



AHMEDABAD BRANCH OF WICASA



THE MONTHLY NEWSLETTER



E-NEWSLETTER FOR THE MONTH OF APRIL 2022



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MESSAGE FROM CHAIRPERSON, ICAI AHMEDABAD



I ended my last communication with you by sharing what Swami Vivekananda had said –

“THE GREATEST RELIGION IS TO BE TRUE TO YOUR OWN NATURE, HAVE FAITH IN YOURSELF.”

This message I start with the slogan popularised by Swami Vivekananda "Arise awake and stop not until the goal is reached." Let us focus on our goal.

"Don't be afraid of failure. Be afraid of being in the exact same place this time next year."

My greetings to all of you at the start of the financial year 2022-23! As we bid farewell to FY 2021-22 with the closing of our books of accounts, our WICASA too, has closed its book of events for the month of March on a great note.

THE BIG ACHIEVEMENT for Ahmedabad Branch this time is that with the tireless efforts of our **CCM CA. Purushottam Khandelwal**, under the able guidance of **Vice President ICAI CA. Aniket Talati**- Council has approved the infrastructure project - **ICONIC ICAI Bhawan** in the meeting held on 25th March, 2022.

WICASA has celebrated International women's day celebration week where we had fantastic activities like Biodiversity Walk, Celebrating Woman's Day by Men with a talk show on #BreakTheBias, talk by Dr. Amarjit Singh - Chairman - GujRERA, CA Khushboo Kundalia, Dr. Darshana Thakkar and Prof. Khushbu Chhachhani. We also recognised women's invaluable contribution to the profession and their vital role in encouraging aspiring professionals, and we felicitated Senior Women CAs at the Ahmedabad Branch.

Ahmedabad Branch was more than fortunate to felicitate our **President, CA. (Dr.) Debashis Mitra** and **Vice President CA. Aniket Talati** of ICAI in the esteemed presence of **Chief Minister of Gujarat, Shri Bhupendra Bhai Patel**. History is not the burden of anyone, man or woman alone, but some are called to meet a special share of its challenges; it is this duty, we must discharge it with dignity, determination, and distinction that are widely admired, and we are sure that we shall witness history under their leadership. Leadership is the cement that seals and intact our profession, and it makes meaningful our relationship with the government, regulators, various stakeholders, and businesses. It is fallen to us to tackle turbulence and multiple challenges, we along with all the members across the state of Gujarat are with our leadership.

My heartiest gratitude to TEAM WICASA, for their presence and dedicating IT TOOLS developed by the CA members during the felicitation of the President and Vice President of ICAI. Those members are CA Prasad Akhani, CA Ravi Somani, CA Pratik Kikani, CA Priyam Bhatt, CA Vinit Shah from Baroda, CA Brijesh Mistry. The said tools are available on the Branch's website for the use of members. I urge all our students that if they have developed any IT Tools then they should share the same with us and we will surely take it forward and do the needful.

We attempted for Campus Articles Placement Program (CAPP), but CAPP was not much successful, we will surely try to place it in a better shape next time.

WICASA organised several events, such as Ranker's talk and the Industrial visit to Mundra Port, where students had the perfect blend of knowledge and fun. We even had indoor sports events for the students at Eka Club in association with Hyundai. It was indeed a sporty event with students playing in their best competitive spirits. We even had a "Bank Audit Bang" session taken by eminent speakers-CA Rajan Shah and CA Vedant Parikh at HLCC, and it was indeed a great learning for the students.

With the exams coming up in May, we have even launched Revision lectures, test series – "Pinnacle" where we aim to stand with the students to help them ace their preparations and score well.

We will try to organize more education and research-oriented activities in WICASA- Ahmedabad. Students can play a pivotal role for new ideas and startups; students are also quick learners when it comes to emerging technologies. We will plan for session on the same and we request students to evolve their skills through programs organized by WICASA-Ahmedabad.

Let's value time as the examinations are coming near - "The key is in not spending time, but in investing it." -- Stephen R. Covey

With Best Regards,

CA Bishan Shah

Chairperson, Ahmedabad Branch of WIRC of ICAI

MESSAGE FROM VICE CHAIRPERSON WICASA AHMEDABAD

Dear Friends,

Hey friends... Greetings and Best Wishes for the New Fiscal Year 2022-23!

