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Atmanirbhar Bharat Rojgar Yojana: A Critical Analysis

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Abstract*:* *The Atmanirbhar Bharat Rojgar Yojana, introduced by the Government of India, is anessential step towards addressing the employment challenges intensified by mention relevant economic factors. Atmanirbhar Bharat Rojgar Yojana (ABRY) is a government resourcefulness aimed at incentivizing employers to hire more workers by providing financial assistance in the form of Employee's Provident Fund (EPF) contributions. Launched in response to the economic challenges posed by the COVID-19 pandemic, ABRY has been advertised as a grave step towards accumulative employment and reviving the economy. This research article critically analyzes the design, implementation, and impact of ABRY, assessing its effectiveness in achieving its stated objectives and addressing the underlying challenges in the labor market and also aims to provide an in-depth analysis of the scheme, exploring its objectives, implementation strategies, and the socio-economic impact on the workforce.*

Keywords: Atmanirbhar Bharat

I. INTRODUCTION

The COVID-19 pandemic has had a profound impact on the worldwide economy, leading to widespread job losses and economic uncertainty. In India, the government responded with various stimulus packages and initiatives to revive economic growth and create employment opportunities. One such initiative is the Atmanirbhar Bharat Rojgar Yojana (ABRY), which was launched in November 2020 to incentivize job creation and promote self-reliance.ABRY Partners is a private equity firm that has established itself as a prominent player in the investment landscape. Founded in 1989, ABRY specializes in making investments in media, communications, and business services sectors. The firm is known for its strategic approach to identifying and acquiring companies with growth potential, aiming to enhance their performance and value with a focus on leveraging industry expertise, ABRY Partners has built a diversified portfolio of investments, encompassing a range of businesses in various stages of development. The firm has demonstrated a track record of successful exits and strategic partnerships, contributing to its reputation within the private equity industry.

Over the years, ABRY has adapted to evolving market conditions and demonstrated resilience in navigating economic shifts. The firm's commitment to operational excellence, coupled with a keen understanding of industry trends, has positioned it as a significant player in the private equity space.

Objective of ABRY:

The primary objective of ABRY is to incentivize employers to hire more workers by providing them with financial assistance in the form of EPF contributions. Under the scheme, the government pays the employer's share of EPF contributions (12% of wages) for new employees hired between October 2020 and June 2021. The scheme is applicable to establishments registered with the EPFO and covers employees earning up to Rs. 15,000 per month.

The ABRY came into effect on October 1, 2020, with the primary goal of stimulating the creation of new job opportunities.

It achieved this by offering financial assistance to employers of enterprises registered with the Employees' Provident Fund Organisation (EPFO).

The scheme specifically aimed to incentivize the employment of individuals, including those who had lost their jobs due to the pandemic.

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It covered employee and employer contributions, equivalent to 24% of earnings, for businesses employing up to 1000 workers.
For larger firms with over 1000 employees, the scheme covered only the employee's EPF payments, equivalent to 12% of salaries.

Eligibility Criteria and Scope:

To understand the eligibility criteria and scope of engagement with ABRY Partners, individuals or entities usually need to contact the firm directly or refer to their official communications, such as their website, offering documents, or press releases. Here's a general overview based on typical practices in the private equity industry:

Accredited Investors: Private equity firms often work with accredited investors, which may include institutional investors, high-net-worth individuals, and certain entities.

Institutional Investors: Pension funds, endowments, and other institutional investors may be eligible to invest in private equity funds managed by ABRY Partners.

Investment Size: The minimum investment size may vary based on the specific fund or investment vehicle offered by ABRY Partners.

Scope:

Investment Sectors: ABRY Partners has historically focused on investments in media, communications, and business services sectors. The specific sectors of interest may vary based on the investment strategy of different funds.

Geographic Focus: The geographic scope of ABRY's investments may depend on the targeted market opportunities and the fund's strategy. Some funds may have a regional or global focus.

Company Size: Private equity firms often target companies of a certain size or stage of development. ABRY may focus on middle-market companies with growth potential.

Investment Structure: ABRY Partners may engage in various types of investment structures, including majority or minority ownership, leveraged buyouts, and growth capital investments.

Exit Strategies: Private equity investments typically have a finite holding period, and ABRY Partners may plan exit strategies such as initial public offerings (IPOs), mergers, or acquisitions.

