Research Paper

Break Even Point of Crisis: Capitalism and COVID in India

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ABSTRACT

Multiple underlying problems with global capitalism have been revealed by the COVID-19 epidemic. These have been reinforced by governmental measures that have failed to shield the most vulnerable from the health and socioeconomic effects of COVID-19, as well as by the escalation of inequality. This paper studies the mechanism underlying the escalation of inequalities during the pandemic, analyzes the governmental responses to the COVID-19 issues and takes up the issue on how covid has affected the reserve army.

INTRODUCTION

The coronavirus pandemic has exposed the Achilles heel of capitalism. Underfunded and aging health systems across the capitalist world are crumbling whilst the global economy has entered a recessionary spiral. Global stock markets and economic activities are faltering despite the panic-stricken expedients of many governments to support them. The first signs of the global tsunami are reflected by the decline in industrial production and an increase in unemployment. It is not just the health of people that took a hit but even the capitalist had to face a fall.

This is where the interests on Marxist analysis on capitalism peaks. Ninety five percent of what Marx wrote was about Capitalism. Economists believe that the COVID-19 pandemic will shine light onto societal and economic systems all across the world, exposing some of the flaws of a capitalist society. Throughout this paper we will compare these flaws with what Marx said about capitalism and what role does the pandemic have in drawing out a crisis. Capitalism is facing at least three major crises. A pandemic-induced health crisis has rapidly ignited an economic crisis with yet unknown consequences for financial stability, and all of this is playing out against the backdrop of a climate crisis that cannot be addressed by “business as usual”.

The abstract possibility of crisis is already contained in the separation of purchase and sale that is a feature of the production and exchange of commodities for money. If a significant number of sellers withdraw their money from circulation, rather than using it to buy further commodities, then the latter commodities will remain unsold. For political economy such an outcome would be completely irrational since for political economy, as Adam Smith put it, ‘consumption is the sole end and purpose of all production’, so the only purpose of selling one commodity would be to buy another. For Marx, by contrast, the ‘sole end and purpose’ of capitalist production is not consumption but the accumulation of capital through the production and appropriation of surplus value. The sale of commodities represents the reconversion of the capitalist’s expanded capital into the form of money with which to renew the process of capital accumulation. The capitalist will devote some of the money realized to his own consumption, but the remainder will be reinvested, provided only that there are opportunities for its profitable investment. Marx therefore identifies the condition for crisis as the absence of such opportunities. Capitalists will withdraw their money from circulation if they cannot invest it profitably, thereby precipitating a crisis.

Under what conditions does it become impossible for capitalists to invest profitably? Marx argues that we cannot find any such conditions in the sphere of production. The problem must arise in the relationship between production and circulation, in the realization of the surplus value that has been produced. 'The conditions of direct exploitation, and those of realizing it, are not identical. They diverge not only in space and time, but also logically. The first are only limited by the productive power of society, the latter by the proportional relation of the various branches of production and the consumer power of society'

The origin of the crisis lies in the overproduction of commodities with an effect on demand at a price that makes it possible to realize surplus value in the commodity. According to Say's law of markets, general overproduction is impossible, which means at a time only one branch can overproduce due to disproportionality, with underproduction arising in another branch. The rate of profits of the firm which overproduces will be lower, and the firm which underproduces will be higher than average, so that capital can be transferred from latter to former to maintain equality in profit rates and proportionality of production. If disproportionality reaches the stage of crisis, it can only be because overproduction has been sustained 'unnaturally' by the speculative expansion of credit. For political economy, therefore, a crisis was essentially a monetary phenomenon that arose as a result of inappropriately lax regulation by the monetary authorities.

This is an introduction of crisis theory

LITERATURE

THEORY OF CRISIS

Crises are incredibly complex events. A wide range of economic forces influences them to varying degrees. According to Marx, "the genuine movement of capitalistic production, competition, and credit" is the only explanation for the crisis. He meant "competition" and "credit" to refer to the entire market and financial system's organisational structure, which makes the real economy significantly more complex than the hypothetical systems examined in Capital.

CAPITALISM AND CRISES

Under capitalism, the circulation from C-M-C, which is typical of simple commodity production, changes into M-C-M'. The predominant mode of circulation under capitalism is M-C-M', which is different. The capitalist, acting in the capacity of a capitalist, begins his career with enough money (M) to serve effectively as capital; he then distributes this in exchange for labour and other production tools (C); and finally, after a production process has been completed, he reappears on the market with goods that he converts back into money (M'). The M' at the end and the M at the beginning both stand for exchange value; neither has use value. Therefore, unless there is a quantitative difference between M and M', or unless M' - M = M is positive, the entire operation would be useless. According to the capitalist, "The expansion of value, which is the objective foundation or driving force behind the circulation M-C-M, becomes his subjective goal, and it is only insofar as the appropriation of ever-increasing amounts of wealth in the abstract becomes the only driver of his operations that he functions as a Capitalist."

