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# IMPACT OF GST ON HANDICRAFT EXPORTERS[4]

*The research paper is devoted to finding out the impact of Goods and Services Tax on handicraft exporters. With the introduction of GST, people are confused with its implications and this study contributes in making clearness among the people, how GST is positive for them. This study concentrates on the ease of doing export business after the introduction of this new tax. This research paper also focuses on the impact of each GST variable (registration, return rates, input tax credit, letter of undertaking/Bond, refund, e-way bill, and reverse charge mechanism) on handicraft exporters. It is a correlational research study. Simple random sampling has been used. Exporters have been randomly identified from different locations in Jaipur. One-Way ANOVA statistical test and multiple- linear regression analysis have been used. There is a notable effect of GST on Jaipur handicraft exporters. This research paper also revealed that each GST variable has a significant impact on exporters of handicrafts with regard to ease of exports. The results of this research paper can also be useful for future researchers. As GST was introduced in 2017, still no such study has been conducted to measure the implication of this tax on registered exporters. The results of this research paper can be beneficial for the Government, Export Promotion Council of Handicrafts, Exporters, and Taxpayers. This research study has concluded the positive impact of this new tax on exporters of handicrafts.*
*JEL: F1; F23; H20; H21; H25*

## Introduction

Tax is an important source for collecting revenue. The economy of every nation relies on the structure of tax collection. In India comprehensively, there are two kinds of taxes, including Direct Taxes and Indirect Taxes. Direct taxes include income tax, corporate tax, etc. Indirect taxes include custom duty, GST, etc. As the Indian economy is growing, the Indian Government is making changes in the tax structures and policies to compete with the world economy. Goods and Services Tax was first implemented in France in 1954, after this

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implementation, various countries have implemented it. In India, it was implemented in 2017, it is not a sudden evolution, but it is the result of many years of study and strategic planning. The main reason behind the introduction of this tax to eliminate the cascading tax effect, which means a tax on tax.

*GST*

Various indirect taxes have been substituted by this new tax, which includes Central Sales Tax (CST), Value Added Tax (VAT), etc. This new indirect tax came into force from 1 July, 2017. This tax is based on the consumption principle. The GST has its three components, which are given below:

1. CGST stands for Central Goods and Services Tax.
2. SGST stands for State Goods and Services Tax.
3. IGST stands for Integrated Goods and Services Tax.

Basically, GST has four slab tax rates which include 5%, 12%, 18%, and 28%. Recently GST Council has done its 35th GST meeting and various new forms have been introduced for the convenience of the taxpayers (Table 1).

Table 1

GST Forms

| Form | Description | Applicability | Turnover | Time Period |
|---|---|---|---|---|
| GST ANX-1 | Outward Supplies and Inward Supplies attracting RCM | Large Taxpayers | More than5 Cr. | Monthly |
| | | Small Taxpayers | Less than or up to 5 Cr. | Quarterly |
| GST ANX-2 | Inward Supplies | View Simultaneously Only (No Action Required) | | |
| GST RET-01 (Normal) | Outward Supplies (B2B, B2C, Exports, SEZ, Deemed Exporters, etc.) | Large Taxpayers | More than5 Cr. | Monthly |
| | | Small Taxpayers | Less than or up to 5 Cr. | Quarterly |
| GST RET-02 (Sahaj) | Outward Supplies (B2C) | Small Taxpayers | Less than or up to 5 Cr. | Quarterly |
| GST RET-03 (Sugam) | Outward Supplies (B2B, B2C) | Small Taxpayers | Less than or up to 5 Cr. | Quarterly |
| GST PMT-08 | Payment(PMT) of Self-Assessment Tax | All Taxpayers | Less than, More than, or up to 5 Cr. | Monthly |

