

# Increasing Inequalities – Implications of Covid-19 Pandemic

Covid-19 pandemic clearly exposed the hallucination of the present model of capitalist development owing to its rampant and ever growing extreme economic inequalities associated with conflicting political and social bearings. Its brutal expression has clearly been seen on the oppressed and poor at the global level in terms of throwing as many as 120 million people additionally into severe starvation crisis. Contrastingly, this is associated with enormous rise in the wealth of billionaires. This serious contradiction is the distinct feature of post-covid scenario. Thus, the harmful weaknesses of the process of development in terms of disappearance of people-centred inclusive growth is obviously shown by the pandemic. This is the tragic consequence of the 'Pro-corporate, Anti-people' Neo-liberal model of development strongly promoted by World Bank- IMF and forcibly imposed on developing countries including India.

## **Covid-19 Pandemic - Inequalities**

The pandemic of inequality is the invariable consequence of the capitalist exploitative system and this has seriously been exposed and aggravated by the covid-19 crisis. Millions of people lost their jobs and compelled to be caught in the vicious circles of poverty and hunger which manifests the hollowness of so called Millennium Development Goals and Sustainable Development Goals. World ignored inequalities too long. The impacts of the global economic collapse have indeed trickled faster to the poor. In this context, UN Secretary General Antonio Guterres delivering 2020, Nelson Mandela Annual Lecture, clearly stated that "the covid-19 pandemic has played an important role in highlighting growing inequalities and exposed the myth that everyone is in the same boat. While we all are floating on the same sea, it's clear that few are in super yachts while many are clinging to the drifting debris". The capitalist system and ever growing extreme inequalities are inseparable. Therefore the concentration of wealth in fewer and fewer hands will be a normal phenomenon. In this context, US is the best example.

Since the beginning of covid-19 pandemic, the combined wealth of US billionaires increased by \$ 637 billion to a total of \$ 3.6 trillion which is more than the entire wealth of 54 countries in Africa continent. During 1980-2018, the wealth of US billionaires increased by 1130% which is 200 times faster than Median wage. Contrarily, their tax obligations decreased by 78%.

During the period of covid-19 pandemic as many as 44 million people lost their jobs. Further, 2 million households have not enough to eat since pandemic. One in 5 African American house-holds are caught in hunger.

The study of World Economic Forum states that the pandemic in 37 countries clearly affected the lives of as high as 82 percent poor households. Entire Asian labour market shows continuous job losses. In fact more than 2 billion people finds their livelihood in informal sector. Among them as high as 80% threatened loss of jobs. Alas, what is the state of lives of majority poor and oppressed! As high as 90% spike in hunger

in Southern Africa and it is 135 % jump in West and Central Africa. This clearly reveals the concentration of poverty in emerging economies.

This tendency is expected to cause disturbances, protests, chaos, struggles. Therefore, the IMF states that the rich countries should come forward for the recovery of emerging economies which requires \$ 2.5 trillion. However, so far less than 100 billion i.e 1% of the required amount received for recovery.

### **Covid-19 Pandemic - Inequalities in India**

On August 8, 2020 the Indian media proudly announced that Mukesh Ambani became 4th richest person in the world. On the same day, in Madhya Pradesh a poor labourer committed suicide along with his three children due to loss of hope of procuring livelihood. The Bloomberg billionaire index states that the Mukesh Ambani's net worth doubled to over \$ 80 billion in 2019. In 5 months of lockdown declaration, he amassed more than \$ 48 billion in net worth.

Since the beginning of covid-19 pandemic, within one year, the investment of Goutham Adani increased from Rs.10,000 crores to Rs. 52,000 crores. His income is increasing @ 72 crores per hour. Which is more or less equal to Amazon. The market value of Adani group increased from Rs. 1,63,666 crore in last year to Rs. 8,51,279 crores in present year.

Oxfam report, 2019, states that "Richest one percent Indians hold more than 4 times wealth held by bottom 70% of population". For the last one decade, the fortunes of billionaires in India increased by 10 times. Moreover during the pandemic period, the wealth of billionaires increased by 35 percent. This clearly shows the aggravation of inequalities by covid-19. This clearly states that the Neo-liberal model of development and associated policies of government resulted in the successful utilisation of covid-19 crisis for the extraordinary benefits of powerful corporate forces.

The wealthy in India started booking private jets to flee the country according to Bloomberg Report. Each one spends Rs.1.5 millions for private jets. The fastest growth of wealth of the rich in the period of covid-19 crisis is also resulted in the rise in the conspicuous consumption. Italy based Lamborghini company and Germany based Mercedes-Benz company have opened their show rooms in Delhi in June 2021, expecting attractive demand for their cars where the former's ex-show room price is Rs. 3.54 crores and latter's 2.43 crores.

### **What is the State and Status of Bottom 70% Population in India?**

The Economic Survey 2021 firmly identifies the issue of lives and livelihoods that are in danger and its clearly exposed by covid-19 pandemic. The International Labour Organisation (ILO) estimates that as many as 400 millions of people who work in the informal sector in India are at risk of falling deeper into poverty. The permanent/regular employment is outdated phenomenon for the last three decades. Therefore most of the salaried people work on contract/temporary basis. Among them, as many as 189 million lost their jobs since April 2020. Only in the month of July, 2008, 25 million people lost their jobs. During the covid-19 pandemic the number of poor increased additionally by 3565%. Thus the seriousness of crisis in the form of economic inequalities reached its peak. One estimate states that imposition of mere 4 percent wealth tax on 953 billionaires generates revenue to the tune of 1 percent of our Gross Domestic Product. The wealth appropriated by the top hundred billionaires in one year period of covid-19

crisis is as high as Rs. 12,97,822 crores. If this amount is distributed to 138 millions of poorest Indians, each one gets the amount to the tune of Rs. 94,045.