RELATION BETWEEN M-C-M' AND THE CRISIS PROBLEM.

We have already seen that the capitalist is concerned with M and wants to make sure that it is as large as feasible. Naturally, he does not assess success or failure based on the amount of M in isolation from the size of his initial investment, or, in other words, based on the size of the fraction M/M. Since this fraction represents nothing more than the rate of profit, we can infer that the capitalist's immediate goal when he invests capital in production is to maximise his rate of profit. Now, in terms of the formal possibility of a crisis, there is no distinction between capitalism and plain commodity production. The same principles that were discussed earlier when analysing the production of basic commodities apply here. Any halt to circulation, any withholding of purchasing power from the market, might start a contraction in circulation, which will lead to an overproduction situation and will soon be reflected in a reduction in production. However, there is one significant difference: whereas previously it was difficult to predict what would trigger such a contraction, it is now at least obvious that if anything occurs to M, the capitalist will quickly reevaluate whether it is desirable to place his M into circulation. ΔM constitutes the Achilles' heel of capitalism which was missing from simple commodity production.

First off, the motive for capitalist production is lost if ΔM vanishes or turns negative. There will be a capitalist exodus, a reduction in the amount of money in circulation, and the onset of a crisis and overproduction. According to the nature of capitalism, "it is not just a question of replacing the same mass of objects, on the same scale or (in the case of accumulation), on an enlarged scale, of which the capital is made, but of replacing the value of the advanced capital with the customary rate of profit." The typical rate of profit need not be thought of as one specific number, neither more nor less; it is sufficient if it is a fairly well-defined range of numbers, such as 10% to 15% or 4 to 6% depending on the situation. Capitalists will begin to scale back their operations once the rate of profits starts falling. The causes of this are evident to anyone.

Every individual capitalist is constantly forced to decide between two possible courses of action due to the sheer nature of the circulation process: either he must put his capital back into circulation or he must keep it in its money form. Long-term, it is true that there are no other options; if he wants to remain a capitalist, he will eventually need to reinvest his capital. However, this does not imply that he must reinvest his money right away or that he must constantly keep doing so in the same sector of the economy. According to a well-established notion, investors will move their capital from one industry to another if the rate of profit falls below the typical level in that specific industry. However, switching from one industry to another won't help if the rate of profit falls below the average level in all or almost all of them at the same time. Capitalists are not required to continue reinvesting under these circumstances, which they must view as unfavourable; instead, they can postpone reinvesting until conditions are favourable once again, that is, until either the rate of profit is back in the normal range or they have accepted a new, lower norm for the rate of return. In the interim, the delay in reinvestment will have hampered circulation, sparked a crisis, and resulted in overproduction.

To get capitalists to start hoarding their capital in money form until more favourable conditions are restored, all that is needed is a decline in the rate of profit below its usual level. The crisis is triggered and the circulation process' continuity is compromised in this way. A halt in the flow of money caused by a drop in the rate of profit below the average is the specific manifestation of a capitalist crisis. The fact that contemporary business cycle theory has reached a result that, despite being unconnected, is in essence extremely close to the Marxian perspective is both interesting and illuminating. Modern theorists begin with less abstraction than Marx did; in their view, the capitalist class is divided into two groups: entrepreneurs who plan and oversee the production processes and money capitalists who provide the capital, in the form of interest-bearing loans, that the entrepreneurs need to operate. Entrepreneurs may also have capital, but to the extent that they do, they are seen as taking out loans from themselves at interest. According to these presumptions, the investor will decide it is profitable to put money into a business as long as the rate of return he obtains outweighs the rate of interest he must pay. However, the entrepreneur loses all incentive to invest as soon as the rate of profit is lower than the rate of interest; circulation is then disrupted, and a crisis results.

