

## **ABSTRACT**

Taxation is the major tool for the collection of revenue by the government, to finance various development activities. In India, there are two types of taxes i.e. direct taxes and indirect taxes comprehensively. The structure of indirect taxes in India was based on three lists in the seventh schedule of the constitution of India. These lists were majorly based on the Government of India Act, 1935. The structure of indirect taxes was very complex and inefficient due to changes in technology, situations, etc. As per the requirement and need, the government brings out changes in the tax laws by introducing excise duty, customs duty, service tax, VAT, MODVAT, etc. The introduction of GST could be the result of all these changes made by the government.

The world has given acceptance to GST long ago. The developed nation France was the first country that implemented the same in 1954 and eventually, India has also shown an inclination for GST on 1-7-2017 by implementing GST in its 101<sup>st</sup> amendment in the Constitution of India. It is a comprehensive value-added tax on goods and services. The structure of indirect taxes in India (as existing up to 30-6-2017), which includes taxes like VAT, entertainment tax, luxury tax, service tax, surcharge, etc. merged into GST.

GST was implemented, intending to make the unified and simplified fiscal tax structure of India. The main reason behind the implementation of GST was to amalgamate all indirect taxes into a single tax and creating efficiencies in tax administration.

The handicraft sector of India is extensively scattered all over the country which is majorly affected by GST. This sector is foremost, as it generates employment, foreign revenue from exports, investments, etc. The dominant states for handicraft export in India are Tamil Nadu, Rajasthan, Uttar Pradesh, Karnataka, Jammu, and Kashmir. India is one of the major exporters and producers of handicraft products in the world. Indian handicraft products are exported to more than 100 international markets. This study focuses on exports of handicrafts, as Export is an essential engine of India's economic growth. The present research covers the major components of GST and their effect on the export of handicrafts from Jaipur (Rajasthan)

It also analyses the overall Rajasthan handicraft export performance in the past 6 years, especially focusing on the handicraft export values before and after the implementation of GST.

This research has covered the overview of the GST and has also identified the handicraft products which are being exported from Jaipur.

A comprehensive literature survey was done to obtain information about indirect taxation, tax reforms, GST, and Indian handicraft. Several research papers have been reviewed to understand the effect of GST on the economies of other countries. It was found that very few studies have been done on GST in the handicraft sector of India and the studies on the handicraft sector of Jaipur, Rajasthan showing the impact of GST especially related to exports of handicrafts products were not performed yet.

This study is exploratory and descriptive in nature. The researcher has used two methods (primary and secondary) for data collection. Primary data have been collected through the questionnaire method. The questionnaire has been filled by 150 handicraft exporters who are registered on Exports Promotion Council for Handicrafts in Jaipur. Secondary data have been collected after doing field research in various government departments, councils, and associations. The study has taken the export data of Rajasthan from 2014-15 to 2019-20 i.e. six consecutive years. The collected data have been classified and analysed as per the objectives of the study through various statistical techniques i.e. factor analysis, ANOVA, correlation, multiple linear regression, and paired t-test. In addition to the above, interviews have also been conducted with selected Rajasthan handicraft exporters, association, councils, and artisan to attain more understanding towards the implications of GST.

The present study has developed a research model of GST and a research framework for handicraft exports from Rajasthan (HSN-wise). GST research model has been designed by taking into account various GST factors such as registration, return, rates, ITC, EWB, refund, LUT(Letter of Undertaking)/bond, and RCM which have not been developed and tested earlier by any researcher. After reviewing the various research papers and Government reports, it has been notified that this model has not been used by taking these GST factors. These factors have been identified by sectoral-specific FAQs (Handicrafts, Textiles, Exports, and Transition) of the Central Board of Indirect Taxes and Customs. The research model of GST, measures the impact of GST on the easiness of exporting handicraft products through its identified factors. The research framework has been

developed to compare the impact of the pre and post-GST, in terms of its implementation on the Rajasthan handicraft exports through paired T-test.

The analysis of data shows the positive and significant impact on exporters of handicrafts. This study examines the effects of each GST factor on ease of exports. LUT/bond is the most prominent factor of GST and has a significant and positive impact on the easiness of exporting the handicraft exporters.

The study not only focuses on the Jaipur handicraft but also taken the average handicraft export data of Rajasthan for six years to know the impact of GST on Rajasthan handicraft exports. As Jaipur contributes a significant share in total handicraft exports from Rajasthan state. The findings of this analysis show that there is an increase in the total exports before and after GST implementation. Export of wooden handicraft is highest in total Rajasthan handicraft exports.

Based on the qualitative and quantitative data collected through interviews, it has been noticed that GST has neither put a negative impact on exporter's fiscal performance nor on the supply chain process. All the interviewed association, councils, & artisan also believe that GST is good for the business and suggested some amendments for the improvement in the existing GST structure.

Based on the outcome of the analysis the research concludes that GST has made the exports easier with a reduction in the number of taxes, faster refund of paid IGST, and GST has not made a negative impact on handicraft exports.

The present study provides a better understanding of the impact of GST in the context of easiness of handicraft exports. The outcomes of the study provide valuable information regarding the advantages of GST as a whole for the export of handicrafts. The researcher has tried to contribute to the preparation of the Rajasthan Export Strategy of 2021.

**Keywords:** Goods and Services Tax (GST), Handicrafts, Exports, Handicraft Exporters, Impact, VAT, Taxes, Rates, Regime, Ease of Exports.