

Chapter 2

LITERATURE REVIEW

This chapter comprises the reviews and the summaries of the selected research papers and research gaps as well. The researcher has reviewed various studies conducted in India and Abroad for the understanding of the topic. The purpose of reviewing the related literature is to get more understanding about GST, Handicraft, and the impact of GST on different sectors.

2.1 Literature Review

Breen et al. (2000) in their research paper has studied five small businesses (manufacturing, retail, automotive, tourism, and metals). These businesses are selected based on industry sector, size, and geographical location to know the impact of GST implementation and compliance. Researchers further observe that small businesses have more paperwork and compliance of taxation increased, after the implementation of GST. Researchers have collected the data through the interview and response notes. This study concludes that GST put a negative impact on small businesses. The researchers have also noticed that GST compliance cost ranged between \$3331 to \$30140 per business.

Pope, J. (2001) has studied the ways to alleviate the GST compliance cost of small businesses. This study reveals that in other countries the threshold limit is high, so small businesses do not come in that limit. In Australia threshold limit for getting registration under GST is too low, so small businesses including micro-enterprises have to get registered under GST. The Researcher has further observed that the startup cost of these businesses is increased due to GST. This study concludes that the GST put a negative impact on small businesses and also suggested that it requires careful consideration of small businesses while modifying policies. This study interprets that GST payments of small businesses are based on the annual turnover of the business so there are various ways of alleviating the execution of tax compliances like increasing the threshold limit, following the user-pay principle, etc.

Poddar, S., and Ahmad, E. (2009) have discussed the dual GST, taxation of the cross-border transaction, tax base, and rates. They have discussed the proposed goods and services tax in India. In the VAT regime, CENVAT was levied by the center, and VAT was levied by the state. Under a dual GST, it includes two types of taxes that are CGST and SGST. The application of the CGST to all domestic supplies would automatically serve as an audit control for reporting of interstate supplies for purposes of the SGST. The aggregate of the turnovers reported for the SGST must equal with the total turnover reported for the CGST. The researchers have further presented the example of different countries including Australia, Canada, and the EU where GST is applicable as a single tax imposed by the Australian government. In Canada HST (harmonized sales tax) is levied in three out of ten provinces. Similarly, In the EU they focus on minimisation of obstacles in trade business and competition. This paper suggests that Tax should be levied based on the final place of supply and ITC should be fully creditable for avoiding the cascading effect.

Dahal, R. (2010) in his article, discusses the proposed constitutional structure, amendments, and concepts of GST. This research study has mentioned that there is a need of two things first is to meet the goals of new taxation and the second is to focus on the amendments, as per the changes suggested by the states. The researcher has also explained the history of GST. The first paper to discuss GST was first released by the state finance ministers in 2009.

Mohsini, M. (2011) has reviewed the Indian crafts including carpets, jewellery, textile, carved crafts, etc. The researcher has also considered the artisans of modern India and their contributions. This study also discusses a case study related to craft artisans which explores that artisans are radiated all over India.

Ministry of Textiles, Government of India (2012) has mentioned that various textile outputs were exempted and taxes paid on the purchase of textile got blocked in the VAT system. This study forecasts that all the tax on purchases will be rebated with the

introduction of GST. This study also discusses the foreign trade policy related to the textile industry such as focus market scheme, focus product scheme, market-linked focus product scrip, EPCG (export promotion capital goods) scheme, and ECGC (export credit guarantee corporation of India). This report concludes that the textile industry of India will go for the transformation and face competition with another textile producer in the world. If GST is applied uniformly, is likely to address all the major concerns of industry, and entry tax will also be eliminated.

Srivastav, G., and Rawat, P. S. (2012) have discussed the various handicraft products and their place of origin. The researchers also addressed the government's efforts to promote and export handicraft items. This research study finds that Indian handicraft export has shown an increasing trend. The researchers have also focused on three main factors which are vital for the high growth of Indian handicraft exports in the world market which include the availability of labor, raw material, and investment.

Ghose, S. M. (2012) has found that Indian handicraft represents the most important place in the international export market. The researcher has collected the responses from 78 handicraft exporters to find out the problems related to this sector. These problems are infrastructure, tools, technique, subsidy, taxation, credit for export, shipping, licensing, etc. The researcher further discusses the strategies for the government and exporters, to cope-up with these problems. These strategies include making SEZ to boost export, reduce tax rates, faster process of duty drawback refund, technology, infrastructure, customised products, etc.

Kumar, D., and Rajeev, P. V. (2013) have studied the present scenario of Indian handicraft products and explored that this sector demands sustainability. This research paper identifies the various challenges or obstacles while marketing of handicrafts. The researchers further suggest the different marketing techniques to be adopted by this sector for future growth. This study reveals that India has profoundly exported handicrafts in 2007 since past years. India is exporting handicraft products to different countries including the USA, UAE, Italy, etc. This study suggests that the government should

encourage the artisans and train them towards modern approaches to marketing techniques.