SITUATION DURING THE COVID

On 30th January 2020, the first cases of COVID-19 in India were reported in three towns of Kerala, among three Indian medical students who had returned from Wuhan, the epicentre of the pandemic. Prime Minister Modi announced the first 21 days of India's lockdown on 24 March to curb the spread of coronavirus infections in India. During this address to the nation, he said, "*Jaan hai toh jahaan hai*" (transl. Only if there is life there will be livelihood). On 11 April, in a meeting with the Chief Minister of India, the Prime Minister said "Our mantra earlier was *Jaan hai toh jahaan hai* but now it is *Jaan Bhi jahaan bhi* (transl. Both, lives and livelihood matter equally)." On 14 April, another address to the nation was made by Modi in which he extended the lockdown, with adjustments, to 3 May. In the Prime Minister's fifth meeting with the Chief Ministers on 11 May, the Prime Minister said that Indians must prepare for the post-coronavirus pandemic world, just as the world changed after the world wars. During the meeting, Modi said, "*Jan se lekar jag task*" (transl. From an individual to the whole of humanity) would be the new principle and way of life. On 12 May, the Prime Minister addressed the nation saying that the coronavirus pandemic was an opportunity for India to increase self-reliance. He proposed the *Atmanirbhar Bharat Abhiyan* (Self-reliant India Mission) economic package.

The pandemic not only prompted a major health crisis, but also endangered the largest economic shock, both in the count. India’s humane policy response focused on saving human lives and recognised that the short-term pain of an initial, stringent lockdown would lead to long-term gains — both in terms of lives saved and in the pace of economic recovery.

The Indian economy witnessed its first-ever technical recession in the year 2020, with gross domestic product (GDP) growth remaining in the negative territory for two consecutive quarters. GDP contracted by a record 24.4% in the first quarter of the last fiscal. This was majorly induced by stringent nationwide lockdowns during April and may which stalled economic activities, shut down consumption, and investments and led to the loss of jobs and income for many. (graph-1)

In the second quarter again, the GDP contracted but the pace of decline narrowed sharply. However, even with a 7.3% contraction, crucial services segments remained in the negative zone. Moreover, with the easing of covid restrictions and resumptions of business activities, India exited the technical recession phase in the third quarter with a growth of 0.4%.

In the post-independence period, India's national income declined only four times before 2020 – in 1958, 1966, 1973 and 1980 – with the largest drop being in 1980 (5.2%). This means that 2020/21 is the worst year in terms of economic contraction in the country's history, and much worse than the overall contraction in the world. (graph-2)

The decline is solely responsible for reversing the trend in global inequality, which had been falling but has now started to rise again after three decades.

INDIA LEADING TO INEQUALITY

India, resorting to lockdown to flatten the curve of the virus led to disruption in business, ceasing of economic activities and confining people inside homes even for official work.

This crisis proved to be a major blow to the job market too. In India, up to 53% of businesses have specified a certain amount of impact of shutdowns caused due to coronavirus on operations, as per a FICCI survey in March. With businesses shut down and activities coming to a halt, the unemployment rate spiked to 23.52% in April last year as several firms recorded job losses. It remained at 21.7% in May.

According to the Centre for Monitoring Indian Economy (CMIE) data, the unemployment rate started tapering off from June onward when it was recorded at 10.2% in the month and further improved to 7.4% in July. However, the unemployment rate again rose slightly to 8.3% in August and improved to 6.7% in September 2020.

Around 140,000,000 (140 million) Indians lost employment during the lockdown. More than 45% of households across the nation reported an income drop as compared to the previous year. Various businesses such as hotels and airlines cut salaries and laid off employees.[4] Revenue of transport companies such as Ola Cabs went down nearly 95% in March–April resulting in 1400 layoffs. It was estimated that the loss to the tourism industry will be ₹15,000 crores (US$1.9 billion) for March and April alone. CII, ASSOCHAM and FAITH estimate that a huge chunk of the workforce involved with tourism in the country faces unemployment. The live events industry saw an estimated loss of ₹3,000 crores (US$380 million).

Several young startups have been impacted as funding has fallen. A DataLabs report shows a 45% decrease in the total growth-stage funding (Series A round) as compared to Q4 2019.[13] According to a KPMG report venture capital in Indian startups has fallen over 50% in Q1 2020 from Q4 2019.

Government revenue has been severely affected by tax collection going down, and as a result, the government has been trying to find ways of reducing its costs. On 10 May 2020, Union Minister Nitin Gadkari said that some states didn't have enough money to pay salaries shortly. In April, former Reserve Bank of India chief Raghuram Rajan said that the coronavirus pandemic in India may just be the "greatest emergency since Independence", while the former Chief Economic Advisor to the Government of India said in April that India should prepare for a negative growth rate in FY21.