*Source: Constructed by Authors*

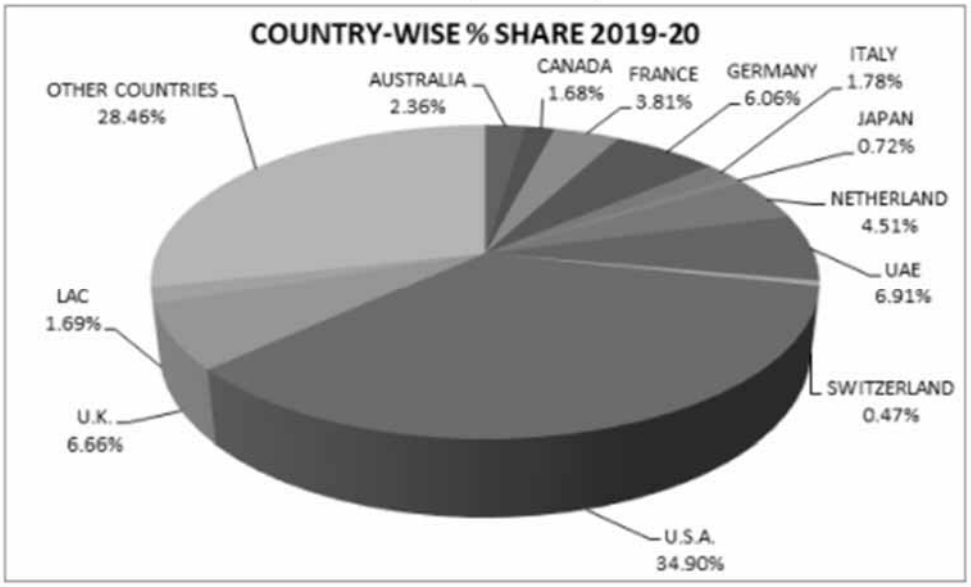
This table shows the different GST forms, which all will be implemented in the financial year 2021. GSTR-3B will be replaced completely by GST PMT-08 in 2021. RET stands for return and ANX stands for annexure.

*Exports of Indian Handicrafts*

Indian handicrafts are exported to various countries, including Australia, Canada, France, Germany, the USA (United States of America), etc. Handicraft export includes art-metal wares, wood wares, hand-printed textiles, embroidered, crocheted items, shawls, paintings, ceramic products, zari goods, imitation jewellery, attars, agarbatis, etc.

Figure 1

Share of Handicraft Exports in Major Countries




*Source: Exports Promotion Council for Handicrafts.*

Figure 1 depicts that Indian handicraft is mostly exported to the USA. The share of Indian handicraft exports is 6.91% in the UAE (United Arab Emirates). Similarly, it is 6.66% in the UK (United Kingdom). India exports its handicraft products all over the world. As per the Exports Promotion Council of Handicrafts (EPCH), India exported 3560.89 cr. more in 2018-2019, as compared to the previous year. In 2017-2018 exports had been reduced by 5.59%, but in 2018-2019 exports of handicrafts have been increased by 15.46%. In the year 2019-2020, it has been decreased again from 25548.97 to 25270.14 (in crores).

*Exports of Jaipur Handicraft*

Jaipur is famous for its tradition, culture, and handicraft. Various handicraft items are exported from Jaipur to different countries, which include tapestry, cushion covers, handmade rugs, umbrella, blue pottery, kantha, quilt covers, silk patola, bandhej, block printing sheets, wooden pen boxes, metal-ware, jewellery, wall hangings, pouf covers, etc.

## Literature Review

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 (Bhushan and Din, 2014). Indian handicraft represents the most important place in the International export market. This study found some problems while doing export. These problems are infrastructure, tools, technique, subsidy, taxation, credit for export, shipping, licensing, etc. The researcher further discussed the strategies for the Government and exporters, to cope-up with these problems (Ghouse, 2012). The researcher considered the artisans of modern India and their contributions. This study also discussed a case study related to craft artisans (Mohsini, 2011). Indian handicraft products are exported to more than 100 International markets. The major markets are Germany, the USA, the UK, Canada, Japan, France, and the UAE. This study suggests that the Government should make the handicraft market systematic and organized for the competitive international market. The researchers used analytical and descriptive methods to find out the role of handicrafts (Mir, Bhushan, 2014). The handicraft sector demands sustainability. This research paper identified the various challenges or obstacles while marketing of handicrafts. The researchers further suggested different marketing techniques be adopted by this sector for future growth. Indian crafts include carpets, jewellery, textile, carved crafts, etc. This research paper explored that artisans are spread all over India. This study reveals that Indian handicraft export was highest in 2007 (Kumar, Rajeev, 2013).