Khurana, C., and Paliwal, V. (2014) have discussed the culture and tradition of Jaipur city and also describes the history of handicrafts. The authors assess that artisans and craftsmen work on the traditional technique, they are not much aware of advanced technique and training programs, which are run by the Government. The middleman also makes exploitation and the profit of the small-scale industry is very limited. This study is based on the observation technique of research. This study concludes that government needs to start the promotional and skill development program and also avail the infrastructure facilities (raw- material, water, electricity) for the upliftment of the handicraft sector in Jaipur, Rajasthan.

Bhushan, S., and Din, T. M. U. (2014) have discussed the Indian handicraft industry. This research study is investigative, exploratory, and descriptive as well. The researchers have found that this industry is radiated all over India. This paper concludes that the handicraft sector has a huge potential in the export market and it generates foreign revenue which is very important for the development of the economy. This study also finds that India's share was only 2% in the international export market and China's share was 17% in 2014.

Mir, L. A., and Bhushan, S. (2014) have studied various types of handicrafts manufactured in India. The researchers further explore that Indian handicraft products are exported to more than 100 International markets. The major markets are Germany, the USA, UK, Canada, Japan, France, and the UAE. This study suggests that the Government should make the handicraft market systematic and organised for the competitive international market. The researchers have used analytical and descriptive methods to find out the role and contribution of Indian handicrafts in the Indian economy.

Mawuli, A. (2014) has discussed the impact of GST on individuals, businesses, companies, small-medium enterprises, grassroots businesses, least developed provinces,

national, and provincial governments. The objective of this paper is to know the impact of the GST. This paper is based on the economy of Papua New Guinea (PNG). This country is the most comprehensive underdeveloped country. The researcher recommends that low-income countries require a low rated- GST. This paper shows that many developing countries have a higher GST rate as compare to underdeveloped countries. This paper concludes that GST is not good for underdeveloped countries like PNG. GST is also not provided any broad-based growth and if low-income countries want to implement it then its rate should be less.

Sherawat M., and Dhandu U. (2015) have revealed that GST is a user-friendly and transparent tax system. Researchers have presumed that the GST will give India a world-class tax system by grabbing different treatment upon the manufacturing and service sector with the reduced prices. This study also forecasts that domestic goods will be more competitive in an international market that will extend the export and help the country to reduce the current account deficit.

Ramli, et al. (2015) have found that small and medium enterprise's compliance costs have been increased after the implementation of this new indirect tax. The main objective of this paper is to find out the compliance cost of SMEs after the introduction of GST. This study is exploratory and analytical in nature. The researchers reveal that the SME's administrative and training cost of employees have also increased. This paper concludes that there is a significant relation between GST and compliance costs among SMEs.

Mukherjee, S. (2015) has studied the proposed system of GST. The researcher has identified various obstacles in the formulation of the GST structure. This study also discusses the institutions, which help in the smooth functioning and execution of this new tax system. These institutions are GSTC and GST network. This study finds that the success of this new tax system depends on the implementation of it.

Mukherjee, T., and Sen, S. (2016) have found that GST is a consumption-based tax. This research study is descriptive in nature. The main objective of this research paper is to found the effect of GST on the Indian economy. The researchers conclude that this new tax has an efficient tax structure that will stimulate India's economy.

Bano, R. (2016) has found that the handicraft sector plays a very important role in the development of the economy. This study focuses on the carpet industry and the objective of this study is to find the contribution of the carpet industry to economic development. This research paper is based on secondary data and it has been collected from the district industries center, carpet export promotion council, and associated magazines. The researcher has also analysed the export potential of the Indian carpet sector. The study highlights that in the year 2011-12 India exported carpets worth Rs. 3853.54 crores. The study further states that the share of India was 35% of the world market for carpets in the year 2015. This study observes that there are various obstacles to the development of the carpet industry in India like shortage of electricity supply, advanced technology, wages, lack of awareness about the government programs, etc. This study concludes that the handicraft industry has a very important role in economic development and the Indian carpet industry employs various artisans who live in rural areas.

Kadir, et al. (2016) have revealed that people have less understanding about GST in Malaysia. This is due to the deficiency of knowledge about tax policies. The researchers have used one case study related to the relation between GST and consumption patterns. This research study also discusses other countries' indirect taxation reforms (GST) including India. The researchers conclude that GST has increased the final prices of goods/services and it is less beneficial to poor households. This study also identifies that GST in Malaysia is regressive in nature. It is progressive only when supplies are zero-rated and exempted. This paper suggests that households should make their consumption plan accordingly with increased tax rates and the government should also make GST policies according to local conditions of the country.