Even when the unemployment rate in the country was at its peak, the number of billionaires surged in India. India now has 177 billionaires with 40 of them entering the coveted club during the pandemic stricken 2020. According to the Hurun Global Rich List, Reliance Industries chairmen Mukesh Ambani continues to be the wealthiest man in India with a net worth of $83 billion. He witnessed a 24%jump in fortunes and climbed up one spot to be the eighth richest man globally. Similarly, Gautam Adani witnessed a spectacular rise in fortunes in the last few years. His wealth doubled to $32 billion in 2020. The Adani Group chairman climbed 20 places to be the 48th richest person globally and the second richest Indian.

Both wealth and income inequality has been on the rise in India. Taking into account the general trend of poverty reduction, an estimated 230 million people in India have fallen into poverty as a result of the first wave of the pandemic. The percentage of poor people in the second lowest quintile of pre-Covid-19 consumption jumped from 32% to 60% within a year. This was driven largely by rural areas, where the headcount ratio for the second quintile almost doubled.

Due to increased living expenses in urban areas, the poverty line is higher there, and 72% of people in the second quintile of the urban income distribution lived below it before the pandemic. Within a year, many people with earlier greater salaries joined them in urban poverty. Following the epidemic, 29% of those in the fourth quintile and 50% of those in the third quintile experienced poverty.

This sharp rise in poverty after the first lockdown is consistent with a variety of surveys that highlighted the depth of the crisis. Urban unemployment increased dramatically year over year from 8.8% in April to June 2019 to a startling 20.8% in April to June 2020. (Government of India National Statistical Office, 2020).

The pandemic has brought severe economic hardship, especially to young individuals who are over-represented in informal work. India has a large share of young people in its workforce and the pandemic has put them at heightened risk of long-term unemployment. This has negative impacts on lifelong earnings and employment prospects.

GOVERNMENT ACTIONS- EFFECTIVE OR NOT?

Lockdowns and travel restrictions imposed significant supply-side constraints on the economy, drastically reducing output and employment. Moving ahead with the sole objective of saving lives, the government announced multiple measures at different stages of the pandemic.

Government Actions:

Before the announcement of the lockdown on 24 March,

- On **19 March** the formation of the COVID-19 Economic Response Task Force was announced by Prime Minister during his live address to the nation. The task force was led by finance minister Nirmala Sitharaman. Though not formally constituted or no official date for relief packages being made, the consultation process with concerned parties had begun immediately. The Ministry of Finance immediately started consultations with the RBI and ministries to take stock of most affected sectors like aviation, hospitality, and MSMEs.

- On **21 March 2020**, the Union cabinet approved incentives worth ₹40,995 crores (US$5.1 billion) for electronic manufacturing. Various state governments announced financial assistance for the poor in the unorganised sector.

- On **21 March** the Uttar Pradesh government under Chief Minister Yogi Adityanath decided to give a direct money transfer of ₹1,000 (US$13) to all daily wage labourers in the state and the following day Punjab announced ₹3,000 (US$38) each for all registered construction workers in the state.

- On **23 March** it was announced that Haryana labourers, street vendors and rickshaw pullers will be provided with the assistance of ₹1,000 per week directly deposited into their bank accounts. Below Poverty Line families would be provided rations (including rice, wheat, mustard oil, and sugar) free of cost for April.

- On **24 March** in his address to the nation, the Prime Minister announced a ₹15,000 crore (US$1.9 billion) fund for the healthcare sector.

- On **24 March** the Finance Minister made several announcements related to the economy such as extending the last dates for filing GST returns and income tax returns. The due dates for the Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019, customs clearances and compliance matters under the Customs Act and associated laws were extended to June 2020.

During the **Lockdown Phase 1 (25 March – 14 April),**

- On **25 March** the Modi government announced the world's largest food security scheme for 800 million people across the country. Cabinet Minister Prakash Javadekar announced in a press conference that the ration would be 7 kg every month (which would include wheat for ₹2 (2.5¢ US) per kg and rice at ₹3 (3.8¢ US) per kg.)**.**
- On **25 March** the Uttar Pradesh government banned people from doing the manufacture and sale of pan masala, stating in the order that "spitting pan masala can help in spreading Covid-19". Following this, other states such as Andhra Pradesh, Rajasthan and Gujarat also banned spitting in public places.
- On **26 March** the Finance Minister announced several economic relief measures for the poor’s hunger amidst the lockdown. Pradhan Mantri Ujjwala Yojana beneficiaries will get free cylinders for at least three months. This will benefit over 80 million Below Poverty Line families. The government would expedite payment of the first instalment (₹2,000) due in 2020–21 in April itself under the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN). For the organised sector worker, the government will pay the Employees' Provident Fund (EPF) contributions of both sides for 8 million employees of small companies who earn up to ₹15,000 a month. The rise in the threshold from ₹100,000 to ₹10 million for triggering insolvency proceedings under the Insolvency and Bankruptcy Code (IBC) was done to help MSMEs. State

governments were given various instructions and guidelines such as diverting district mineral funds for health needs relating to the pandemic.