Ahmedabad Branch of WICASA of WIRC of ICAI is here with the Newsletter of the month. People usually think that what is the need of Newsletter when we have Search Engines. Well, I don't think search engines will provide you with the everything which you want or you need. Those search engines don't provide you with an opportunity to write your thoughts. Well, we are providing you to share your knowledge and enhance your thinking as well as writing skills.

Just a Random thought:

"If everything was perfect, you would never learn and you would never grow."

The above lines convey that we all have some imperfections on which we rarely focus and that IS why we miss an opportunity to remove those imperfections of sharpen ourselves to convert them into perfections and strength. Change is taking place so fast that if we want to survive and succeed then we have to change with change or before change but if we don't change then change will change us. Changes in form of amendments are such now a days that it requires not only to learn new things but also to unlearn and relearn old things. Ahmedabad Branch is to come up with more Webinars & other Initiatives to ensure that Students remain in-tune with the updates and can make the best of the time to sharpen their knowledge and skills base.

WICASA Ahmedabad makes this e-Newsletter every month. We will love to hear your thoughts about it and also contributions are always welcomed. Hereby I take this opportunity to the thank all the contributors for sparing their time. WICASA is a platform for the students and by the students. Hope to get your reviews and a huge number of write-ups next time. Kindly mail your contribution, achievements, etc. on wicasaahmedabad@icai.org. The Editorial Team will publish the best contribution at its own discretion. I extend thanks to the Editorial Team for their hard work to publish this Newsletter.

"If you want something new, you have to stop doing something old."

— Peter F. Drucker

With Best Regards,

Divya S. Jain

Vice Chairperson

Ahmedabad Branch of WICASA of ICAI



MESSAGES FROM MANAGING COMMITTEE MEMBERS

New Year is not about changing the dates but direction; it's not about changing the calendar but commitment; it's not about changing the actions but **attitude**.

May each and every day of yours is renewed with loads of happiness and love.

Wishes for **विक्रम संवत् २०७८**, **New Fiscal Year 2022**, **Cheti Chand and Vaisakhi**.

Hola Amigos,

'The greatest discovery of all time is that a person can change his future by merely changing his **attitude**' -Oprah Winfrey

Positive attitudes always invite positive results. Negative attitudes always invite negative results.

Attitude makes a difference every hour, every day, in everything you do for your entire life.

If you have a positive attitude, you are looking for ways to solve the problems that you can solve, and you are letting go of things over which you have no control of.

Your attitude will decide whether you will discover your potential, develop your abilities, and reach your goals or not.

You see, when you change your attitude, sparks fly in the universe. You're energized. You begin to see new possibilities and opportunities. You move into actions. You achieve extraordinary results!

"When you change your attitude, you change your life!"

Let's be the newer version of our own selves.

Regards,

Jaslin Kaur Dang

Jt. Secretary, WICASA Ahmedabad.



Dear Fellow Readers,

At the start of the financial year, let me share with you definitive purpose and objective of our ICAI motto:



The great Indian philosopher Sri Aurobindo believed in the purposefulness of evolution-life has evolved from matter and then mind has from life. We have been evolving for ages by responding to our respective environments. Evolution always had a purpose to make us better. Our life has a purpose

too. The whole human existence has a purpose. It is evident that the sense of responsibility has inspired and given us a purpose to act, grow and develop. That is to say, behind all development in the past, there has been a sense of responsibility.

This may have been the idea when Sri Aurobindo suggested the Chartered Accountants, our motto-ya esa suptesu jagarti, from arguably the most philosophical of the Upanishadas, *Kathopanishada*. This is part of Lord Yama's response to what soul (atman) is. With this, the philosopher gave this profession a definitive purpose and an objective to exist. Sri Aurobindo had suggested Garuda for our logo and added a perspective to the purpose. We have to understand the professional existence in the light of our motto and logo.

At the outset, for all the students who are appearing for the coming-May attempt:

Give your best, Stay positive, Don't stress out, My wishes for a timely and an effective revision of the curriculum.

Regards,

Neel Thakkar

Hey my dear CA student friends.

The month of April 2022 starting of new financial year 2022-23, and also a month in which WICASA Ahmedabad have wonderful and useful revision series for betterment of students those who will appear for May 2022 examinations.



I cannot do all the good that the world need. But the world needs all the good that I can do. Alone we can't do anything and for every successful event we need a whole team as well as support of co-coordinators. Special thanks to whole team who supported us in Indoor sports and Industrial visit that we had done successfully in March 2022

Also never forgettable support of my guide for any problem CA Bishan Shah Chairperson ICAI Ahmedabad and my friend cum sir and supportive nature CA Chetan Jagetia Chairperson, WICASA Ahmedabad.