Devi, S. (2016) reviews the history of the Indian taxation system, manu smriti system, kautilya's arthashastra on taxation, and GST structure. The objectives of the study are to evaluate the history of tax structure and to do a SWOT analysis of GST. This study is based on the secondary data collected from government reports, newspapers, magazines, and websites. Strengths of GST: reduction in the cascading effect of taxes on production and distribution of goods and services. The researcher presumes that alcohol, real estate, and electricity will be exempted from GST, and it will be based on dual taxation charged by the center and state government. This study forecasts that there is a requirement of a strong network for GST implementation as it will be based totally on IT. It will require a huge investment which will be costly to the government. Opportunities include that it will reduce the transaction cost and will bring transparency to the system. Threats include the interstate supply of goods and services will be treated as an import and IGST will be levied on it. This study concludes that GST would help the government, exporters, customers, importers, etc. The researcher suggests that there is a need for a dispute settlement body on the conflicting recommendation of the goods and services tax council.

Ahmad, et al. (2016) have discussed the implementation of GST in April 2015 in Malaysia. The study reveals that people of Malaysia have less understanding and are confused about the structure of GST and they have drawn a negative perception about it. The objectives of the study are to review the perception and acceptance of the taxpayer towards the implementation of GST. The researcher has collected the data through a questionnaire-based survey, from 256 civil servants of secondary school, Malaysia, and analysed with the help of ANOVA. The study finds a high negative, moderate, positive perception towards the implementation of GST. The majority of the respondents have registered their disagreement with the implementation of GST in Malaysia. The study concludes that the level of awareness of the GST is still not reached at a satisfactory level due to the lack of information on GST and the respondents have a high negative perception. The study suggests that before introducing the GST in Malaysia, the Government should have started the educational program, careful planning, and detailed preparation for it.

Kour, M., et al. (2016) have explained the prime model of GST at both central and state levels. This model is based on dual GST which is the combination of CGST and SGST. They further discuss that certain products like petroleum, liquor, and tobacco will be excluded from GST. SGST will replace the VAT, CGST will replace the CENVAT and service tax. This study has found the gap between the indirect tax system and GST. Researchers also discuss the problems associated with the GST which is related to the IT infrastructure of India and disputes between the center and state over tax distribution. However, GST is structured for the simplification of the indirect tax system in India. Researchers presume that GST will reduce the compliance burden of manufactures, traders, retailers, etc. It will also bring transparency to the system.

Khurana, A., and Sharma, A. (2016) has studied the rate of GST in foreign countries like Singapore, New Zealand, Australia, France, Canada, etc. Researchers have found that New Zealand has only one single rate of tax and Canada has the lowest tax rate which is 5%. This study discusses various reforms in the indirect tax system which include the introduction of VAT, service tax, MODVAT, CENVAT, and CST. The objectives of this study are to examine the benefits, opportunities of GST, and its impact on the economy. Researchers discuss the benefits of GST on various stakeholders (industries, traders, central, and state government). These benefits are the reduction in prices, ITC, simple and easy compliance. This study presumes that GST will remove the unhealthy competition among states, reduce the cascading effect of taxes or double taxation, and bring transparency to the system. This study concludes that GST has a positive impact on FMCG (fast-moving consumer goods) firms, infrastructure companies, small enterprises, and the food industry. This study suggests that for the better implementation of GST, it requires the support of all the stakeholders including central and state government, industries, consumers, etc.

Dani, S. (2016) has estimated the impact of GST on the Indian economy. This study shows the benefit of the proposed GST which includes transparency in business, reduction in prices, increase consumption of goods and services. The researcher suggests that the proposed GST system will succeed only if the country has a strong IT network.

This study presumes that GST will be unfavorable for the telecom sector and real estate. The researcher further discusses the benefits of the inclusion of petroleum products under the GST. The researcher assumes that if electricity comes as a luxury or standard goods under GST the electricity charges will be increased and it will badly affect the economy. The researcher concludes in her research paper that GST will help to remove the inefficiencies which are created by a previous tax regime only if there is a clear consensus over the registration limit, tax rate, etc.

Chabot, J., and McMahon, M. (2017) explore the Canadian indirect tax history and evolution of GST in Canada. The researchers have found in their studies that the European countries are increasing the standard rates of indirect taxes above the threshold limit. This study notices that some of the EU countries including France, Greece, Italy, Norway, Poland, Portugal, and the Czech Republic, have increased their reduced tax rates.

Chouhan, V., Shakdwipee, P., and Khan, S. (2017) have found that there is a lack of awareness regarding GST among small business owners. The objectives of the study are to measure the awareness level of small business owners about the implementation of GST in Rajasthan and also identify the significant variables in the preparation of GST. The study has been conducted on 148 small business owners of 5 cities (Jaipur, Jodhpur, Ajmer, Bhilwara, and Udaipur). The researchers have used the convenience sampling technique in their study. Data have been collected through a survey based on a questionnaire. The researchers have analysed the data with the help of T-Test, ANOVA, and Multiple Regression. This study is based on four variables, training, establishment of GST team, human resource policy, and computer system software. This study has found that small business owners are interested in taking the training of GST instead of reversal of grievances. Most of the small business owners are not willing to accept the implementation of goods and services tax. The study further suggests that government should simplify the system of GST and its tax structure. The researchers presume that GST will improve the revenue to the center and state government.