- On **26 March** India participated in the virtual 'Extraordinary G20 Leaders' Summit'. The G20 nations decided to inject over $5 trillion into the global economy to counteract the pandemic's impacts. They agreed to work together, to strengthen the World Health Organisation, develop a vaccine and make it available. They decided to share timely and transparent information, materials for research and development and data. Besides expanding manufacturing capacity for medical supplies, they agreed to ensure smooth flows of critical supplies.
- On **27 March** the Reserve Bank of India (RBI) Governor Shaktikanta Das made several announcements including EMIs being put on hold for three months and reducing Repo Rates. Other measures introduced will make available a total ₹374,000 crore (US$47 billion) to the country's financial system. Delhi government announced that from the 28th they will be providing free food to 400,000 every day.[59] Over 500 hunger relief centres have been set up by the Delhi government.
- On **27 March** the Rajasthan government decided to deduct the salaries of all its officers and employees from one to five days, with the money going into the Chief Ministers Fund.
- On **28 March** the Prime Minister launched a new fund called PM CARES fund for combating coronavirus-like situations.
- On **30 March** it was announced that the UP government would transfer ₹611 crores (US$77 million) to 2,715,000 workers under the MNREGA scheme.
- On **1 April** the RBI announced more measures to deal with the economic fallout of COVID-19. WMA and short-term liquidity were increased to provide relief to state governments; exporters have also been granted some relief in the form of relaxed repatriation limits.
- On **2 April** the World Bank approved US$1 billion emergency financing for India to tackle coronavirus labelled 'India COVID-19 Emergency Response and Health Systems Preparedness Project'.
- On **3 April** the central government released ₹17,287 crores (US$2.2 billion) to different states to help combat coronavirus. The Ministry of Home Affairs approved ₹11,092 crores (US$1.4 billion) for states as relief under the State Disaster Risk Management Fund.
- On **6 April** a 30% salary cut for one year was announced for the President, Vice President, Prime Minister, Governors, Members of Parliament and Ministers. It was also decided to suspend the MPLADS for two years and transfer the money, about ₹7,900 crores (US$990 million), into the Consolidated Fund of India.
- On **8 April** the Department of Expenditure, Finance Ministry, allowed states net market borrowings of ₹320,481 crores (US$40 billion) between April to December. ₹3,000 crores (US$380 million) of funds under the PM Garib Kalyan Yojana were given to over 20 million workers engaged in construction work by the various states and UTs. To provide relief to taxpayers amid the COVID-19 crisis, the government decided to release ₹18,000 crores (US$2.3 billion).

- On **10 April** the Asian Development Bank (ADB) assured India of ₹15,800 crores (US$2.0 billion) of assistance in the COVID-19 pandemic fight.

On **14 April** at 10 am the Prime Minister made a public speech in which he announced the extension of the nationwide lockdown (**Lockdown Phase 2 (15 April – 3 May))**, as well as a calibrated reopening. "From the economy's point of view, the lockdown undoubtedly looks costly right now, but compared to the lives of Indian citizens, it is nothing". A new set of guidelines for the calibrated opening of the economy and relaxation of the lockdown were also set in place which would take effect from 20 April.

