

Second coronavirus wave pushes India's middle class toward poverty



Ashish Anand had dreams of becoming a fashion designer. A former flight attendant, he borrowed from relatives and poured his \$5,000 life savings into opening a clothing shop on the outskirts of Delhi selling custom-designed suits, shirts and pants.

The shop, called the Right Fit, opened in February 2020, just weeks before the [coronavirus](#) struck India. Prime Minister Narendra Modi abruptly enacted one of the world's toughest nationwide [lockdowns](#) to stop it. Unable to pay the rent, Mr. Anand closed the Right Fit two months later.

Now Mr. Anand, his wife and his two children are among millions of people in India in danger of sliding out of the middle class and into poverty. They depend on handouts from his aging in-laws. Khichdi, or watery lentils cooked with rice, has replaced eggs and chicken at the dinner table. Sometimes, he said, the children go to bed hungry.

“I have nothing left in my pocket,” said Mr. Anand, 38. “How can I not give food to my children?”

Now a second wave of Covid-19 has struck India, and the middle class dreams of tens of millions of people face even greater peril. Already, about 32 million people in India were driven into poverty by the pandemic last year, according to the Pew Research Center, accounting for a majority of the 54 million who slipped out of the middle class worldwide.

The pandemic is undoing decades of progress for a country that in fits and starts has brought hundreds of millions of people out of poverty. Already, deep structural problems and the sometimes impetuous nature of many of Mr. Modi’s policies had been hindering growth. A shrinking middle class would deal lasting damage.

“It’s very bad news in every possible way,” said Jayati Ghosh, a development economist and professor at the University of Massachusetts Amherst. “It has set back our growth trajectory hugely and created much greater inequality.”

The second wave presents difficult choices for India and Prime Minister Modi. India on Friday reported more than 216,000 new infections, another record. Lockdowns are back in some states. With work scarce, migrant workers are packing into trains and buses home as they did last year. The country’s vaccination campaign has been slow, though the government has picked up the pace.

Yet Mr. Modi appears unwilling to repeat last year's draconian [lockdown](#), which left more than 100 million Indians jobless and which many economists blame for worsening the pandemic's problems. His government has also been reluctant to increase spending substantially like the United States and some other places, instead releasing a budget that would raise spending on infrastructure and in other areas but that also emphasizes cutting debt.

The Modi government has defended its handling of the pandemic, saying vaccinations are making progress and that signs point to an economic resurgence. Economists are forecasting a rebound in the coming year, though the sudden rise in infections and India's slow [vaccination](#) rate — less than 9 percent of the population has been inoculated — could undermine those predictions.

The heady growth forecasts feel far away for Nikita Jagad, who was out of work for over eight months. Ms. Jagad, a 49-year-old resident of Mumbai, stopped going out with her friends, eating at restaurants and even taking bus rides, unless the trip was for a job interview. Sometimes, she said, she shut herself inside her bathroom so her 71-year-old mother wouldn't hear her crying.

Last week, Ms. Jagad got a new job as a manager at a company that provides housekeeping services for airlines. It pays less than \$400 a month, roughly half her previous salary. It could also be short-lived: the state of Maharashtra, home to Mumbai, announced lockdown-like measures this week to stop the spreading second wave.

If she loses her new job, Ms. Jagad is still the only support for her mother. "If something happens to her," she said, "I don't have the money to even admit her in the hospital."

India's middle class may not be as wealthy as its peers in the United States and elsewhere, but it makes up an increasingly potent economic force. While definitions vary, Pew Research defines middle-class and upper-middle-class households as living on about \$10 to \$50 a day. The kind of income could give an Indian family an apartment in a nice neighborhood, a car or a scooter, and the opportunities to send their children to a private school.

Roughly 66 million people in India meet that definition, compared with about 99 million just before the pandemic last year, according to Pew Research estimates. These increasingly affluent Indian families have drawn foreign companies like Walmart, Amazon, Facebook, Nissan and others to invest heavily in a country of aspirational consumers.

Anil G. Kumar, a civil engineer, was one of them. Around this time last year, he and his family were about to buy a two-bedroom apartment. But when last year's lockdown hit, Mr. Kumar's employer, a construction chemicals manufacturer, slashed his salary by half.

"Everything turned turtle within a few hours," he said. Three months later, his job had been eliminated.

Now Mr. Kumar spends his days in his home in a working-class neighborhood in the western part of Delhi, searching for jobs on LinkedIn and taking care of his son.

The family's middle-class life is now under threat. They survive on the \$470-a-month salary Mr. Kumar's wife draws from a private university. Instead of holding a big celebration for their son's 10th birthday at a restaurant, which would have cost nearly \$70, they ordered a cake and a new outfit for about one-fifth the cost. Mr. Kumar also canceled his Amazon Prime subscription, which he hadn't used in a while.

“Every day you can’t sit on the laptop,” he said. “At times, you feel depressed.”

India’s middle class is central to more than the economy. It fits into India’s broader ambitions to rival China, which has grown faster and more consistently, as a regional superpower.

To get there, the Indian government may need to address the people the [coronavirus](#) has left behind. Household incomes and overall consumption have weakened, even though the sales of some goods have increased recently because of pent-up demand. Many of the hardest hit come from India’s merchant class, the shopkeepers, stall operators or other small entrepreneurs who often live off the books of a major company.

“India is not even discussing poverty or inequality or lack of employment or fall in incomes and consumption,” said Mahesh Vyas, the chief executive of the Center for Monitoring of the Indian Economy. “This needs to change first and foremost,” he said.

Most Indians are “tired” and “discouraged” by the lack of jobs, said Mr. Vyas, especially low-skilled workers.

“Unless this problem is addressed,” he said, “this will be a millstone that will hold back India’s sustained growth.”

Mr. Anand, the prospective fashion designer, who lives in the industrial hub of Noida in the southeastern Delhi area, found himself at wit’s end during last year’s lockdown. The

family fell behind on the rent. Two months into the lockdown, he collapsed in what he described as a panic attack.

“We did not want to live,” said his wife, Akanksha Chadda, 33, a former operations manager at a luxury retail store who also hasn’t been able to find a job. She sat facing a photograph taken three years ago of her son and daughter sitting on a giant turtle at an amusement park. “I didn’t know if I would wake up the next morning or not.”

The days when they could afford muesli for breakfast and pizza for dinner are gone, said Mr. Anand. On good days, they get some vegetables and banana for the kids.

In January, Ms. Chadda sold their 8-year-old son’s bicycle to buy milk, lentils and vegetables. He cried for a solid evening. But she felt she had little choice. She had already sold her jewelry the month before.

“When you don’t see a ray of hope,” she said, “you lose it.”

[Coronavirus](#)