Dash, G., and Kaushik, V. (2017) discuss the future implications of this new tax. The researchers forecasted that the GST will increase the cash flows, develop the economy, reduce compliances, and cost. This research study is empirical. The researchers have taken two regimes, pre and post-GST regimes, to verify the differences. This study is based on four parameters which include technology, support, convenience, and timeline. The researchers have found that GST is more comfortable and supportive as compared to the previous system. This study also reveals that the timeline variable is not making any significant difference between both the regimes. However, technology is a major hindrance in the execution of GST properly.

Export Promotion Council for Handicrafts (2017) discusses the challenges faced by manufacturer exporters, merchant exporters, buying agents, and job workers. This study is based on primary data which has been collected through a survey based on a questionnaire. This study has been conducted by the export promotion council for handicrafts (EPCH). The 248 sample size has been taken, which includes 130 manufacturer exporters, 24 merchant exporters, 24 buying agents, and 100 job workers. This study has found that 91% of manufacturer exporters and 78% of merchant exporters reported that they are negatively affected by the tax rates of 4 digit HSN code items. Similarly, 88% of manufacturer exporters, 71% merchant exporters, and 65% of buying agents are affected negatively due to the requirement of the LUT (letter of undertaking) for export without paying IGST (integrated goods and services tax). Furthermore, 95% of manufacturer exporters, 96% of merchant exporters, 91% buying agent, and 100% job worker are negatively affected by the process of paying GST at first and claiming the refund after filing the return (GSTR-1). Moreover, 96% of manufacturer exporters are negatively affected by RCM. 96% of the buying agents are negatively affected due to the lack of clarity related to the laws of GST. 89% of manufacturer exporters, 71% of merchant exporters, and 83% of buying agents are affected negatively due to charging GST on invoices for free trade samples. This study also compares the pre and post-GST regimes based on various parameters which include reverse charge/job work, blocking of working capital, and freight charges. This study concludes that GST has decreased turnovers and increased capital expenditure. GST affected the Indian handicraft sector

negatively. This study recommends that the GST rates for Job work (handicrafts) should be reduced to 5%. Furthermore, the tax rate should be 3% for the handicraft products which is exported, an exemption should be given in CTP's (casual taxable person) registration, and a free trade sample should not be included in GST.

Khare, A. K. (2017) in his research paper studies the history of GST and its advantages. The objectives of this paper are to study the impact of GST after its implementation and to compare the earlier tax system with GST. The researcher discusses the working of GSTN (goods and services tax network). GSTN is a non-profit organisation for all the concerned parties relating to the GST. The authorised share capital of GSTN is 10 cr. in which 24.5% shares are held by the central government, 24.5% shares are held by the state government and the rest of the shares are held by the private banking firms for the smooth functioning of the transactions. The researcher has found that the GST is based on a dual model where SGST liability is set off by the credit of SGST and IGST. CGST liability is set off by the credit of CGST and IGST, but in this system, no cross-utilisation of credit of CGST and SGST is allowed. The researcher has also shown the working of GSTC (goods and services tax council) and the role of CBEC (central board of excise and customs). The researcher has used secondary data for knowing the impact of GST on the Indian economy and businesses. This study has shown the various benefit of GST to the Indian Economy and Businesses which includes fewer tax compliances, lower the burden on common man, elimination of distinguishing between the goods and services, removal of a bundle of taxes (VAT, service tax, CENVAT, CST, SAD, excise duty, etc.) and ease of doing the business. This study concludes that GST put a positive impact on the Indian economy and businesses and it will also help in the creation of a smooth market, in addition to the above GST will support the economic growth of the country.

Kumar, A. (2017) has forecasted the future of GST in India. This study also examines the impact of GST in different countries. Canada's government replaced manufactures sales tax (MST) with GST in 1989. Similarly, Australia has implemented GST in 2000. Pakistan has implemented GST (general sales tax). This study has also found that GST was first introduced in 2006 by finance minister P. Chidambaram. Research indicates that

it should be implemented as soon as possible otherwise the economy will be affected negatively. This research discusses the three prime model of GST which includes GST at central, state, and at both levels (means dual GST). This study has observed that countries, where GST is implemented, have a positive impact on their economies.