Taxation has a very important role in economic development. The researcher deducted that GST is simple as compared to the earlier tax structure. The researcher found that goods/services became cheaper after the implementation of GST. This research paper is comparative and descriptive (Kumar, 2017). European Countries are increasing the standard rates of indirect taxes above the threshold limit. This study noticed that taxation rates have been increased by some of the European Union countries (Chabot, McMahon, 2013). The researcher discussed the proposed constitutional structure, amendments, and concepts of GST. This research study mentioned that there is a need for two things first is to meet the goals of the new taxation and the second is to focus on the amendments, as per the changes suggested by the states (Dahal, 2010). The researcher discussed the Indian tax system and the journey of GST. The researcher found constructive implications on the growth of the gross domestic product through GST. This research study is descriptive. The researcher found that GST will be benefited to the trader, customer, and Government (Kankipati, 2017). The author forecasted that the proposed system of GST has various obstacles in the formulation of structure. This study also discussed the institutions, which help in the smooth functioning and execution of this new tax system. These institutions are Goods and Services Tax Council and Goods and Services Tax Network. This study found that the success of this indirect tax structure depends on the implementation of it (Mukherjee, 2015). This new tax has an efficient tax structure, which will stimulate India's economy. It is a descriptive study. The objective of this research paper is to focus on the impact of the new indirect tax (Mukherjee, Sen, 2018). Researchers discussed the journey of the Indian indirect tax system since independence. This research study explored the need for GST in India. The researchers described various foreign models of GST, including Canadian, QUEBEC, and Australian. The researcher also discussed the implications of this new tax and found that GST will be helpful in the development of the economy of India (Nayyar, Singh, 2018).

This paper explored that there is a significant impact of GST on shipping companies. The researcher has taken five variables to conduct the study. These variables are awareness level, the applicability of IGST, unavailability of CENVAT (Central Value Added Tax) credit, coverage, and off-shore market. This research study used a one-way ANOVA (Analysis of Variance) statistical test to measure the impact. This study also revealed that the maximum number of respondents are not cleared about the anti-profiteering laws of GST (Rengamani, 2018). People have less understanding of 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. The researchers concluded, that final prices of goods & services have been increased by this tax and it is less beneficial to poor households (Kadir et al., 2016). The researcher identified the various restraints confronted by the registered persons and practitioners after the implementation of this tax. This study also focuses on the attitudes of these parties towards it. This study concluded that there is a significant relation between tax rates and satisfaction levels (Kumar, 2017). The researcher has taken five industries which include automobile, FMCG (Fast Moving Consumer Goods), IT (Information Technology), NBFC's (Non- Banking Finance Corporations), & cement. This research study explored the performance of these companies' returns towards the implementation of GST. The researcher has used a one-way ANOVA technique. This researcher found that there is no significant effect of GST on the Indian stock market (Kushalappa, 2018).

Researchers have taken three dependent variables which include awareness, attitude, and understanding, and one independent variable, which is the level of acceptance towards GST. The researchers found that the acceptance level of GST is more affected by attitude and awareness of local business communities, but it is very less affected by the understanding level of these communities (Asmuni, et al., 2017). The excise duty on cotton fabrics, synthetic textile products has been increased after the implementation of this new tax. The researchers concluded that the effect of GST on textile products depends on how Government taxation policies are introduced and implemented (Borate, Ghorpade, 2019). The majority of industries have a positive impact on this taxation. This study also identified that only two industries have a negative impact. These industries are gems and jewellery, and textile industries. Businessmen, professionals, and students were the target population for this study (Dhakan, Yagnesh, 2018). The textile industry is positively affected by GST. The researchers have used Paired T-test to measure the impact of GST on Bhiwandi textile. This research study found that the GST will be beneficial to the textile industry and this new tax will also help in making it more competitive (Khan, Soni, 2018).

## Summary of Literature Review and Research Gaps

Researchers found from the reviewed literature that almost all research implies that GST impacts the economy, income, turnovers, and lots of various things. The results of some studies indicate both the positive and negative effects of this tax. Some studies have been carried out on the impact of GST on the textile and gems and jewellery sector, but not much research has been done on the handicraft sector as a whole. It has also been found that numerous research had been performed to work out the consequences of GST on various

industries, but as per the researchers' best understanding, none of the studies has been done to determine the impact of GST on handicraft exporters.

## Objective of the Study

This research paper aims to find out the impact of GST on exporters of handicrafts with regard to ease of exports.

## Research Hypotheses

The hypotheses for the impact of GST on handicraft exporters aimed especially on ease of exports, are formulated on the basis of eight factors of GST: Registration, Return, Rates, ITC, LUT/Bond, Refund, EWB, and RCM.

H1: There is a significant impact between registration and ease of exports of handicraft exporters.