- On **15 April** as part of the new lockdown 2.0 guidelines, the Ministry of Home Affairs announced, among other things, that all agricultural and horticultural activities will remain fully functional. Information technology companies can function with 50% staff. The partial list of restrictions would take place from 20 April.
- On **17 April**, RBI announced more measures to counter the economic impact of the pandemic including ₹50,000 crores (US$6.3 billion) of special finance to NABARD, SIDBI, and NHB. Providing more relief to state governments, WMA limits have been increased by 60 per cent.
- On **18 April**, India changed its FDI policy to protect Indian companies from "opportunistic acquisitions" during the COVID-19 pandemic.
- On **20 April** limited economic activity is expected to resume outside of the COVID-19 containment zones. During this selective relaxation of restrictions, numerous activities will remain prohibited such as educational institutions, passenger movement by trains, cinema halls, malls, shopping complexes and gymnasiums. Telangana was the first state to extend the lockdown to 7 May, beyond the national lockdown date of 3 May.
- On **21 April** it was announced that a team from "The Technology Information, Forecasting and Assessment Council" (TIFAC)" under the Department of Science and Technology are preparing a white paper on the revival of the Indian economy. TIFAC has a "mandate to think for the future".
- On **23 April** The Kerala government decided to defer one month's salaries of employees. The government will reduce the salaries of all categories of government employees including teachers, university officers and employees in all PSUs, equivalent to six days' worth of salaries every month.
- On **23–24 April** banks from the Shanghai Cooperation Organisation (SCO) agreed upon a "joint roadmap for economic recovery".
- On **25 April** the Ministry of Home Affairs allowed the re-opening of some shops under certain restrictions. As per the "national directives for COVID-19 management", liquor and other shops would remain closed. These relaxations do not apply to hotspots.
- On **28 April** the ADB approved a ₹10,500 crore (US$1.3 billion) loan to India to combat the pandemic.[93] The Punjab government formed a group of experts for reviving the economy following the pandemic led by Montek Singh Ahluwalia and former Prime Minister Dr Manmohan Singh to provide guidance.

- On **4 May** India went into its third stage of lockdown. The country was divided into various zones (green, orange, red, and containment) and as per the zone, the economy has opened up.
- On **5 May** Maharashtra put a hold on capital works till March of next year and imposed a 67% cut in development spending for 2020–21. This is the largest cut in expenditure since the state was formed.
- On **7 May** in a telephonic conversation with Indian External Affairs Minister, the Minister for Foreign Affairs, Japan "requested cooperation for the resumption of activities by Japanese companies in India." Japan has around 1440 companies in India.
- On **11 May** the Prime Minister, in a meeting with the Chief Ministers, asked the Ministers to each come up with a plan for resuming activity following the third extension of the lockdown on 17 May. The Prime Minister emphasized the need to start reopening the economy, while some of the Chief Ministers had their doubts related to the nature of relaxations.
- On **20 May** the Cabinet of India cleared some proposals for the economic package, including a free food grain package and collateral-free credit for MSMEs.
- On **22 May** the RBI Governor held an unannounced press conference in which he extended the moratorium on loans and cut repo and reverse repo rates among other things. The RBI Governor said that food inflation will be a stressor, but added that the forecast for normal monsoons and positive growth in the next quarter would be positive, and that "the combination of fiscal, monetary and administrative measures will create conditions that will enable a gradual economic revival going forward." RBI also allocated funds for Exim Banks and an extension to SIDBI. The measures were a result of the meeting of the Monetary Policy Committee on 22 May.
- On **25 May** domestic flights resumed with limited operations.
- On **30 May** new lockdown guidelines were announced by the Ministry of Home Affairs which would come into effect in a phased manner from 1 June onwards. Many of the new guidelines "have an economic focus".

On 12 May the Prime Minister, in an address to the nation, said that the coronavirus crisis should be seen as an opportunity, emphasizing domestic products and "economic self-reliance", an *Atmanirbhar Bharat (transl. Self-reliant India)* through an *Atmanirbhar Bharat Abhiyan (transl. Self-reliant India Mission*). The following day the Finance Minister started laying out the details of the Prime Minister's vision which would continue into the next few days. The Finance Minister stated that the aim was to "spur growth" and "self-reliance", adding that, "self-reliant India does not mean cutting off from rest of the world". The law and IT minister, Ravi Shankar Prasad, also said that self-reliance does "not mean isolating away from the world. Foreign direct investment is welcome, technology is welcome self-reliant India translates to being a bigger and more important part of the global economy." Shashi Tharoor called the 'Self-reliant India Mission' a repackaged version of Make in India.

Numerous medical experts and public health specialists believe that India's prolonged, strict national lockdown may have contributed to low infection and mortality rates. However, evaluations after the lockdown have suggested different, since many have called the policy a failure.

When over 360 cases were reported nationwide in March, the Indian government declared the "strictest lockdown in the world." With only a few hours' notice, the population was unable to prepare for the lockdown, which had many unexpected and severe effects, not the least of which was the internal migration issue. Numerous people died on their journey from exhaustion and malnutrition as thousands of refugees left the cities on foot with limited supplies. Those travellers who eventually returned home were occasionally denied entry out of concern for transmission.

The migrant crisis is another example of the lack of realistic planning, which experts have criticised when applied to a country like India. According to Kaushik Basu, a former head economist at the World Bank, India's lockdown was unsuccessful because it caused an unprecedented and uncontrollable mass movement of people around the nation who were frantically attempting to get home since they had no other option.