Gupta, S. et al. (2017) discuss the features of GST and its working globally. Researchers compare GST (India) with other countries based on model, structure, collection of tax, valuation, etc. The objectives of this study are to know the applicability of GST in India and outside India, to examine the relationship between tax systems around the world, and to observe the effects of GST on the economy of India as compared to other countries' economies. The Researchers further identify that the GST rate is 25% in Denmark and Sweden. The study is based on the secondary data collected from the year 2000 to 2015 from government reports, newspapers, magazines, and websites. This study is relevant for the corporate houses, investors, industry communities, researchers, and the government. This study concludes that GST would be significant reform in the indirect tax system in India by merging of central and state taxes into a single tax system. It would remove the effect of double taxation, lead to easier administration, and its enforcement. This study reveals that there are two types of variables, direct and indirect variables which are affected by the GST. Direct variable includes sales tax, service tax, excise duty, and VAT. Indirect variable includes GDP (gross domestic product), planning commission, and constitution of India. The researcher further observes that the ITC (input tax credit) of the center cannot be utilised for the payment of SGST (state goods and services tax) liability. Similarly, the ITC of the state cannot be utilised for the payment of CGST (central goods and services tax) liability. This study also discusses the structure of Indian GST which has two components, one is CGST levied by the central government and the second is SGST levied by state government.

Holla, R. (2017) in this study discusses the characteristics of GST, its tax rates, and threshold limits. The researcher has further explored the strengths, weaknesses, opportunities, and challenges related to GST. The researcher has found that GST puts a positive impression on every sector.

Kumar, P. (2017) has discussed the role of taxation in the development of the economy. This research study concludes that GST is a simple and easy tax as compared to the previous tax system. The researcher has found that goods/services became cheaper after the implementation of GST. This research paper is comparative and descriptive in nature. The researcher has used various factors for comparison between two tax regimes, these factors include tax rates, schemes, transactions, registration number, tax burden, and structure. The finding of this paper highlights that the GST will be benefited for all the stakeholders including both the central and state governments.

Kumar, S. N. (2017) has studied the attitude of professionals towards emerging trends in GST. The researcher further identifies the various restraints faced by the taxpayers and practitioners after the implementation of GST. This study focuses on the attitudes of these parties towards it. The researcher has used one-way ANOVA and correlation techniques to achieve the objectives of the study. The researcher has taken two variables which include GST tax rates and satisfaction level. This study concludes that there is a significant relationship between GST tax rates and satisfaction levels, which indicates that professionals are satisfied with the current GST rates.

Bhika, L. J. (2017) in his research explores the benefits and the hurdles which GST will face after its implementation in India. Researcher also states the need of GST in India due to cascading effects of taxes, non-uniformity of taxes, double taxation, etc. This study is based on secondary data which has been collected through journals, articles, books, and websites. The intentions behind this research are to understand the reasons behind the GST and to know its implementation in a developing country like India. It also forecasts the effect of GST on the manufacturing sector, unorganised sector, and service sector. Electrical goods will be cheaper, textile products like bed sheets, tapestries will be costly as the earlier excise duty was nil and VAT was 5%. Eating in a restaurant will also be cheaper, services will be costly as the GST rate is higher than the service tax rate. The researcher also expects that the FMCG (fast moving consumer goods), durable products will be cheaper and the prices of packed food will become costly. This study concludes

that the goods and services tax will redesign the indirect tax structure which will bring transparency in the market and it will also reduce the burden of the tax.

Lourdunathan, F., and Xavier, P. (2017) have explored the opinions of manufactures, traders, and society about the proposed GST. Researchers have used the exploratory research technique for comparison with the other countries' taxation. The nature of the study is descriptive and is based on secondary data. The proposed structure of GST is based on the electronic system which will reduce corruption and tax evasion. All the things like GST return, refund application ITC claim will be done electronically. Researchers further observe that the efficient formulation of GST will have a positive impact on various sectors which will reduce the black money transaction. However, Government should conduct proper training programs to educate manufacturers, traders, retailers, and consumers. Researchers state some challenges like political pressure, cash flows, working capital, etc. which make the obstacles for the execution of GST. The paper also explains the cascading effects of taxes and the complex structure of the previous tax regime which increases the cost of the final product. This study also states that various barriers in the form of CST and entry tax that hinders the economic growth of the country.

Kankipati, A. (2017) has studied the structural impact of GST on the growth of GDP in India. The researcher has also discussed the Indian tax system and the journey of GST. This research study concludes that the GST would have a positive impact on the growth of the gross domestic product in India. This research study is descriptive in nature. The researcher has found that GST will be benefited to the trader, customer, and Government.

Rizvi, S. N. F. (2017) has discussed the different types of indirect taxes like VAT, entry tax, octroi, excise duty, customs duty, GST, etc. The researcher has found the impact of GST based on registration, tax rate, limits, registration process, etc. The objectives of this study are to know the process of GST, its impact on traders, manufactures, and also on emerging companies. This article also shows the positive and negative impacts of GST on a startup business. The researcher has classified small enterprises based on threshold

limit: below the threshold limit, between the threshold limit, and above the threshold limit. Small enterprises that are below the threshold limit can opt for composition or regular schemes. This study is based on the secondary data which are collected from the NASSCOM, CRISIL, a draft of GST report, reports of the PWC and EY companies, newspapers, and websites. The researcher has also found that the threshold limit for getting the GST is Rs. 20 lakhs in all states except northern states and Rs. 10 lakh in northern states. This study concludes that GST has both positive and negative effects, and presumes that startup businesses would benefit in the long run.