H2: There is a significant impact between return and ease of exports of handicraft exporters.

H3: There is a significant impact between rates and ease of exports of handicraft exporters.

H4: There is a significant impact between ITC and ease of exports of handicraft exporters.

H5: There is a significant impact between LUT/Bond and ease of exports of handicraft exporters.

H6: There is a significant impact between refund and ease of exports of handicraft exporters.

H7: There is a significant impact between EWB and ease of exports of handicraft exporters.

H8: There is a significant impact between RCM and ease of exports of handicraft exporters.

The proposed hypotheses are tested through One way ANOVA results and regression results, by comparing $F_{cal\cdot 5\%}$with $F_{table5\%}$, if $F_{cal\cdot 5\%} \geq F_{table5\%}$, then it indicates that each factor of GST is putting a significant effect on the ease of exports. Similarly, it has also been tested by p-value ($\leq .050$) with beta and t values.

## Scope of the Study

The research paper has focused on the handicraft sector of Jaipur. This study has covered an overview of the Goods and Services Tax and Indian handicraft sector. The focus of this study is to find out the impact of GST on exporters of handicrafts. Researchers have taken the exporters, registered on Exports Promotion Council for Handicrafts (EPCH) Jaipur, because as per the best knowledge of researchers, none of the studies has been conducted yet to find out the impact of GST on EPCH Jaipur exporters.

## Methodology

Research methodology this study includes research type, sample size, variables, level of significance, statistical tools, and techniques.

*Nature of Study and Type of Research*

It is a correlational research study for measuring the relationship between GST and its impact on exporters. This research paper is Exploratory and Descriptive.

*Target population and size*

Handicraft exporters registered on Exports Promotion Council for Handicrafts (EPCH) in Jaipur are the target population for this study. The sample size for this study is 40 exporters.

*Variables*

All the variables are self-constructed, including dependent and independent variables, as GST in new tax so; not much study has been done yet.

The independent variable is GST, it has various factors, including Registration, Returns, Rates, ITC (Input Tax Credit), LUT (Letter of Undertaking) /Bond, Refund, EWB (E-way Bill), RCM (Reverse Charge Mechanism). These are the major variables of the GST structure. All the variables are measured by an interval scale. The ease of exports is the dependent variable.

*Measurement of Variables*

All the variables, including dependent and independent, are measured in an interval scale (Likert scale – five-point scale) shown in Table 2.

Table 2

Likert Scale

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

*Source: Constructed by Authors*

*Sampling Technique and Analysis and Interpretation of Data*

Simple random sampling has been used. Exporters have been randomly identified from different locations in Jaipur. One-Way ANOVA statistical test and multiple-linear regression analysis have been used. This has been done using SPSS (version 25) and MS Office-Excel. The level of significance is 5% for this study.

One way ANOVA test has been used in this study, because only one independent variable which is GST and it has more than three-factor groups like registration, return, RCM, ITC, LUT, etc. Similarly, all the data sets are in an interval scale. This test is used to find out a significant relationship between the mean ($\bar{x}$) of the independent variable concerning the mean of a dependent variable. One way ANOVA test has been used to know the impact of the implementation of GST on the Indian stock market (Kushalappa, 2018). The hypotheses

have been tested by using one way ANOVA, whether the impact of GST on ease of exports is significant or not.

Multiple regression analysis is used, where more than two factors of the independent variable are taken towards a dependent variable (Sekaran and Bougie, 2010). In this research paper, multiple linear regression has also been used to find out the percentage of variation in the dependent factor due to independent factors. Multiple linear regression has been taken to measure the impact in terms of percentage.

### *Tools for Collecting Data*

A questionnaire has been used to collect the data. Questions are based on 5 points Likert Scale to collect the interval scale data.

### *Research Model*

The present study is following the quantitative approach for collecting the data through a self-constructed questionnaire with open and close-ended questions. After an extensive literature review, the hypothesis and measurement model have been constructed. This research study measures the impact of GST on exporters of handicrafts in terms of ease of exports.

