disruptions caused throughout, the sector needs immense improvement by adding automation and technology to the operation and running the process daily. Disasters, wars, pandemic, and other unnatural forces have led to severe damage and downfall in this sector, but the rise in demands did not much impact logistics businesses. Therefore, with the start of everything, we require a budget and surround our

overall expenditure and the way one would carry their operations. However, when things go wrong, we spend more, which leads to additional discrepancies in the businesses. Therefore, to minimize cost and maximize efficiency, one needs to have a technological shift in their process to reduce the same. Thus, with "Blockchain technology", "Artificial Intelligence and Machine Learning", we can reduce the process flaws and minimize human errors. Considering the recent times, when the industries are overspending on their budget and expenses are rising, it is now the time when the Logistics industry is highly investing in building their business upon technology to reduce the errors and which in turn help them reduce more cost.

With that being said, this can be concluded that the logistics and supply chain industry is going through a challenging phase. Still, with the demand in the market and the need for globalization, this shall pass, and there would be no end in logistical operations. Hence, even with the uncertainty, the logistics sector keeps evolving. With the introduction of technology in everyday operations, the expansions are getting more accessible and beneficial.

## FACULTY CORNER

By **Prof Urmila MS**



### AN IDEAL WOMAN

I was once asked, "Who is an ideal woman according to you?"

My mother's face loomed large in my mind spreading a rush of warmth in me.

Her caring actions, soothing words, understanding silences, unconditional love, stern discipline, unwavering support, and guidance have helped shape my brother and me and has built our family over the years.

Later, when I further reflected on the question, I realized I had made the same blunder again. I pictured my mother as an ideal woman because I saw her as my mother. Not as a woman.

Aren't they both the same? Or are they?

Confused?? Let me explain.

I instantly connected to the memory of my mother when asked about an ideal woman because of her relationship with me and the value she added to it. If I were to ask you the same question, what would be your answer? It may be something on similar lines, isn't it? We consider it to be natural. But it isn't. We socialize every woman to play set roles in society and measure her value based on how well she plays it. Is she an obedient daughter? Caring sister? Devoted wife? Loving mother? Doting grandmother? Has she played the roles well? If so, she is an ideal woman. And thus, to live up to the guidelines of such perfection, a woman must live according to the norms of society. Serving, obeying, marrying, giving birth, and carrying all her responsibilities, she must live according to the timelines set by society and her ever ticking biological clock.

But what if she rebels, questioning every guideline and timeline set for her? It is granted that society would judge her every word and action. But what about her judgements about herself?

Where am I getting at with all these questions?

Let me spill my thoughts. Judge if you must.

An ideal woman is one who lives her life, adding value to herself and people around her, not just one who plays the roles given to her.

Now let me face the same question differently?

When asked - "Who according to you is an ideal woman?" I picture myself standing with an uplifted chin and a straight back daring anyone to confront the very thought that I cannot see myself as such. When every woman reaches this state in life where she herself becomes her greatest inspiration that would be

her actual moment of success, self-realization, and actualization. A woman has the power to create and to destroy. No, I do not mean in relation to her societal roles and relationships as it is always understood. I mean it with respect to creating her own life.

A woman must live her life, shape it, nurture it, and fulfil it with what she feels is right. She must be able to think, dream, idealize and act without merely adhering to the societal roles shrouding her all the time. When she does this, without any boundaries, her power of creation will flow into every role that she willingly adorns.

The definition of an ideal woman should be rethought and redefined, bringing in a strong convictional understanding that surpasses all differences of country, ethnicity, colour, and race. No one can be a greater critic about her life than a woman herself. But when she gathers the courage to bend the set rules of the society to build a life of quality and value, she begins to draw inspiration from it whenever that happens.

That will be the true beginning in a woman's life, to live her life as a woman with the understanding of who an ideal woman is. A life lived as a woman and not just a societal role.

Hoping for a woman's day that accepts such beginnings.

# CREDITS

---

## Editorial Board

**Kelvin T. Kurian** - BCom 'A', 2nd year

---

**Srikruith Reddy** - BBA 'F', 2nd year

---

**Chandrutpal S Hazarika** - BBA 'E', 2nd Year

---

**Dr. Everil Fernandes** - Assistant Professor

---

**Mr. Praveen Kumar** - Assistant Professor  
Senior Scale

---

## Advisory Board

**Dr. Rashmi Yogesh Pai** - Associate Professor

---

**Dr. Vikram Baliga** - Associate Professor

---

# CITATIONS

---

## **BUSINESS NEWS**

**Mint Team** (Mar 14, 2022) [Canadian QSR chain Tim Hortons set to to open 250 stores in India](#)

**FE Bureau** (Mar 15, 2022) [Hindustan Unilever, Nestle hike prices of coffee, tea and noodles](#)

**Gilchrist, Karen** (Mar 18, 2022). [Over 400 companies have withdrawn from Russia. But some Western brands are locked in](#)

**Owens, Jeremy C** ( Mar 9, 2022) [Amazon to split stock for the first time since the dot-com boom, after gains of more than 4,500%](#)

## **Implications of the Russia-Ukraine conflict in the Global Economy**

**Wadhwa, Puneet** (Feb 22, 2022) [Russia-Ukraine crisis: India economy to be among worst hit in Asia - Nomura](#)

**Tan, Weizhen** (17 March, 2022) [How the Russia-Ukraine war could hit China's trade](#)

**Team EIU** (3 March, 2022) [Global economic implications of the Russia-Ukraine war](#)