Nisa, S. (2017) has examined the GST implications on foreign business. The researcher has found that the previous tax regime provided lower or no customs duties on imports, who uses these imports further in producing goods that are subsequently exported. However, under GST imports would be subjected to IGST and the additional exemption will not exist. Exports and deemed exports would be treated as zero-rated supply, but supply made to the domestic tariff area (DTA) would be taxable.

Asmuni, S., Yusoff, S., and Ses, N. S. M. (2017) have taken three dependent variables which include awareness, attitude, & understanding, and one independent variable: level of acceptance towards GST. The researchers have found that the acceptance level of GST is more affected by the attitude and awareness of local business communities, but it is very less affected by the understanding level of these communities.

Oberoi, J. (2017) has found that the textile industry shifted towards the organised sector. Import, export, and supply made to SEZ, EOU (textile) shall be considered as interstate supply and it is treated as zero-rated supply. The researcher has found that no tax will be paid if the above supplies are made under LUT/Bond.

Rupa, R. (2017) has described the history of GST in the world. GST was first implemented in France in 1954. Singapore has only a single rate of tax. The standard rate of GST in the world ranges between 15-20%. This study discusses four slabs of GST like 5%, 12%, 18%, and 28%. The author has shown the three models of GST, which include

central GST, state GST, and dual GST. This study is entirely based on secondary sources. This research paper finds some challenges for the implementation of GST in India like IT network and infrastructure. This study infers that GST will improve the functioning of businesses and firms will become more organised as compared to the earlier tax system.

Sankar, R. (2017) has explained the effect of GST on various industries like IT, automobile, financial service, textile sector, pharmaceutical, media, entertainment, cement, and real estate. The objectives of this study are to know the need, importance of GST and find its effects. This study forecasts that GST would not include tobacco, petroleum, and alcohol products. The researcher has estimated that GST will bring transparency to the system and corruption will be reduced. It will merge various indirect taxes and become a single tax. This study is descriptive and exploratory in nature and data is collected through secondary sources like journals, articles, CBEC websites, etc.

Suman, S.(2017) has studied the impact of GST on dealers. This study aims to find out the impact of GST. This research is based on primary data which has been collected from the survey through a questionnaire. The researcher has surveyed the income of the dealers. The researcher has further grouped the dealers according to the turnover of their business. D1: Type 1- It includes those dealers whose annual turnover is less than Rs. 20 lakhs and they do not come in the GST category. D2: Type 2 – It includes those dealers whose annual turnover is in between Rs. 25-75 lakhs. These dealers have opted for the composition scheme. D3: Type 3- It includes those dealers whose annual turnover is in between Rs. 75 lakhs-1.5 cr. These dealers have chosen the regular scheme. D4: Type 4- It includes those dealers whose turnover is above Rs. 5 cr. These dealers have opted for the regular scheme. After analysing the data researcher has found that D1 category dealers are unaware about the GST and D2 composition dealers are highly confused. D3 category includes wholesalers and retailers. They have hired professionals to do the work of GST. D4 category dealers are not affected enough by the implementation of GST. The positive impact of GST includes a reduction in the tax compliances, ease of doing the business, and transparency. Negative impact includes an increase in the compliances, confusion over CTP (casual taxable person), composition scheme over the regular

scheme, an increase of paperwork, and refund of excess ITC. This article infers that dealers have a mixed opinion about GST, so in a general sense, the impact of GST on small-medium enterprises varies from state to state.

Purohit, M. C., and Purohit, V. K. (2017) have studied the three approaches for the estimation of revenue for CGST and SGST. These approaches include the revenue approach, turnover approach, and consumption approach. The researcher collected the data from the various government organisations including the central statistical office, a budget document of the tax research unit, and research centers. This study also discusses the tax GSDP ratio method for estimating the CGST and SGST revenue. Researchers have further discussed that the turnover approach yields the highest revenue in the case of CGST and the tax GSDP method yields the highest revenue in the case of SGST. This study also explains the revenue approach and growth rate method in detail which is based on the trends in the tax yield and CENVAT revenue of different 140 commodities for the period 2002-2008 from CBEC respectively. Thus these revenues projected the revenue from CGST which is based on two rates 8% and 9%. In the buoyancy method, the researchers have taken the CENVAT data of three types of commodities (petroleum product, tobacco product, all products except tobacco and petroleum product) from 1991 to 2007. The researchers have also estimated CGST revenue at two rates 8% and 9%. This study also discusses the turnover approach which is based on the turnover of commodities. The researcher took the data of CENVAT revenue and the input tax credit of 140 commodities for estimating the CGST revenue in the turnover approach. The researchers have further explained the consumption approach which considers the government and household expenditure for the formation of capital and commodities. The researchers interpret that the projected revenue of CGST and SGST is the same because both have the same rates. The researcher has used the same approaches for estimating the SGST revenue. This study concludes that GST would have a positive impact on the tax system and the economy of India due to the lower tax burden and consequent reduction in the prices.