The pandemic and lockdown severely damaged and crippled the already faltering economy of the nation, and soon after the government started gradually loosening its restrictions to encourage economic activity despite the sharp increase in cases. An increase in new instances has unavoidably resulted from the subsequent return of migrants and the restarting of other social and economic activities.

Graphs 4 and 5 show how, in contrast to other nations like the UK, restrictive measures in India such as lockdown, the ban on international and domestic travel, and the closure of most companies aside from those providing critical services have not resulted in a decrease in instances. Therefore, it is untrue to claim that the lockdown has caused a low CFR(Case Fatality Rate).

POST COVID

(i) How has COVID affected the reserve army?

Marx did not directly use the word "reserve army," but rather "industrial reserve army" or "relative surplus population." Since employed workers must compete with jobless and underemployed workers for the available positions, the existence of a reserve army helps to discipline labour and restrain its wage demands. The government shutdown's tens of millions of additional layoffs have undoubtedly increased the size of the reserve army as well as the number of newly poor people lining up outside food banks to apply for unemployment benefits.

The size of the reserve army will depend on both new hires (as some businesses continue to operate, even expand, or attempt to reopen, to return to making profits), as well as new layoffs, and is currently unknown. A recent study by Jose Maria Barrero, Nick Bloom, and Steven J. Davis found that for every 10 layoffs following the COVID-19 shock, 3 new employees were hired. They do, however, predict that 42% of recent pandemic-related layoffs have resulted in permanent job loss, given survey data and historical evidence of how layoffs link to recalls. That implies that the number of unemployed and underemployed workers in the reserve army will keep growing in the upcoming years. As a result, the labour share trend that had already started to decline due to the pandemic will eventually continue to do so.

Large-scale layoffs of workers occurred as a result of the shocks of demonetisation and issues with GST in 2017 and 2018, according to several studies by industry and manufacturing organisations and local reports (Jha, 2019b). In conclusion, the workplace, which has already been rife with numerous and growing vulnerabilities for nearly the entirety of the neoliberal period, evolved into an even more precarious phase at the turn of the last quinquennium, or on the verge of the COVID-19 epidemic. According to the most recent PLFS estimates, out of the roughly 470 million workers, 245 million were self-employed, 170 million were casual workers, and 107 million were regular employees, with median monthly earnings of 8,000, 5,000, and 10,000, respectively. These statistics amply demonstrate the workforce's fragile structure and general vulnerability. According to estimates from the Centre for Monitoring Indian Economy (CMIE), more than 120 million jobs were lost during the first few months following the shutdown, meaning that over one-fourth of the workforce had lost their jobs. The relevant secondary literature and available field studies make it abundantly clear that the workplace has been severely affected, unleashing previously unheard-of vulnerability and insecurity for millions of workers in the context of the pandemic. This is especially true in light of the poorly thought-out lockdown and the overall policy framework to deal with it.

(iii) Covid Capitalism

The phrase "COVID capitalism" refers to how the new coronavirus and capitalism influence and enhance one another. The nexus between capitalism and the capitalist state form as well as the harsh systemic priorities of capitalism—profit over life—have been brutally exposed by COVID-19. To confront the crisis' darker truth—that it is far from an anomaly and that, in the absence of a systemic collapse, we should be ready for a world in which such crises and their effects are a regular part of life—we must pay close attention to this relationship.

The COVID-19 epidemic has brought to light the shortcomings of modern capitalism. The pandemic's impact on public health quickly led to an economic and social crisis. This has immediate effects on daily living as well as local and international production, reproduction, and consumption processes. Furthermore, even if the exploitative tactics of global capitalism were well known before the COVID-19 breakout, the pandemic suddenly magnifies them, dramatically escalating their impact. The COVID-19 crisis makes clear how the exploitation of the world's working classes based on race and gender is at the core of modern capitalism. Pre-existing racial, gender, and class inequities have been starkly exposed. The systemic pressure of paid and unwaged social reproduction has also significantly exacerbated the trail of human misery and death that has been developing. The COVID-19 dilemma also serves as a sharp reminder of how the capitalist global food system's shortcomings have left people vulnerable to zoonotic diseases. Through its causes and consequences, the coronavirus crisis is a crisis of capitalism. The pathologies of the wider social structure are becoming visible thanks to a microscopic pathogen. It is not a "natural" crisis in this sense; rather, it is a crisis caused by nature that has been heavily influenced by capitalism.