Operational Involvement: Private equity firms may actively work with portfolio companies to enhance their operational performance and contribute to their strategic direction.

Employees receiving less than Rs 15,000 in EPFO-registered establishments are eligible for the scheme.

Employees who have left their jobs between March 1, 2020, to September 30, 2020, and joined any establishment between October 1, 2020, and March 31, 2022.

Organizations that have registered with EPFO after 1 October 2020 are also eligible to get the benefits in respect of new employees.

Achievements of ABRY:

As of July 31, 2023, the ABRY exceeded its initial employment generation target by enrolling approximately 7.58 million new employees. Some of the key benefits of the Atmanirbhar Bharat Rojgar Yojana are as follows:

1. The government will pay the subsidy for the Provident Fund contributions to the organizations upon hiring new employees.
2. Organizations with less than 1,000 employees will receive the employees' and the employers' share of EPF contribution for the next two years.
3. Organizations with over 1,000 employees will receive the employees’ contribution of 12 per cent alone for the next two years.

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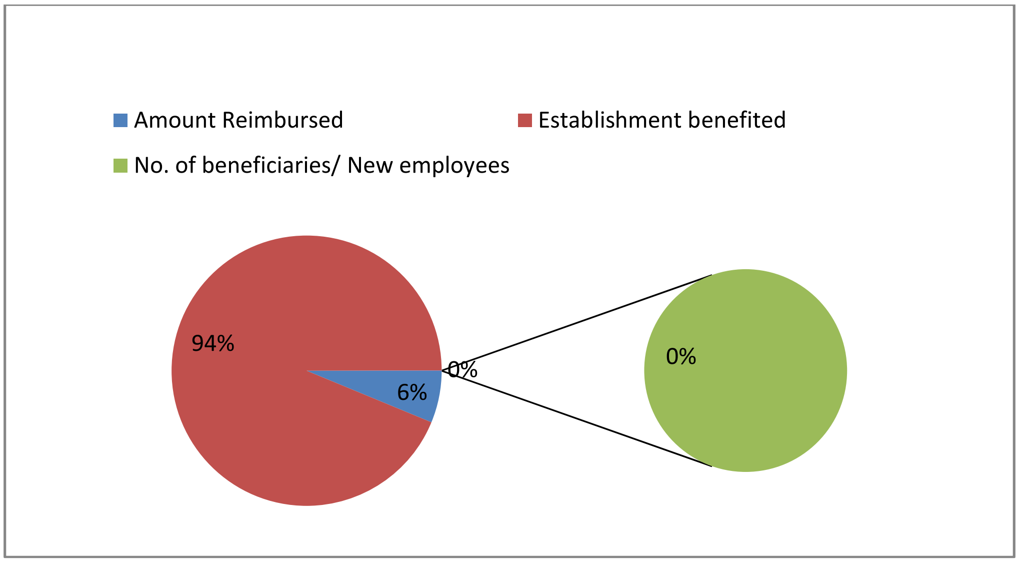
Table no. 01

Aatmanirbhar Bharat Rojgar Yojana (ABRY) A Scheme To Incentivize Employers For Creation New Employment	
Scheme	**(ABRY)**
Amount Reimbursed;	Rs.10138.56 Cr
Establishment benefited	01,52,510cr
No. of beneficiaries/ New employees	60.49 lakh

Sources:-https://labour.gov.in

Chart no. 01



Sources:-https://labour.gov.in

Above table no.01 show that the amount reimbursed amount Rs.10138.56 Cr., Establishment benefited Rs. 01,52,510 Cr. and No. of beneficiaries/ New employees registered near about 60.49 lakh. Hence it's a positive impact of ABRY.

Table 02: Contribution of EPFO in ABRY

Month / age band	Less than 18	18-21	22-25	26-28	29-35	+35	Total	Establishment remitting first ECR in the month
2017-2018	41622	960776	559017	50252	30280	-89007	15929420	38363
2018-19	95076	2342998	1771707	578756	764647	558940	6112223	60884
2019-20	88550	2539598	1771707	882821	1329291	959812	785898	52738
2020-21	71701	2144384	2104166	938363	1190687	1120470	770830	46656
2021-22	75661	2954716	3417889	1661151	13292991	1836225	122346	62535
2022-23	77570	3225927	3624848	158475	2288983	2389494	18851680	55337

Source: EPFO, India MOL & E, GOI 2024.