So I end my message with one quote, "Helping others is the secret source to a Happy Life."

Regards,

Ashish Parmar

MCM,

Ahmedabad Branch of WICASA.




RULES & FORMAT FOR ARTICLE




Candidates shall submit their Articles on official mail id i.e., wicasaahmedabad@icai.org. The last Date of Submission of articles: 20th of each month and subject of Mail shall be "Article for the Newsletter".




Every candidate is required to mention his/her Name, Registration No., Stage of CA curriculum pursuing, Name of the Firm (if pursuing articleship), contact number, State and topic of Article in the body of mail.



Every candidate is required to attach PDF and WORD File of the Article. Candidates are advised to use Calibri font and font size should remain 12. Article should be of maximum or 1500-2000 words.



Formatting of the article may change in order to bring the uniformity in newsletter. Best Article of the Month will be announced as and when required.



For all the creative minds, if writing is not your cup of tea, you may highlight your creativity skills by sending your art to us. Since, creativity has no fixed parameters so, you can send to us: drawing, painting, poem, photographs and all the art work which is unusual in your way!



Ukraine Russia War: Reason for Conflict and Impact on India; Russia's Power in Gas and Fuels

By: Darshit Maru

"I object to violence because when it appears to do good, the good is only temporary; the evil it does is permanent."

-Mahatma Gandhi

By seeing current situation of Russia and Ukraine, the words of Gandhiji are likely going to be true. Russia has plead some of the matters before Ukraine so as to maintain unity for a longer period as both the countries are more or less from the same origin against which Ukraine's opinion is to run their country independently which is also correct from one side. Hence, this war is for doing well but evilness resulted from it may stay permanent. Let's take first a short view on both the country's history and origins.

Russia, country that stretches over a vast expanse of Eastern Europe and northern Asia. Once the preeminent republic of the Union of Soviet Socialist Republics (U.S.S.R.; commonly known as the Soviet Union), Russia became an independent country after the dissolution of the Soviet Union in December 1991. Russia is a land of superlatives.



Ukraine, country located in Eastern Europe, the second largest on the continent after Russia. The capital is Kyiv (Kiev), located on the Dnieper River in north-central Ukraine. A fully independent Ukraine emerged only late in the 20th century, after long periods of successive domination by Poland-Lithuania, Russia, and the Union of Soviet Socialist Republics (U.S.S.R.)



But, in present time both the neighbor countries are standing on path of war. You all might be aware about the reason behind why Russia and Ukraine have opted a way of violence. But though Let's take a deep view on it and discuss some of the reasons for current conflict of both the countries.

:Reasons for Conflicts:

Reason No. 1: "Russia's attack over Crimea"



It was the matter of **year 2014**, when Mr. Petro Poroshenko was president of Ukraine. Mr. Petro was supporter of Russia at that time. At that time Russia put pressure on president for not making Ukraine as part of European Union as at that time NATO (North Atlantic Treaty Organization) had strong dominating position over the part of European Union. Mr. Petro was favoring the decision of Russian Government but citizen of Ukraine showed full support to be part of European Union and started protesting against Government of Ukraine. As a result Mr. Petro had resigned from his status and a new Interim government had taken over the remaining charge. The same government was in favor to make Ukraine as a part of European Union. Against which Russia offended the decision of Ukraine government and **attacked on "Crimea"**, southern part of Ukraine **through Navy** and also **taken over all part of "Sea of Azov."**

Reason No. 2: "Breach of MINSK Agreement by Ukraine" & Taking out part of "Lugansk" & "Donetsk" by Russia.



From the year 2014 to 2017, both the countries were doing their job peacefully. Also they were entered into an agreement called **"MINSK Agreement"** for maintaining harmony and support to each other where it mentioned that Ukraine assured that dominance of USA and European countries were be minimum over their country where Russia assured for not attacking again on Ukraine. **But in the year 2017**, Ukraine turned back from such agreement and set mind to join "NATO". Against which **Russia had taken part of Lugansk" & "Donetsk"** by sending rebellious people and army and recognizing the same as part of Russia officially. **Now, such region is known as "Donbass Region"**. On 21 February 2022, **Russia has announced Lugansk & Donetsk as independent country**. These are two major reasons behind the conflict between Russia and Ukraine. Now let's discuss some negative impact of such conflict over India in following manner.