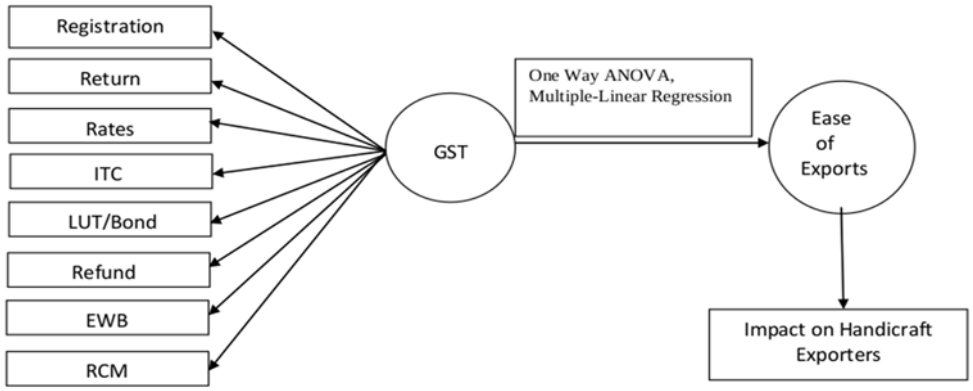
As GST is new taxation, this study seeks the impact of it concerning the easiness of exporting the handicraft products. Researchers have taken the ease of export factor because through this factor, the impact can be measured more clearly and as per the researcher's best knowledge, it has been found that this area is unexplored. Ease of export factor contains the questions/statements which are related to ease of doing business after the implementation of GST. These statements are based on some variables, including cascading reduction, productivity enhancement, opportunities, comforts, transparency, organized, working capital, fewer compliances, turnover, e-invoicing, etc.

This study takes the view of the exporters regarding the ease of exports for anticipating the effect of GST. To calculate the impact of GST, researchers have taken variables of GST, which are Registration, Returns, Rates, ITC, LUT/Bond, Refund, EWB, and RCM. These factors are significantly representing the GST. This study individually measures the impact of these GST factors with ease of exports. This study has taken this research model (Figure 2) to see the impact.

The above model has been analyzed by using the one way ANOVA and multiple-linear regression analysis, to see the impact of each GST factor and overall impact of GST on ease of exporting the handicraft products. Through this model testing, this study achieves its objective, which seeks the impact of GST on handicraft exporters concerning ease of exports.

Figure 2

GST Research Model




*Source: Constructed by Authors*

## Results of Analysis

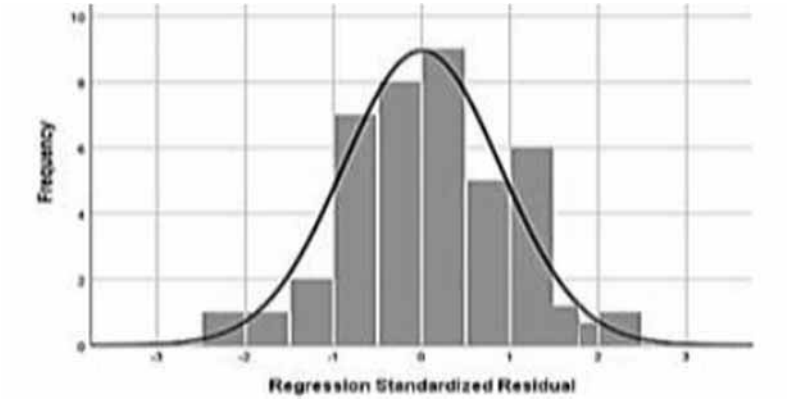
This research study focuses on the impact of GST on exporters of handicrafts in Jaipur and the results of the data analysis are given below.

### *Normality Test*

Researchers have used the histogram to test the normality of residuals. Figure 3 depicts the distribution of data. Data plotted on the histogram is showing normal distribution.

Figure 3

Histogram of Data




*Source: Constructed by Authors*

*Reliability*

The questionnaire's reliability has been checked by α. It has also been tested for each construct of GST, by the grouping of questions belonging to a particular construct. The reliability of each construct is more than 0.75, which is acceptable (Table 3).

Table 3

Reliability of Questionnaire

| Variables | Construct | Reliability Test (α) |
|---|---|---|
| Independent Variables | Registration | 0.87 |
| | Returns | 0.88 |
| | Rates | 0.90 |
| | ITC | 0.81 |
| | LUT/Bond | 0.89 |
| | Refund | 0.86 |
| | EWB | 0.88 |
| | RCM | 0.82 |
| Dependent Variables | Ease of Exports | 0.91 |

*Source: Constructed by Authors*

*Descriptive Analysis*

Mean, range, minimum, maximum, standard deviation, and variance of each construct are given in Table 4. GST variable is showing the overall mean of 8 variables.

