

RUSSIA-UKRAINE CRISIS

Survey: 42% households would cut discretionary spending

RAJESH KURUP
Mumbai, February 25

THE RUSSIAN INVASION of Ukraine would have wide ramifications for India, starting with a curb on discretionary spending, if soaring crude oil prices would push fuel rates further up.

Nearly 42% of households would cut discretionary spending, of which 24% have already cut it to a certain extent, as they cannot absorb the impact of another petrol and diesel price hike. Other reasons for the slash include impact of Covid-19, future pandemic-related uncertainty and projected inflation due to the rising oil prices, according to a survey by LocalCircles, a community-based social media platform. The platform enables citizens and small businesses to escalate issues for policy and enforcement interventions, and the government to make policies that are citizen- and small-business-centric.

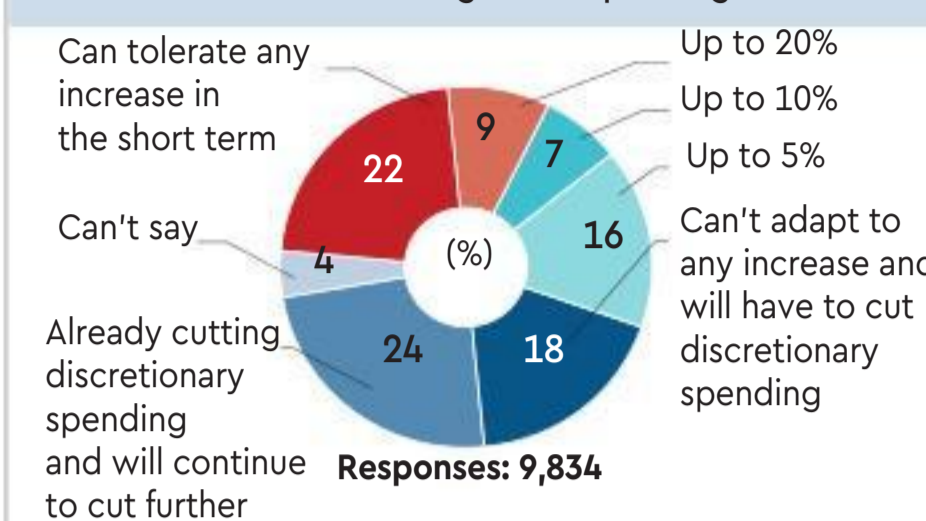
"The government will have a choice to make soon to absorb the impact of crude oil price increase by lowering duties and

taxes and maintain status quo, or increase prices of petrol and diesel leading to fiscal deficits and hit on discretionary spending and economic growth. If fuel prices go up by ₹10 a litre, it will translate into overall price increase across sectors, and impact discretionary spending of middle and upper middle-class consumers," said Sachin Taparia, founder of LocalCircles.

According to the survey, just 22% of households surveyed said they could deal with the impact of short-term price hikes, 9% said they could tolerate hikes up to 20%, 7% said they could handle hikes up to 10% and 16% can handle up to 5% hikes. The survey included 27,000 people from 361 districts.

"A sharp rise in crude prices will be detrimental to many sectors such as cement and construction, leading to a rise in petcoke prices, while transportation and edible oil firms are among others to take a margin impact. FMCG firms would also be impacted as packaging and transportation costs are slated to go up, while a rise in price of edi-

Due to global oil prices and the Russia-Ukraine situation, if the prices of petrol and diesel have to be increased, how much increase can you tolerate as a household without having to cut spending?



42% Indian households say can't tolerate another increase in petrol/diesel prices; 24% already have cut discretionary spending and on the edge

ble oil because of a supply fall from the Black Sea region would also impact them. There will be a cascading effect on many other sectors," Barnik Chitrana Maitra, managing partner and CEO of Arthur D Little (India and South Asia) said.

Nearly, one in two households surveyed believe that their earnings will dip in 2022 due to the pandemic, geo-political tensions or reduction in salaries or businesses, among others. About 6% expect their earnings to dip by 50% or more, and another 6% expect their incomes to dip by 25-50%.

Earnings to dip

IMPACT OF KOCHHAR, RAMKRISHNA SAGA
Greed isn't gender-specific: Experts

MALINI BHUPTA
Mumbai, February 25

PARESH SUKTHANKAR, FORMER deputy managing director of HDFC Bank, once famously said that had Lehman Brothers been Lehman Sisters, the global financial crisis wouldn't have happened. Sukthankar's theory may have taken a few hard knocks, with at least two high profile women - Chanda Kochhar of ICICI Bank and Chitra Ramkrishna of NSE - in the dock over how they used the institutions they headed for their personal enrichment.

Though nothing has been conclusively proved as yet, serious charges on personal integrity have been pressed against them by regulators, investigative agencies and other stakeholders. This has expectedly led to murmurs in corner rooms and board rooms about whether Kochhar and Ramkrishna have made it difficult for India Inc to break the glass ceiling and see more women at the top.

There are only a few who are willing to go on record on such a sensitive issue, but the consensus seems to be that



ILLUSTRATION: ROHINIT PHORE

power and not succumb to pressure. How decisions are taken depend on a lot of factors - how you reach the top, your track record and how you are perceived both by internal and external stakeholders, etc. It is a fact that women always start from a position of disadvantage and they make it big by fighting heavy odds."

Some women leaders believe that these developments will be used by people who want to discredit women. According to R.M. Vishakhra, CEO and managing director of IndiaFirst Life Insurance, the storm some women CEOs have found themselves in will further feed into the bias against women. "People who want to put women down will use this. I believe people should be judged as professionals because leadership is not a gender-based trait. Women are good at conflict management."

Vishakha said society nurtures aggressive men, but the same trait is discouraged in women. Several top executives that FE spoke to cited Indra Nooyi's autobiography where she shares her experiences and the hurdles she faced as a woman.

Global disturbances to hurt recovery everywhere, says Sitharaman

FINANCE MINISTER NIRMALA Sitharaman said on Friday that recovery not just for India but for all countries will be severely hampered by the current disturbances. India's development is going to be affected by the newer challenges emanating in the world, she said.

No one country can today plan for its recovery, particularly in an age when global value chains have already got countries closer to each other, and these value chains are facing challenges and threats because of disturbances, the FM said.

"Peace is being threatened and post the second World War, a war of this significance,

this impact on the globe probably [has not been] felt," Sitharaman said. FE BUREAU

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