:Negative Impact on India:

A) Indian Student Studying in Ukraine



Approx. 18000* Indian students are studying Engineering & Medical courses from institutions situated in Ukraine.

B) Stock Market



Sensex crashed by **2700*** points. Investor had wiped out wealth of **approx. Rs. 7.5 Lakh Cr.***

C) Fertilizer



India imports fertilizer from Russia worth of **Rs. 457 Cr. * approx.** every year.

D) Precious Stones



India imports Precious & Metals from Russia worth **Rs. 6338 Cr. *** every year.

E) Edible Oils



India imports **approx. 2 lakh * to 3 lakh *** tons Edible Oils from different countries out of which 70% Sunflower Oil imported from Ukraine

F) Crude Oils & Gas



Russia is the world's 3rd largest crude oil producer. After the sanction on Russia, the crude oil/natural gas coming into Europe will reduce. India import oils & gas from Europe also.

[*Source: [tradingeconomics.com](https://www.tradingeconomics.com)]

Above are such areas where along with human, an economic issues are also involved. As a part of human concern, government of Indian has already started planning & execution regarding how to reach back our country's students studying in Ukraine. Further government has also started their strategy about how to maintain prices of above prescribed products so as to reduce inflation with in the market and maintaining a regular level of supply with in the economy. Now let's understand some positive impact over India of this war in following manner.

: Positive Impact on India:

A) Impact on Supply of Wheat



Ukraine produces large scale production of wheat. India is on 2nd position in production of wheat. After this conflict, Ukraine will not in position to achieve their export target, **there is opportunity for India to complee global demand of wheat.**

B) Impact on Supply of Medicines



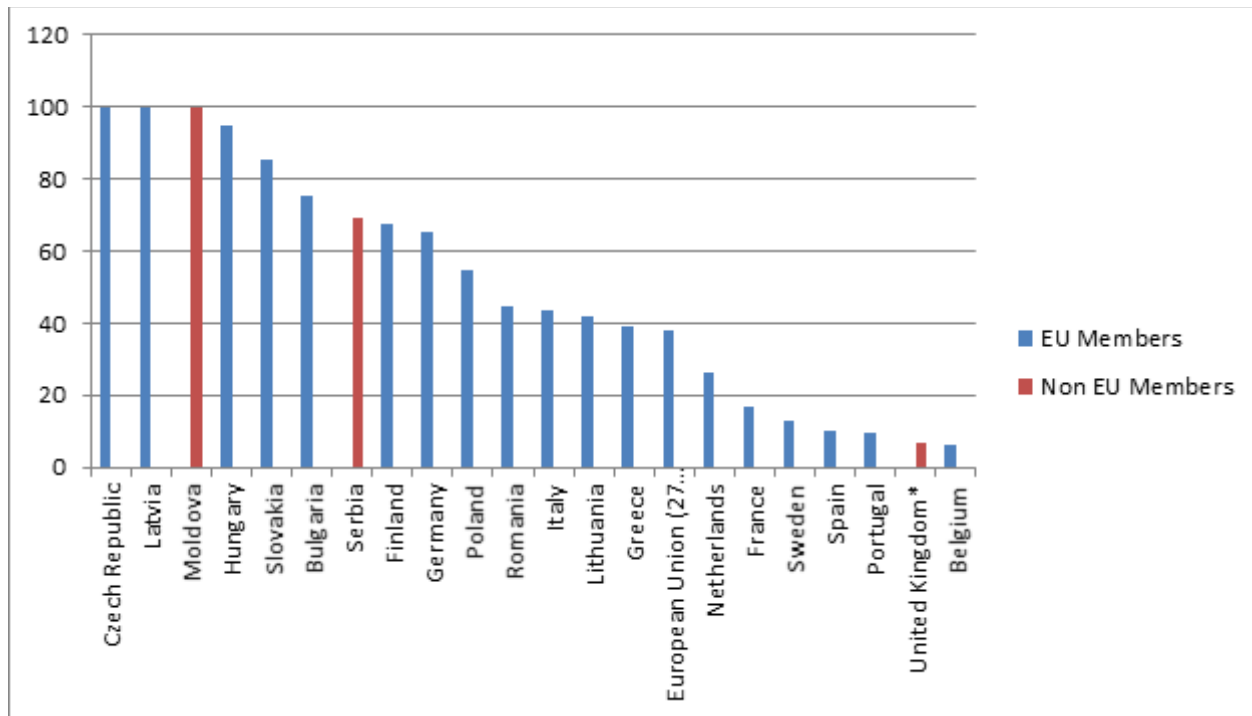
India supplies medicines to Russia of approx. **Rs. 4488 Cr.* to Russia & approx. Rs. 1382 Cr.* to Ukraine.** In this situation demand of medicines countries is on higher level, where India has opportunity to earn foreign exchange in a very great manner.