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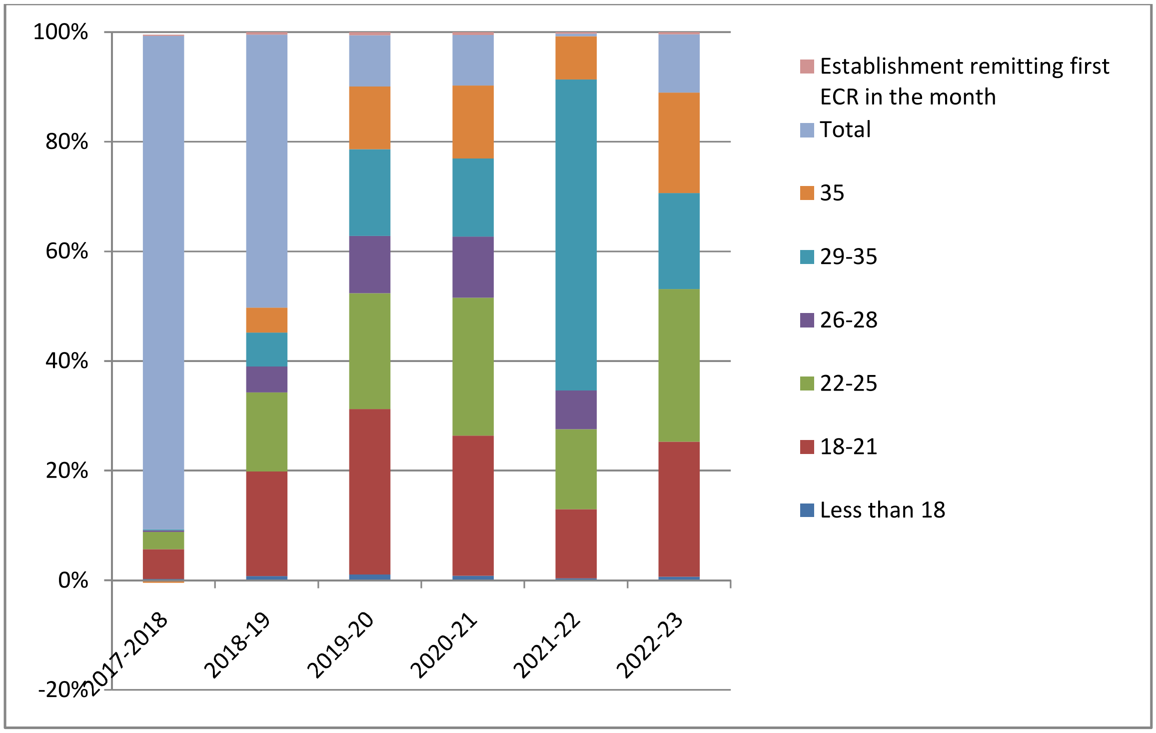
Chart no. 02

Contribution of EPFO in ABRY



Source: EPFO, India MOL & E, GOI 2024.

Above table no.02 show that the contribution of EPFO in ABRY. EPFO payroll contribution from 2017-2018 from September, 2017 ECR 38, 363its compare with after implementation of ABRY scheme in 2020 ECR increase by 52,738. Employee's registration with different age group 1, 59, 29,420 it's compare with after implementation of ABRY scheme in 2020 increased by 1,88,51,680.

Design and Implementation of ABRY:-

ABRY is a demand-driven scheme, meaning that employers need to register new employees with the EPFO to avail of the benefits. The scheme is implemented through the EPFO, which verifies the eligibility of employers and employees and disburses the subsidy amount directly to the employer's EPF account. The subsidy is provided for a period of two years from the date of registration of the new employee, subject to certain conditions.

Design:-

Fund Structure: Private equity firms design different funds with specific investment strategies. ABRY Partners may have multiple funds, each tailored to target particular sectors, regions, or investment sizes.

Investment Strategy: ABRY defines its investment strategy, specifying the industries and types of companies it seeks to invest in. This strategy guides the firm's decision-making process in selecting potential portfolio companies.

Fundraising: The design involves fundraising efforts to attract capital from institutional investors, pension funds, and accredited individuals. The firm outlines the fund's target size, the minimum investment amount, and the expected return on investment.

Team Composition: ABRY assembles a team with expertise in the targeted industries. The team includes professionals with skills in deal sourcing, due diligence, portfolio management, and exit strategies.