Table 4

Descriptive Analysis

| | N | R | Min | Max | $\bar{x}$ | Σ | $\sigma^2$ |
|---|---|---|---|---|---|---|---|
| Registration | 40 | 3.75 | 1.25 | 5.00 | 3.9500 | 1.12546 | 1.267 |
| Return | 40 | 4.00 | 1.00 | 5.00 | 4.0125 | 1.07708 | 1.160 |
| Rates | 40 | 4.00 | 1.00 | 5.00 | 3.9125 | 1.18152 | 1.396 |
| ITC | 40 | 3.00 | 2.00 | 5.00 | 3.9188 | .81922 | .671 |
| LUT/Bond | 40 | 3.75 | 1.25 | 5.00 | 4.0500 | 1.09222 | 1.193 |
| Refund | 40 | 3.75 | 1.25 | 5.00 | 3.7563 | 1.06742 | 1.139 |
| EWB | 40 | 3.50 | 1.50 | 5.00 | 4.0500 | 1.05490 | 1.113 |
| RCM | 40 | 3.75 | 1.25 | 5.00 | 3.9063 | 1.02483 | 1.050 |
| Ease of Exports | 40 | 3.60 | 1.40 | 5.00 | 4.0725 | .96130 | .924 |
| GST | 40 | 3.06 | 1.50 | 4.56 | 3.9445 | .97357 | .948 |
| Valid N (list wise) | 40 | | | | | | |

*Source: Constructed by Authors*

Here, R represents the range. The lowest mean is 3.7563 for GST Refund and the lowest standard deviation is 0.81922 for ITC. All the scores range from 3 to 4.

*One-Way ANOVA*

One-Way Analysis of Variance has been conducted to test the hypothesis at the significance level of 5% (Table 5). F statistic is the calculated value and F critical is the table value. df indicates the degree of freedom (n-1) As the sample size is 40, so total df is 40-1= 39.

Table 5

One-Way ANOVA Results

| | | Sum of Squares | Df | Mean Square | F (Statistic) | F (Critical) |
|---|---|---|---|---|---|---|
| Registration | Between Groups | 27.671 | 9 | 3.075 | 11.021 | 2.211 |
| | Within Groups | 8.369 | 30 | .279 | | |
| | Total | 36.040 | 39 | | | |
| Returns | Between Groups | 30.016 | 11 | 2.729 | 12.684 | 2.151 |
| | Within Groups | 6.024 | 28 | .215 | | |
| | Total | 36.040 | 39 | | | |
| Rates | Between Groups | 31.371 | 11 | 2.852 | 17.104 | 2.151 |
| | Within Groups | 4.669 | 28 | .167 | | |
| | Total | 36.040 | 39 | | | |
| ITC | Between Groups | 27.240 | 9 | 3.027 | 10.319 | 2.211 |
| | Within Groups | 8.799 | 30 | .293 | | |
| | Total | 36.040 | 39 | | | |
| LUT/Bond | Between Groups | 28.110 | 10 | 2.811 | 10.279 | 2.177 |
| | Within Groups | 7.930 | 29 | .273 | | |
| | Total | 36.040 | 39 | | | |
| Refund | Between Groups | 28.765 | 10 | 2.877 | 11.468 | 2.177 |
| | Within Groups | 7.274 | 29 | .251 | | |
| | Total | 36.040 | 39 | | | |
| EWB | Between Groups | 29.241 | 7 | 4.177 | 19.661 | 2.313 |
| | Within Groups | 6.799 | 32 | .212 | | |
| | Total | 36.040 | 39 | | | |
| RCM | Between Groups | 32.025 | 9 | 3.558 | 26.593 | 2.211 |
| | Within Groups | 4.014 | 30 | .134 | | |
| | Total | 36.040 | 39 | | | |
| Ease of Exports | Between Groups | 33.036 | 20 | 1.652 | 10.448 | 2.155 |
| | Within Groups | 3.004 | 19 | .158 | | |
| | Total | 36.040 | 39 | | | |

$p = 0.000$

*Source: Constructed by Authors*

*Multiple Linear Regression Analysis*

Table 6 shows the coefficient of correlation(R) is .865, it shows the positive correlation between each independent factors of GST (Registration, Returns, Rates, ITC, LUT/Bond, Refund, EWB, & RCM) with respect to the dependent variable (ease of exports). $R^2$ shows the variation in the dependent variable due to the independent variables. Here $R^2$ is .748 which means 74.8% variation in the dependent variable (ease of exports) explained by the independent variable GST. Adjusted $R^2$ gives a more precise result; it takes only those factors, which are significant. In the above table adjusted $R^2$ is .683, so this value shows a

68.3% variation in the dependent variable explained by the independent variable GST. It means the impact of GST is 68.3% on exporters of handicrafts in terms of ease of exports.