[*Source: economictimes.indiatimes.com]

In both the above two situation, India is in dominating position and has opportunity to improve value of Indian currency through export. Because apart from Ukraine, India is only country which can afford global demand of wheat. From the view point of medicines, many Indian company exporting medicines to Russia & Ukraine on higher scales. In short India is in very strong position for these two products in this conflict time.

:Russia's Power in Gas & Fuel:

As much as **40% of Europe's natural gas is supplied by Russia.** In short, many countries in Europe are dependent on Russia for imports of natural gas and, to a lesser extent, oil. How much does Europe rely on imports of Russian gas is prescribed with following chart where figures are in percentage manner:



[*Source: Eurostat & Credit: Connie Hanzhang Jin/NPR]

But others especially in central and Eastern Europe, including states once part of the **Soviet bloc are 100% reliant**, or close to it, on Russia for significant natural gas needs. **Russia is the largest oil producer in the non-OPEC countries, and second biggest in the world after Saudi Arabia**, which it overtakes as the world's number one from time to time. Russia owns the biggest [oil shale](#) reserves in Europe equal to 35.47 billion tons of [shale oil](#). More than 80 oil shale deposits have been identified. In short Russia has a very strong position in Gas & Fuel. After the commencement of war, many European countries along with USA have put strict sanction on Russia on purchase of Gas & Fuel. These all countries are looking forward to purchase the same from UAE so as to make negative impact on Russian market.

India has good relation with both Russia & Ukraine. In this tough situation, India trying to be neutral from both the sides where Indian government has also proposed to maintain peaceful relation for Russia & Ukraine by agreeing Treaty of Agreement. Here the biggest point is, in the war of two country approx. 816 civilians including 112 children have lost their life according to The Right Office Report. War is not a solution of any conflict both the parties has agreeing upon mutually decided matters. Main responsibility of their government is to protect their civilians & remove the fear of war. Balanced diplomatic solution is the way out. Certain Politician, Economist, News Reporter, Members of Foreign Diplomats have different point of view about these conflict but to establish win-win situation both the countries has come forward and resolve the conflict in attractive manner. Democracy is also an important & basic element of any country to develop, in this conflict it seems like government has bring back the right of democracy from the civilians of their country because, rather to think about their citizens, both the country is involved to show their powers and trying to dominant another one.

The best solution is that Russia & Ukraine should run their own country independently without taking pressure from another country. After all Russia & Ukraine is neighbor of each other and in any difficult situation, neighbor would be the first one who comes forward for helping out. In short both the country should take decision so as to this war come to an end and maintain peace for longer period of time. This is the correct time for both the countries to correct their image again in front of other countries of the world.



WHAT WENT WRONG WITH PATYM IPO ??

By: **Foram Gandhi**

Paytm Background:

Paytm is a **Financial** service provider that offers various services like recharge, online Payment, sending money, upi payment etc. The company founded in August 2010, when it started as a recharge platform. It later added various verticles.

A few of its business include flight, bus, railway, movie & concert ticket booking, Patym Money, Patym mall, Paytm insurance & etc.

Soft Bank, Ant Financial, AGH Holdings, SAIG Partners, Berkshire Hathway, T Rowe Price & Discovery Capital are the investor of patym.

Highlights of IPO:

Paytm IPO approval to sell new shares worth '**₹12000 crore**' during the second week of June, 2021. IPO size was **₹18,300 crore**; which is one of the **Biggest** IPO in corporate history. IPO open for subscription for the period of 8 November, 2021 to 10 November, 2021.

For the Subscription period & before that Indian investor, brokers & market analysts were have negative thoughts regarding company performance & future viability.

Meanwhile Ashneer Grover ceo of the Bharat pe: gave advice to Policy Bazar ceo that " To List before PAYTM".