At least three serious problems are currently affecting capitalism. All of this is taking place against the backdrop of a climate crisis that cannot be resolved by "business as usual," which has been sparked by a pandemic-induced health crisis that has quickly sparked an economic crisis with unknowable implications for financial stability. The COVID-19 problem is highlighting further weaknesses in our economic arrangements, not the least of which is the growing precarity of employment as a result of the growth of the gig economy and a long-term decline in workers' bargaining power.

(iii) Way Ahead

The current global economic downturn is the most severe since the 1930s Great Depression. This crisis, unlike the Great Depression and the GFC of 2008–2009, cannot be immediately linked to the broken functioning of capitalism. However, even if it is not a capitalist crisis, capitalism is still in crisis. Nevertheless, capitalism will endure this crisis as it has prior. Typically, changes to capitalism's underlying structures take time. But they may and do alter over time, particularly in response to important historical events like wars, economic crises, and perhaps pandemics.

In contrast to recent decades, the state will become a more important actor in post-Covid-19 capitalism. To a greater extent than in the years before the GFC, central banks have turned to increasingly unconventional, expansionary monetary policies. Governments have started expanding their budget deficits and will keep doing so to achieve this same goal. Regardless of how quickly the global economy bounces back from the crisis, longer-term factors — such as the threat of new pandemics, the need to mitigate or adapt to climate change, or, in the "old" advanced capitalist economies, the need to level the playing field against Chinese state-backed companies — will continue to put pressure on governments to maintain or increase their current levels of state intervention.

CONCLUSION

More than just the affected people's health, Covid-19 has had an impact on society. At its root, it has an impact on both society and the economy. The pandemic's effects are severe and distinct in each nation. It is likely to raise economic expenses for different countries and widen global inequities. The pandemic has disturbed people's life and had an impact on global trade and transportation. The pandemics are currently having a severe impact on the manufacturing industry. The disease has slowed down several companies and sectors, including the tourism, pharmaceutical, solar, information, and electronics industries. Short-term difficulties have included the decline in tourism and entertainment, and long-term effects include trade and investment interruptions. The healthcare, economic, and social sectors are all significantly impacted by the disease. The pandemic presents difficulties for the healthcare sector in terms of disease prevention, diagnosis, and treatment. Patients with additional medical issues are being ignored as a result of the strain the medical system has become to operate under. Doctors' and other healthcare professionals' lives are in grave danger. The medical supply chain is hampered by overcrowded pharmacy stores.

The production of essential goods has slowed down as a result of the lockdown and the potential for disease transmission. A disruption in the product supply chain has resulted in losses for both domestic and foreign enterprises. The market's inadequate cash flow is limiting the economy's revenue growth. Due to industry closures, millions of workers have lost their jobs. The disruption of industrial production has also affected the GDP of several economies.

Numerous changes have had an impact on society. Due to a lack of items, the service sector has been unable to assist customers. Large-scale occasions and sporting competitions have been rescheduled or cancelled to prevent crowds of people. Travelling within the country and abroad has been prohibited, and religious and cultural events have also been cancelled. People have been observed to be under excessive stress as a result of having to keep their social distance from friends, family, and classmates. People's lives have also been impacted by the closing of hotels, restaurants, and movie theatres. Exam delays and class cancellations are only two examples of how the education sector has been impacted.

The pandemic has also led to an increase in inequality, due to an increase in unemployment- in the reserve army. The bad news is that all these negative changes led to the COVID-19 crisis which has exacerbated already existing problems of the economy. But the good news is that we can use the current state of emergency to start building a more inclusive and sustainable economy. The point is not to delay or block government support, but to structure it properly. We must avoid the mistakes of the post-2008 era, when bailouts allowed corporations to reap even higher profits once the crisis was over, but failed to lay the foundation for a robust and inclusive recovery. This time, rescue measures absolutely must come with conditions attached. Now that the state is back to playing a leading role, it must be cast as the hero rather than as a naive patsy. That means delivering immediate solutions, but designing them in such a way as to serve the public interest over the long term.We have the information (theories of Marx), history and experiences of multiple crisis from which we can carefully strategize.

For instance, conditionalities can be put in place for government support to businesses, bailouts should be designed to steer larger companies to reward value creation instead of value extraction, preventing share buybacks and encouraging investment in sustainable growth and a reduced carbon footprint, when it comes to households, governments should look beyond loans to the possibility of debt relief, especially given current high levels of private debt, rethink public-private partnerships etc.

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