Sreeshma A.S., et al. (2018) have concluded that there is no significant impact of GST on the branded products. This study is based on primary data. The data have been collected by using a questionnaire from 50 selected customers who purchase the branded clothes. The researchers have found that only a few of the customers are changed their brand due to the high price after the implementation of GST. This study helps to understand the impact of GST on branded products and also accommodates to understand the behavior of branded customers about GST implementation.

Al-Dalaien, B. O. A., and Al-Kasasbeh, Y. S. Y. (2018) in their study have found that GST is not a fair tax. This study is based on primary data, collected from the business houses. The researchers have used a one-sample t-test as a statistical tool for the analysis of data. This study concludes that there is no significant impact of GST on business. The researchers suggest that necessary steps should be taken by the government for the simplification of the GST practices. This study finds some problems related to this tax including managing business became difficult after the implementation of GST, threshold limit is not accurate, GST decreases the sales and profits, but it brought transparency in the business.

Rawat, R. (2018) has identified that small sellers have to get registered under GST if they are selling inter-state. The structure of GST rate is ambivalent on raw yarn and GST rate is 5% if the cost of cloth exceeds Rs. 1000 then GST rate will be charged at 12% and if it is less than Rs. 1000 then the GST rate will be charged at 5%. The system of the handicraft is based on multistage. Artisans or small businesses send their products to the middleman and they further sell the items to larger buyers. In the previous tax regime, most products are exempted from tax but in GST they are taxable including kites, needles, broomsticks, kids' toys, raw cloth, etc. This study also discusses the refund procedure of GST is ambiguous. Refund form RFD-01A is available on the GST portal but due to the mismatch found in table 6A of GSTR1, the taxpayer is unable to submit the form. The author has found that a new system of indirect taxes (GST) became an obstacle for traders. This study concludes that the handicraft industry is badly affected by the

implementation of GST and estimates that business of export will become limited as compared to the previous financial year.

Nayyar, A., and Singh, I. (2018) have shown the journey of the Indian indirect tax system since independence. This research study explores the need for GST in India. The researchers have described various foreign models of GST including Canadian, QUEBEC, and Australian. The researchers have also addressed the impact of GST on the economy of India and found that GST will help in the growth of the economy of India.

Rengamani, J. (2018) has explored that there is a significant impact of GST on shipping companies. The researcher has taken five variables to conduct the study which includes awareness level, the applicability of IGST, unavailability of CENVAT credit, coverage, and off-shore market. This research study has used one- way ANOVA statistical test to measure the impact. This study also reveals that maximum respondents are not cleared about anti-profiteering laws of GST.

Kushalappa, S. (2018) has found the impact of GST implementation on the stock market. The researcher has taken five industries which include automobile, FMCG, IT NBFC's, and cement. The researcher has taken five listed companies from each respective industry. This research study explores the behavior of these companies' returns towards the implementation of GST. The researcher has used the one-way ANOVA technique. This study concludes that the implementation of GST has no significant and negative impact on the stock market.

Khan, M. S., and Soni, R. (2018) have concluded that this industry is positively affected by GST. This study is exploratory in nature. The researchers have used paired T-test to measure the impact of GST on Bhiwandi textile. This research study has estimated that the GST will be benefited to the textile industry. This new tax will also help in making it more competitive. The researchers also discuss the textile products manufactured in India and their tax rates.

Dhakan, V., and Yagnesh, D. (2018) in their research paper have found that positive implications of GST on the majority of industries. This study also identifies that only two industries have been impacted negatively by this tax. These industries are gems & jewellery and textile industries. This study is based on primary data and data have been collected from various persons including businessmen, professionals, and students. The researchers suggest that the government should decrease the rates of RCM (reverse charge mechanism). This study also observes that consumers and retailers are involved in the tax evasion process. They usually don't take the GST invoices/ bills. They purchase commodities without bills because they believe that if they take bills, then it will lead to an increase in the final prices.

Shekhar, S. (2019) has found the structural tax reforms in the chronicle of indirect taxation. The researcher has evaluated the implications of GST on various indicators. This paper also discusses the imminent results from its imposition. These indicators are reduction in the black money transactions, increase in the public fund, and decline in the final price of goods and services. This paper concludes that GST will be privileged in long run for the entire nation.

Rajgor, H., and Rakshit, P. (2019) have revealed the history of this new taxation structure. This study also focuses on the benefits and drawbacks related to GST. The researchers have used the term GSTNET which implies the electronic system of return, refund, and payment of taxes. This study infers that GST has a positive impact on the Indian economy.

Borate, S. S., and Ghorpade, N. (2019) have found that the excise duty on cotton fabrics, synthetic textile products has been increased after the implementation of this new tax. The researcher concludes that the effect of GST on textile products depends on how government taxation policies have been introduced and implemented.