Following table shows the subscription rate on closing of bidding date : Particulars Subscription rate
Retail Individual Investor 1.66x
Non-Institutional Investor 0.24x
Qualified Institutional Buyers 2.79x

On the listing date, Patym share listing at a discount of 9% & itself on that date share goes down to 27% (Approx)

Factors of Paytm IPO failure:

1. Overpricing listing:

The biggest factor leading to paytm fallback in the stock market was its excessively overpriced listing. The IPO was issued for ₹2,150/- per share which was overpriced than actual valuation of the company leading to losses. One97 Communication, the parent company wasn't even recording any profits.

2. Increasing Competition & Questionable future of patym:

Paytm Business is very diversified. The major business of paytm is UPI transactions. In last few years, many companies came in this business & success in this business. If look at numbers of transactions, the biggest threat for the company is Phonepay; which constitute 42% of overall UPI transactions of the country. It is followed by other big names such as Google Pay, BHIM & Phone Pay - all together constitute more than 82% of the UPI market in India.

Paytm also in online mall business which is not famous as much as Myntra, Ajio, Amazon, Flipkart - which has already larger market cap in online mall business. Another business of paytm is Paytm first game where people play game online but for playing game need to subscribe the app which is itself barrier, where Winzo Games, MPL & others apps not collect any subscription charges & players win the real cash from it.

Brokerage business (Paytm Money) is also not viable due to ICICI Direct, HDFC Securities, Groww, Zerodha, Money Control etc are the most famous in their business. They provide easy to use application with less brokerage.

In every business of patym different competitors are there which are famous, customer accepted & have large scale business for that reason survival of patym is also questionable.



THE PLAYING FIELDS

How Paytm's competitor set has ballooned over the years
(a non-exhaustive list)



Note: Airtel Payments Bank in 2017 subsumed Airtel Money.

© The Morning Context

(Note : Source-twitter)

3. Bleak prospects of profitability:

The company stands in the big trouble for finances. Since, its inception company has raised equity capital of total ₹190 Billion. From the raised equity capital, company uses 70% portion i.e. ₹132Billion to recover losses of company.

On the other side, the company has entered into various business lines—payment wallet, commerce, investment, insurance, mall, shopping, brokerage etc. Sadly, one of the business divisions exhibits signs of strong financials. The company is burning cash with vague prospects of profitability.

Other points:

Recently RBI banned Patym Payments Bank from onboarding users. The bank has also been directed to appoint an IT audit firm to conduct comprehensive system audit of its IT system. That's another negative news for patym.

After the above news patym share fell around ₹200 in two days & closed on 19.03.2022 at ₹597 i.e. 73% down from its offer price.

Gujarat Budget Analysis 2022 – 23

By: Pratik Maheshwari

Gujarat Finance Minister Kanubhai Desai presented the Rs 2,43,965 crore budget in the State Assembly, on March 3, for the financial year 2022-23.

The special thing about the budget is that no new tax burden has been imposed on the public.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Gujarat for 2022-23 (at current prices) is projected to be Rs 22,03,062 crore. This is a growth of 13.3% over the revised estimate of GSDP for 2021-22 (Rs 19,44,107 crore). In 2021-22, GSDP is estimated to grow at 17.4% over the previous year (at current prices).
- **Expenditure (excluding debt repayment)** in 2022-23 is estimated to be Rs 2,18,408 crore, a 13% increase over the revised estimates of 2021-22 (Rs 1,92,541 crore). In addition, debt of Rs 22,025 crore will be repaid by the state in 2022-23. In 2021-22, expenditure (excluding debt repayment) is estimated to be 3% lower than the budget estimate.
- **Receipts (excluding borrowings)** for 2022-23 are estimated to be Rs 1,82,295 crore, an increase of 12% over the revised estimates of 2021-22 (Rs 1,63,270 crore). In 2021-22, receipts (excluding borrowings) are estimated to fall short of the budget estimate by Rs 4,949 crore.
- **Fiscal deficit** for 2022-23 is targeted at Rs 36,113 crore (1.64% of GSDP). In 2021-22, as per the revised estimates, fiscal deficit is expected to be 1.51% of GSDP, lower than the budget estimate of 1.64% of GSDP.
- **Revenue surplus** for 2022-23 is estimated to be Rs 1,006 crore, which is 0.05% of the GSDP. In 2021-22, the state is estimated to observe a revenue surplus of 0.04% of GSDP, marginally lower than the budget estimate of 0.06% of GSDP.

Policy Highlights

- **Taxation:** VAT on petrol and diesel will be reduced by 4.5% and 7.5%, respectively, reducing the selling price by seven rupees per litre. The

exemption threshold for professional tax on salaries or wages will be increased Rs 5,999 per month to Rs 12,000 per month.