Risk Management Framework: Private equity firms design risk management frameworks to identify, assess, and mitigate risks associated with potential investments. This involves evaluating market risks, operational risks, and financial risks.

Operational Enhancement Approach: ABRY may establish strategies for actively engaging with portfolio companies to enhance their operational performance. This could involve providing strategic guidance, implementing cost-saving measures, or facilitating mergers and acquisitions.

Implementation:-

Deal Sourcing: The implementation phase begins with deal sourcing, where ABRY identifies potential investment opportunities. This involves building relationships with investment bankers, industry experts, and other sources to uncover suitable companies.

Due Diligence: ABRY conducts comprehensive due diligence on potential investments. This involves a thorough examination of the target company's financials, management team, market position, and growth potential.

Transaction Structuring: Once due diligence is complete, ABRY structures the transaction, determining the investment size, ownership stake, and terms of the deal. This may involve negotiating with the target company and other stakeholders.

Portfolio Management: After making an investment, ABRY actively manages its portfolio companies. This could include implementing strategic initiatives, supporting management teams, and monitoring financial performance.

Exit Strategies: ABRY develops and executes exit strategies for its investments. Common exit routes include selling to another company, conducting an initial public offering (IPO), or facilitating a merger.

Reporting and Communication: Throughout the investment lifecycle, ABRY communicates with its investors. This includes providing regular updates on fund performance, portfolio company developments, and any strategic changes.

Continuous Evaluation and Learning: Private equity firms engage in continuous evaluation of their investment strategies and performance. Lessons learned from previous investments inform future decision-making and contribute to the refinement of the firm's approach.

Impact and Challenges: The impact of ABRY on employment generation and economic revival is a subject of debate. While the scheme has helped in incentivizing job creation in some sectors, its overall impact has been limited. One of the main challenges faced by ABRY is the limited coverage of the scheme, as it only applies to new employees earning up to Rs. 15,000 per month. This has led to concerns about the exclusion of a large number of workers from the scheme, especially in the informal sector.

Impact:

Economic Growth: Private equity firms like ABRY can have a positive impact on economic growth by investing in and supporting the growth of businesses. This, in turn, can contribute to job creation, innovation, and overall economic development.

Operational Improvement: ABRY may actively work with portfolio companies to enhance their operational efficiency and strategic positioning. This hands-on approach can lead to improvements in business processes and overall performance.

Industry Contribution: Through targeted investments in specific sectors, ABRY may contribute to the development and evolution of industries, fostering innovation and competitiveness.

Value Creation: Successful investments by ABRY can create value for both the private equity firm and its investors. This value creation may be realized through capital gains upon exit.

Portfolio Diversification: For investors, participation in funds managed by ABRY can provide diversification benefits, as private equity investments often have low correlation with traditional asset classes.

Challenges:

Market Volatility: Economic downturns or fluctuations in financial markets can pose challenges for private equity firms. ABRY may face difficulties in exiting investments or achieving expected returns during periods of market volatility.

Exit Challenges: Exiting investments can be challenging, especially if market conditions are unfavorable or if the portfolio company faces difficulties. The timing and success of exits are crucial for realizing returns.

Regulatory Environment: Changes in regulatory environments, both globally and regionally, can impact the operations and investment strategies of private equity firms. Adapting to evolving regulatory frameworks can be a challenge.

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Operational Risks: The success of ABRY's investments may be contingent on effective operational improvements within portfolio companies. If these improvements are not realized, it can affect the overall performance of the investments.

Economic Downturns: Economic recessions or downturns can negatively impact the performance of portfolio companies and, subsequently, the returns generated by private equity firms.

Competition for Deals: Intense competition among private equity firms for attractive investment opportunities can lead to increased deal prices, potentially affecting overall investment returns.

Leverage Risks: The use of leverage in financing acquisitions can enhance returns but also introduces financial risks. Economic conditions affecting interest rates and credit markets can impact the cost and availability of debt.

II. CONCLUSION

In conclusion, Atmanirbhar Bharat Rojgar Yojana is a well-intentioned inventiveness aimed at promoting job creation and self-reliance. However, its effectiveness in achieving these objectives remains questionable due to its limited coverage and implementation challenges. Going forward, there is a need to address these challenges and design more comprehensive and inclusive policies to revive economic growth and create sustainable employment opportunities in India.

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