

## Chapter 6

### **SIGNIFICANCE, RECOMMENDATIONS, AND FUTURE SCOPE**

The present study explores the impact of GST on handicraft exporters related to the easiness of exports and also comprehensively covers Rajasthan handicraft exports of six years. The last chapter of the thesis confines to showcase the significance, recommendations, and directions for further research. Through this study, future researchers will get a broad perspective of GST and its impact on the handicraft sector.

#### **6.1 Significant Contributions of Research Work**

As GST was implemented in 2017 and it was observed that till the present time no such research model related to GST has been developed and tested. The present study helps to generate some new ideas to improve the existing structure of GST. The contributions of the present study are stated below:

(A) The current study helps to develop the understanding of the goods and services tax and its effect on the handicraft exporters.

(B) The identification of GST constructs and has been used for the development of GST research model which has not been previously developed and tested before this research.

(C) The development of theoretical linkages (i.e., research hypotheses) with their accompanying rationale.

(D) The contribution of the work may be helpful for the exporters on the advantages of GST as a whole for the exports of handicrafts.

(E) The facts and findings of this study may also be proved beneficial to the government in terms of taking important amendments in the policies relating to GST whenever needed. As LUT/bond and return are putting more impact on exporters, GST Council can make developments in GST rules.

## **6.2 Recommendations of the Study**

In the previous tax regime, some handicraft items were exempted from the indirect taxes, since the implementation of GST, these items also have become taxable. This section of the study carries some recommendations that are based on the explored variables. The following recommendations are based upon the findings of the study and the exporter's suggestions.

### **(A) Registration**

The process of registration is simple and the government has also increased the threshold limit of registration. However, the process of cancellation of registration requires some compliances. The registered person has to file a GST Form -16. Before surrendering a GST Number, a registered person should file its all the due returns and make all the payment of taxes including late fees and interest liability. This whole process takes time (30 days). This study suggests that the process of cancellation of GST registration should be fast and simple.

### **(B) Return**

In this mechanism, there are various returns including GSTR-3B, GSTR-1, GSTR-9, etc. This research study has also suggested that the server for filling the GST return should be different for each return including GSTR-3B, GSTR1, annual return. As the due date comes, the server not works properly. This research study has also suggested that there should be one tax return instead of 3B and GSTR1 which contains all the bill-wise details of inward and outward supplies. Handicraft exporters have suggested that the government should implement the new return forms as they are easier than the current return forms.

### **(C) Rates**

In the VAT regime, textile products were exempted. There was no tax on the unstitch cloth products. However, in GST textile products come under the 5% and 12% tax slabs. If the cost is below ₹ 1000 then 5% GST will be applicable, but if the cost is more than ₹ 1000 then 12% GST will be applicable. This study recommended that the GST rates of handicraft products should be reduced. The majority of the exporters say that in the

process of production more labor is involved as compared to the raw material. To sustain the handicraft industry, it is to be advised that GST rates should be charged less and remove the taxes on some items, which were exempted in the previous tax regime. Some of the exporters have recommended that all the handicraft items should have come in one slab instead of four slabs. Currently, in GST there is a total of seven slabs and many items are in the exempted list. To make the GST structure optimal, this research study suggested that there should be minimum tax rates for handicraft products and there should be three tax rate slabs instead of seven tax slabs. The government should rationalise the tax slab structure and inverted duty structure.

#### **(D) RCM**

RCM applies to those transactions which have been carried out from an unregistered GST person. The motive behind the introduction of RCM is to track the unregistered GST person's transaction. It brings transparency in the system. In the present scenario, the government has waived the RCM for some period only. However, it will apply in the coming months. This study has suggested that the government should increase the limit of RCM from ₹ 5000, as in the manufacturing of handicraft items job work is involved so these supplies attract the RCM. Handicraft exporters have also suggested that the rate of RCM should be decreased.

#### **(E) LUT**

LUT is introduced in the GST regime only. Previously exporters were taking the bond from the bank to do the exports. Now, this bond is also made in the same form (RFD-11), that is used for LUT. LUT is generated by the registered person from the GST portal. One LUT is valid for the one accounting period only. The majority of the exporters have suggested that the limit of LUT should be increased from one year to two financial years. It should be applicable for two years instead of one year.

#### **(F) Refund**

GST refund in exports involves two types of refunds such as IGST and ITC refund. The process of the IGST refund is simple, but the process of ITC refund involves more

compliance. In IGST refund, there is no need for filling out a form. However, In the ITC refund, RFD-01 form is to be filled. A copy of RFD-01, and all the purchase bill copies have to be submitted to a respected GST jurisdiction officer. This whole process requires time. This present study has suggested that a simple process of ITC refund should be introduced. Some of the exporters have also suggested that the process of IGST refund should be faster. Exporters have recommended that GSTN should make the proper linkage between the ICEGATE and GST website so that refunds on export invoices will become faster and easier.

### **(G) EWB**

The present limit of a generation of EWB is ₹ 50000 in Rajasthan, but in some states, this limit is up to ₹ 1,00,000. Exporters have suggested that the limit of the E-way bill should be extended to ₹ 1,00,000 or more in Rajasthan. Currently, there is no linkage between the E-way bill portal and the GST network. Details (furnished by the registered person to generate the E-way bill for the physical movement of the goods) should be checked while filing the GST returns including inward and outward supplies. The main objective of the E-way bill is to curb unethical revenue. So, this study suggests that there should be a linkage between the GST network and the E-way bill.

### **(H) ITC**

Exporters pay the taxes on the purchase of goods or render the services from a registered person. Handicraft exporters have suggested a faster process of the unutilised input tax credit, as some of the exporters are taking funds from outside to meet the working capital requirements. As per notification no. 30/2020 issued by the CBEC, a registered person cannot take the ITC of more than 120% reflected in GSTR-2A. This study has suggested that this limit should be increased as some taxpayers do not furnish their returns on time and these invoices are not reflected in GSTR-2A.

### **6.3 Scope for the Future Research Study**

The present study is based on the registered handicraft exporters and has not included any unregistered exporters' data so the scope to conduct the study on the unregistered exporters is open and for making it more specific they may opt the textile/ceramic/wooden products. There are many other ways of measuring the impact, the study has used the ease of export and average handicraft export measures to check the impact of GST on handicraft exporters. Similarly, other studies can also be done by taking the other parameters such as turnover, profits, costs, compliances, etc. The present study has taken only eight factors of GST, which further gives scope to the future researcher to select other factors of GST apart from the exhausted ones. This study is based on the Jaipur handicraft exporters only, therefore, it gives space to the forthcoming researchers who can get the data from the exporters of other states/districts other than Jaipur for their studies. To find out and validate the impact of GST more comprehensively, some more industries except handicrafts may also be explored and researched. The attitude of taxpayers towards the newly implemented indirect tax may be proved one of the interesting research problems for the upcoming researchers.