- **Women and Child development:** Suposhit Mata - Swasth Bal Yojana is being launched to provide for free monthly nutritional supplements to pregnant women and lactating mothers. Total budgetary outlay on the scheme is estimated to be Rs 4,000 crore over five years.
- **Support for economic activities:** Interest subvention scheme for short-term loans to livestock owners and fishermen. Five food parks and five seafood parks will be established to boost exports. An international ceramic park will be established at Morbi for creating new export opportunities.
- **Increase in subsidies:** The quantum of assistance under various scholarship schemes, social security pension schemes, and other financial assistance schemes will be increased. For instance, monthly pension to persons above 80 years of age will be increased from Rs 1,000 to Rs 1,250. Assistance paid under Dr. Savita Ambedkar Antarjatiya Lajna Sahay Yojana will be increased from one lakh rupees to Rs 2.5 lakh.

Budget Estimates for 2022-23

- **Expenditure (excluding debt repayment)** in 2022-23 is targeted at Rs 2,18,408 crore. This is an increase of 13% over the revised estimate of 2021-22 (Rs 1,92,541 crore). This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 1,82,295 crore and **net borrowings** of Rs 28,976 crore. Receipts (excluding borrowings) for 2022-23 are expected to register an increase of 12% over the revised estimate of 2021-22. In 2021-22, receipts are estimated to be 3% less than the budget estimates.
- In 2022-23, the state is estimated to observe a **revenue surplus** of Rs 1,006 crore, which is 0.05% of GSDP.

In comparison, in 2020-21, the state observed a revenue deficit of 1.36% of GSDP (Rs 22,548 crore) and, in 2021-22, a revenue surplus of 0.04% of GSDP is estimated at the revised stage.

- **Fiscal deficit** in 2022-23 is estimated to be 1.64% of GSDP which is well within the limit of 4% of GSDP permitted by the central government in Union Budget 2022-23 (of which, 0.5% of GSDP will be made available upon undertaking power sector reforms). In 2021-22, the state has estimated a fiscal deficit of 1.51% of GSDP, significantly lower than the limit of 4.5% of GSDP permitted by the central government (of which, 0.5% of GSDP becomes available upon undertaking power sector reforms).

Expenditure in 2022-23

- **Revenue expenditure** in 2022-23 is estimated to be Rs 1,81,040 crore, which is an increase of 12% over the revised estimate of 2021-22 (Rs 1,62,306 crore). This expenditure includes the payment of salaries, pensions, interest, and subsidies.
- **Capital outlay** in 2022-23 is estimated to be Rs 35,898 crore, which is an increase of 24% over the revised estimate of 2021-22. This includes Rs 1,473 allocated to the capital outlay of education and culture in 2022-23 (an 87% increase over the revised estimates of 2021-22). Capital outlay comprises expenditure towards creation of assets. This includes expenditure on building school buildings, hospitals, and roads and bridges.

Receipts in 2022-23

- **Total revenue receipts** for 2022-23 are estimated to be Rs 1,82,045 crore, an increase of 12% over the revised estimate of 2021-22. Of this, Rs 1,32,645 crore (73%) will be raised by the state through its **own resources**, and Rs 49,401 crore (28%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (16% of revenue receipts) and grants (12% of revenue receipts).

- **Devolution:** In 2022-23, the state estimates to receive Rs 28,418 crore in the form of share in central taxes, an increase of 2% over the revised estimates of 2021-22 (Rs 27,749 crore). While the centre's Gross Tax Revenue is estimated to grow by 9.6% over the revised estimates of 2021-22, Gujarat's share is growing only by 2%.
- **State's own tax revenue:** Total own tax revenue of Gujarat is estimated to be Rs 1,14,883 crore in 2022-23, an increase of 16% over the revised estimate of 2021-22. Gujarat's own tax revenue as a percentage of GSDP is estimated to rise from 4.2% of GSDP in 2020-21 (as per actuals) to 5.2% of GSDP in 2022-23 (as per budget estimate). In 2021-22, there have been significant changes in the estimation of state's own tax revenue and its components in the revised stage, as presented in Table 6 (leading to own tax to GSDP ratio rising from 4.6% at the budget stage to 5.1% at the revised stage).
- **State's non-tax revenue:** In 2022-23, the state is estimated to earn Rs 17,762 crore in the form of state's own non-tax revenue, a 36% increase over the revised estimates of 2021-22. This increase includes Rs 5,045 crore (a 109% increase over the revised estimates of 2021-22) to be earned as social services revenue from departments such as education, medical and public health, and family welfare. In 2021-22, state's own non-tax revenue is estimated to register a decrease of 22% over the previous year.
- In 2022-23, **SGST** is estimated to be the largest source of own tax revenue (46%). SGST revenue in 2022-23 is estimated at Rs 52,692 crore, which is a 23% increase over the revised estimates of 2021-22. Between 2020-21 and 2022-23, SGST is estimated to increase at an annualised rate of 34%. As per the revised estimates, in 2021-22, SGST is expected to be 17% higher than the budget estimate. The state had estimated GST compensation grants of Rs 25,661 crore at the budget stage, which has been revised down to Rs 19,627 crore (including Rs 13,040 crore in the form of back-to-back loan in