Table 6

Regression Analysis

| Model Summary[b] | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .865[a] | .748 | .683 | .54085 |

a. Predictors: (Constant), Registration, Returns, Rates, ITC, LUT/Bond, Refund, EWB, RCM
b. Dependent Variable: Ease of Exports

*Source: Constructed by Authors*

Table 7 shows the significant results of ANOVA, which has been generated through multiple-linear regression analysis. The value of F critical (table value, 5%) is 2.255, which is less than the calculated value 11.526.

Table 7

ANOVA Results

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 26.972 | 8 | 3.371 | 11.526 | .000[b] |
| | Residual | 9.068 | 31 | 0.293 | | |
| | Total | 36.040 | 39 | | | |

a. Dependent Variable: Ease of Exports
b. Predictors: (Constant), Registration, Returns, Rates, ITC, LUT/Bond, Refund, EWB, RCM

*Source: Constructed by Authors*

Table 8 shows the coefficient of regression analysis. All the factors of GST, including registration, returns, rates, ITC, LUT/Bond, Refund, EWB, and RCM, have significant p values that are less than 0.05. This research study has taken unstandardized or raw beta coefficients to measure the impact of GST because all the independent factors are measured on the same scale (Likert five-point scale).

Table 8

Coefficients of Regression Analysis[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .438 | .152 | | 2.878 | .040 |
| | Registration | .218 | .045 | .282 | 4.836 | .026 |
| | Return | .216 | .051 | .252 | 4.228 | .026 |
| | Rates | .169 | .053 | .184 | 3.189 | .033 |
| | ITC | .127 | .048 | .141 | 2.657 | .043 |
| | LUT/Bond | .573 | .057 | .629 | 10.053 | .000 |
| | Refund | .154 | .046 | .171 | 3.348 | .032 |
| | EWB | .514 | .044 | .636 | 11.626 | .000 |
| | RCM | .297 | .047 | .360 | 6.337 | .005 |

a. Dependent Variable: Ease of exports

*Source: Constructed by Authors*

The details of the regression equation are as follows:-

$Y = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + \beta5X5 + \beta6X6 + \beta7X7 + \beta8X8.$

Initial equation:

$Y = .438 + .218X1 + .216X2 + .169X3 + .127X4 + .573X5 + .154X6 + .514X7 + .297X8$

Y = Dependent Variable = Ease of Exports

α=.438(constant)

One way ANOVA and Regression equation results are discussed in the discussion section.

## Discussions

One-Way ANOVA results:

Table 4 shows the F statistics (Fcal.) of registration is 11.021. This statistic is the ratio between the groups and within the groups. The significance value is .000, this value is the p-value. Critical value/ table value for degree of freedom (9, 30) is 2.21 at 5% . Since F critical is less than F statistics, this indicates a significant impact of registration on ease of exports. F statistic (12.684) is less than the critical value 2.151 and the significance level is more than the p-value, this indicates the significant impact of returns on ease of exports. F statistics (Fcal.) of GST rates is 17.104. Critical value/ table value for degree of freedom (11,28) is 2.151. Since the F critical is less than F statistic values, this indicates a significant impact of GST rates on ease of exports. F statistics for ITC is 10.319, this is the calculated value. Critical value/ table value for degree of freedom (9, 30) is 2.21 and p-value (0.00). Since the calculated value is greater than the table value, this depicts the significant impact of ITC on ease of exports. The p-value is .000 and $F_{cal}$, 5% is 10.279. F statistics (10.279) is less than the critical value of 2.177. It also indicates the significant impact of LUT/Bond on ease of exports. The calculated value of F and p, is 11.468 and .000 respectively. The critical value of F at 5% for the degree of freedom (10,29) is 2.177. This value is less than the F(cal.) value and p-value is also less than 5%. These results show a significant impact of GST refund on ease of exports. The F statistics (Fcal.) of EWB is 19.661. Significance value (p) is 0.00. The critical value is 2.313, which is less than the calculated F value. This indicates the significant impact of EWB on the ease of exports. The value of the F statistics is 26.593, this is the calculated value. Critical value/ table value for degree of freedom (9,30) is 2.211 and p-value (0.00). Fcal,5% >Ftable,5%, this depicts the significant impact of RCM on ease of exports.