Mukherjee, S. (2020) has studied the possible impact of the withdrawal of GST compensation on state finances. This research paper aims to identify the impact of compensation cess withdrawal on the states. Since the introduction of the GST,

compensation cess is levied for five years to make the fiscal balance in the state revenue. As these 5 years' period is going to be completed on 30th June 2022, states are in the uncertainty of cess collections. This research study has found that states have proceeded towards the 15th finance commission to extend the period of compensation cess up to 2024-25. This research paper suggests that there is a need for the proper design of compensation cess structure to balance the fiscal position of the state.

Pandey, M. K. (2020) has compared the value of tax before and after GST on works contract in the construction industry. This research paper finds that the calculation process of tax on works contract is quite simple as compared to the VAT mechanism. The tax amount of works contract is also less in this new indirect tax system. This study concludes that GST put a positive effect on the construction industry.

Jain, E. (2020) explores the implications of GST on various industries individually. This study has found that the pharma, IT, automobile, logistics, entertainment, textile, real estate, and FMCG sectors are positively affected by GST except for the banking sector. The researcher has also found that GST revenue collection has been decreased in December 2019. This research study concludes that the GST system accommodates the business.

Yadav, R., and Yadav, S. (2020) have assessed that this tax structure has been made in a way to increase economic growth. This research paper concludes that GST will bring clarity to the fiscal structure of India. This paper also discusses the problems associated with the previous tax structure. Researchers have appraised the new indirect tax mechanism.

2.2 Summary of Literature Review

The researcher has reviewed a total of 150 research papers to acquire knowledge about indirect taxation, tax reforms, the previous tax system, and Indian handicraft. Among these papers, only 60 papers have been shown in this current research, which has been found most relevant and related to the research problem. The researcher has also taken a

few research papers to measure the impact of GST on the other sectors, and also to develop a better understanding about the effects of the implications of GST.

After having a glance at various research papers, the researcher has found tax reforms have been drawn the attention of researchers both in India and Abroad. Goods and services tax eliminates the double taxation system, which reduces the prices of goods and services, but it also put the tax on some items which were earlier tax-free (exempted) and increases tax rates on low rate tax items. Some of the researchers have found that GST brought transparency in the fiscal structure of India. The GST is positive and supportive for economic development in the long run, whereas some studies have shown the negative implications of GST. Research studies conducted in Malaysia, have found that people of Malaysia have less understanding and confused about the structure of GST and they have a negative perception about it. GST has increased the final prices of goods/services and it is less beneficial to poor households.

Similarly, another study conducted in Australia, has found that paperwork of small business and compliance costs have been increased since the introduction of GST.

The result of some studies showed that the handicraft industry shifted towards the organised sector after the introduction of GST. Import, export, supply made to SEZ, and EOU (Textile) shall be considered as interstate supply and treated as zero-rated supply. No tax will be paid if the above supplies are made under LUT/Bond. Studies show the mixed impact of GST on small-medium enterprises and also it varies from business to business. The results of some of the studies show that the GST is the biggest fiscal tax reform in the history of the Indian indirect taxation system; it builds the nation in the coming time. A few research papers have also discussed the formulation and evolution of GST which is based on the foreign countries' indirect tax model.

Some studies exhibit that the handicraft sector plays a very important role in the development of the economy and provides employment to various artisans who live in rural areas. The results of some research papers show that the handicraft industry is an export-driven industry of India. The handicraft sector has a huge potential in the export market and it generates foreign revenue which is very important for the development of the economy. Some research studies have also discussed the problems faced by the handicraft sector. These problems are infrastructure, tools, technique, subsidy, taxation,

credit for export, shipping, licensing, etc. The researchers have further explained the strategies for the government and exporters and how to cope-up with these problems.

The findings of some research studies show both positive and negative implications of this new indirect tax reform. Out of the literature reviewed, it has been observed by the researcher that almost every study reveals that the GST affects the economy, profits, turnovers, exports, and many other things.

2.3 Research Gaps

From the extensive review of the literature, the researcher found that there is a scope of research in these areas:

1. Studies on GST in various sectors such as textile, shipping, construction, stock market, etc., in India have already been conducted, but only some studies have been done on GST in the handicraft sector of India, and few studies on the handicraft sector of Rajasthan.
2. In the few studies conducted on the handicraft sector of Rajasthan, the component of export in this sector has not been focused upon.
3. It is worth mentioning that the impact of GST on handicraft exporters particularly in Jaipur has not been conducted so far.

The researcher has selected Jaipur (Rajasthan) as the area for the research problem to measure the impact of GST on handicraft exporters.

This second chapter has presented the review of research studies, their summary, and revealed the research gaps. Based on the research gaps, the research problem has been identified. The next chapter discusses the research problem, objectives, hypotheses, and the research methodology for the study.