lieu of compensation).

- Revenue from Stamp duty and registration fees and taxes on vehicles are expected to register an increase of 26% and 24% over the revised estimates of 2021-22 respectively.

Deficits and Debt Targets for 2022-23

The Gujarat Fiscal Responsibility and Budget Management (FRBM) Act, 2005 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit and fiscal deficit of the state government.

Revenue Balance: It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance its expenses which do not increase its assets or reduces its liabilities. In 2022-23, Gujarat is estimated to observe a revenue surplus of Rs 1,006 crore, which is 0.05% of the GSDP. In comparison, in 2020-21, the state observed a revenue deficit of 1.36% of GSDP (Rs 22,548 crore) and in 2021-22, a revenue surplus of 0.04% of GSDP (Rs 714 crore).

Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities of the state government. In 2022-23, the fiscal deficit is estimated to be Rs 36,113 crore (1.64% of GSDP). This is lower than the limit of 3.5% of GSDP under the FRBM Act for 2022-23. It is also well within the limit of 4% of GSDP permitted by the central government in 2022-23 as per the Union Budget (of which, 0.50% of GSDP will be made available upon undertaking power sector reforms).

As per the revised estimates, in 2021-22, the fiscal deficit of the state is expected to be 1.51% of GSDP, which is lower than the budget estimate of 1.64% of GSDP. It is also lower than the 4.5% limit permitted by the central government in 2022-23 (of which, 0.50% of GSDP to be made available only upon undertaking power sector reforms). In 2020-21, the state estimated a fiscal deficit of 1.78% of GSDP with expenditure (excluding debt repayment). However, as per the actuals presented in 2022-23 Budget, fiscal deficit in 2020-21 was 2.44% of GSDP (well within the 5% limit permitted by the central government in 2020-21). The expenditure (excluding debt repayment) in 2020-21 was 16% lower than

the budget estimate.

Public debt: It comprises liabilities contracted against the consolidated fund of the state and represents the accumulation of borrowing to fund the fiscal deficit. It includes borrowings from markets and financial institutions, and loans from the central government. In 2022-23, the public debt of the state is expected to be 15.88% of the GSDP. The effective interest rate on these loans is expected to be 7.72% in 2021-22.

Other Announcement

The minister announced a complete waiver on professional tax on the middle class who earns a salary up to Rs 12,000 per month. According to the announcement 15 lakh, middle-class taxpayers will get Rs 198 crore relief through this announcement.

As per the Budget announcement, now the senior citizens above the age of 80 years will receive an old age pension of Rs 1250 per month while those above 60 years will get Rs 1000. The PhD students will get financial assistance of Rs 1 lakh. Four thousand villages will also get free wi-fi connections, the FM announced.

An amount of Rs 34,884 crore has been allocated for the education department. Presenting the Budget, FM said that the state government is committed to taking education to a higher level through structured as well as quality infrastructure.

He mentioned that a new national education policy has been formulated for the empowerment of children and youth. He said that the policy emphasises research and innovation, skill-building and employment by ensuring gender equality and school enrollment. The policy will focus on infrastructure, capabilities, smart classrooms, digital learning and laboratories.

The Gujarat government has launched an intensive campaign for the construction of new rooms in primary and secondary schools. Work on 2,500 rooms is currently in progress and the target is to build 10,000 new rooms next year. A provision of Rs 937 crore from the amount of Rs 34,884 crore of the education department has been made for this, the minister announced.

Under the Right to Education Act, a provision of Rs 662 crore has been made for students seeking admission to private schools in the state.

Event in Images



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