However, the simple redistribution of income will not solve the serious challenge of deepening inequalities. The struggles are warranted to root out the economic structures based on inequality.

### **Emergence and Persistence of Distorted Economic Structures in India**

Despite the creation of Planning Commission, relevant Industrial policies as well as Licensing policies to achieve the aim of “Socialist Society” since transfer of power, the distortion entered in the process of development from the beginning. This distortion as well as its danger to the Indian economy is identified by the great Com. Tarimela Nagireddy with his scientific analysis and appropriate evidence as early as in 1970’s in his prominent book ‘India Mortgaged’. The government did not take any measures to rectify distortions by listening to his warnings resulted in the persistent development of distortions resulted in the serious crisis which compelled our state to accept the globalisation model of development imposed by World Bank-IMF on the name of Structural Adjustment Programme in 1990-91. On the name of liberalisation, the economy totally left to the market forces. The role of state restricted to facilitate and strengthen this trend while completely disconnecting itself from the people-centered development. The in-built character of the capitalist growth path is to exclude majority from the process of development and ensure strengthening concentration of economic power in few powerful imperialists, corporate forces to make them wealthy and more wealthy. The state is seriously committed to achieve this end which resulted in the transformation of Indian Economy status from “Mortgaged” to “For sale” with aggressive implementation of Neo-Liberal policies especially for the last 7 years.

The policies, reforms of existing laws and new laws are formulated for the last 3 decades and with accentuated speed for the last 7 years, only under the framework of “Pro-corporate and Anti-people” for the simultaneous achievement of transferring value/wealth to the powerful corporates and throwing majority into precarious conditions of acute poverty.

The liberalised industrial policy, various tax concessions, incentives offered, privatisation of public sector undertakings, along with financial sector reforms, to ensure easy accessibility of credit, writing-off of enormous lakhs of crores of rupees of outstanding bank debt of powerful corporates resulted in the strengthening of domination of powerful corporate forces on our secondary and tertiary sectors. Their intention to raise the relative surplus and its appropriation resulted in the technological advancement, automation, digital revolution, artificial intelligence which throw out tiny, small and medium scale industries which have high employment potential from the industrial field. This process further aggravated by the policies of demonetisation and GST.

This is further strengthened by the state with its fiscal policy, monetary policy and trade policy incorporated in its annual budget in the name of “Ease of Doing Business”. Aggressive form of this tendency can be seen from 2014-15 onwards with the abolition of Planning Commission. The corporate tax is reduced to 22% from 30% for existing firms while for new companies, it is reduced to 15% from 30% to make it ‘minimum corporate

tax in the world'. This is associated with the abolition of wealth tax, dividend tax. Moreover the 'Dispute Resolution Committee' is proposed to relieve the investor from long pending direct tax disputes. The Atma Nirbhar Bharat Abhiyan proposes "Decriminalisation of Company Act" with which majority of compoundable offence sections will be shifted to Internal Adjustment Mechanism to give freedom to the company to commit crimes.

In addition to this there are 100% tax exemptions to investment in infrastructure and Tax Holidays for certain sectors. The writing-off of bank loans sharply increased during 2014-19. Out of Rs. 6.35 lakh crores written-off for the past 15 years, as high as 75% belongs to 2014-19. Many of the willful defaulters are top powerful corporate forces. In the name of bank's inefficiency, they are privatised. Further, the monetary policy adopted will boost the stock market so as to benefit the corporate forces. The trade policy reforms include "Customs Duty Rationalisation" to eliminate exemptions.

Contrarily, no proposal can be seen either in the budget or in the Atma Nirbhar Bharat Abhiyan to protect and promote MSMEs and Informal Sector which is the source of livelihood to more than 80% of the work force. All this thrown informal and MSMEs in critical conditions. Thus, jobless growth is the result for the last 2-3 decades. It is converted into job loss growth in the last 7 years. Thus, the more than 80% our workforce compelled to depend on informal sector for their livelihood. This sector is associated by multiple forms of exploitation based on class, caste, gender and region. The ILO also observes as early as in 2012, that the majority are working under vulnerable conditions. These miserable livelihoods also totally disappeared with the covid-19 pandemic, associated measures including lockdown.

There is increasing rural distress, agrarian crisis and displacement of millions of people due to projects initiated in the name of development including SEZs and Forest conservation etc. Every year, at least 10 million people are compelled to migrate for their survival. The pitiable conditions for millions of migrant workers is clearly exposed by the sudden lockdown declared in March 2020. Oh!..Alas!.. This is the development that we have achieved in the 74 years of Transfer of Power from British to Indian dominant class.

The Covid-19 pandemic exposed the entire gamut of development and emergence of extreme inequalities due to the in-built structures of capitalist growth path with the strong support extended by the State. The simultaneous rise of few Ultra-rich powerful corporate forces and millions of impoverished is possible with the strong mechanism of multiple plunder and loot of the labour, agriculture, forests, natural resources, mineral resources and environment especially from the third world countries where State plays a powerful mediator role. This cruel system could utilise pandemic as plandemic perfectly to accentuate the plunder not only with the existing form but by creating new forms like entering into structures of health.

Therefore, who will eliminate these distortions and stop plunder? This warrants the emergence and consolidation of powerful people's struggles to dismantle existing exploitative system as to erect structures based on equity and people's rights which are free from all kinds of exploitation, discrimination, oppression and violence.