All the GST variables (Registration, Returns, Rates, ITC, LUT/Bond, Refund, EWB, and RCM) have been taken into consideration as a whole and the impact of GST on ease of exports has been calculated. F statistics (Fcal.) is 10.448. This statistic is the ratio between the groups and within the groups. Critical value/ table value for degree of freedom (20,19) is 2.155 at 5%. Since the F table value is less than the F calculated value (Fcal, 5% >Ftable ,5%) and p <α, this indicates the significant and positive impact of GST on ease of exports.

The study by (Kumar, 2017) also finds that tax rates have a significant relation with the satisfaction level of taxpayers. The results of the study by (Khan and Soni, 2018) proved the

positive effect of GST on the textile industry, But not as per the study by (Dhakan and Yagnesh, 2018), this research study is based on the textile gems and jewellery industry. The result of some studies shows the impact of GST on textile depends on how taxation policies are implemented (Borate and Ghorpade, 2019).

Researchers have taken a self-constructed variable to find out the impact. The results of some earlier studies support the results of the current study.

Registration factor is putting significant and positive impact because in GST system registration is now based on the turnover of a business. The process of registration and cancellation of registration is quite simple. The return factor is also putting a significant and positive impact because the Government is providing the return option (monthly or quarterly) as per their turnover. The return process is simple and easier. Rate factor is also making a significant impact on exporters because Government has classified the GST rates as per the value of the goods like if the value of a tapestry (handicraft bed sheet) is less than 1000 then it attracts the rate of 5%, but if the value is more than 1000 then 12% GST will be applicable. ITC is also making a significant and positive impact because in the previous tax regime interstate ITC was not allowed to take, but in this regime interstate ITC can be taken. Registered taxpayers can also take the refund of the unutilized input tax credit through RFD-01. LUT/Bond factor is also making a significant and positive impact on exporters. LUT has been implemented in the GST regime. With the help of LUT, a registered exporter needs not to pay any amount of tax to the Government. The refund factor is also putting a significant and positive impact. The process of IGST refund became fast. GST Council provides a link between the Indian Customs Electronic Gateway and the GST network. EWB is also putting a significant and positive impact on exporters because this e-way bill brings transparency in the system. Similarly, RCM is also making a significant and positive impact on exporters of handicrafts because while paying the RCM to the Government, at the same time it came as an ITC in the GST portal. These statements are in accordance with the majority of exporters while filling the questionnaire.

## Regression results

**Registration**= $\beta 1 = .218$

When the GST Registration increases by one percent, ease of exports increases by 21.80 percent while keeping the other factor constant. Therefore it shows the positive relationship between GST registration and ease of exports. It means the registration factor is putting a 21.80% positive impact on exporters.

**Return**= $\beta 2 = .216$

There is a positive relationship between GST Return and ease of exports. While keeping the other factor constant, the GST Return increases by one unit, ease of exports extends by 21.60 units. It means the return factor of GST is making a 21.60% impact on exporters in terms of ease of exports.

**Rates**= β3 = .169

The GST Rates increase by one unit, ease of exports increases by 16.90 percent while keeping the other factor constant. Therefore it shows a positive relationship between GST Rates and ease of exports. It means the rate factor is putting a 16.90% positive impact on exporters.

**ITC**= β4 = .127

When the GST ITC increases by one unit, the ease of exports increases by 12.7 units while keeping the other factor constant. There is a positive relationship between GST ITC and the ease of exports. ITC factor of GST is making a 12.70% impact on exporters in terms of ease of exports.

**LUT/Bond**= β5 = .573

There is a positive relationship between GST LUT and the ease of exports. The value of beta is 0.573, it shows the one percent change in LUT, there will be a 57.3 percent change on the dependent variable. LUT/Bond is putting a 57.3% impact on exporters of handicrafts.

**Refund**= β6 = .154

There is a positive relationship between GST Refund and the ease of exports. The GST Refund increases by one unit, ease of exports increases by 15.40 units. The refund factor of GST is making a 15.4% impact on handicraft exporters.

**EWB**= β7 = .514

When the GST EWB increases by one percent, ease of exports increases by 51.40 percent while keeping the other factor constant. Therefore it shows the positive relationship between GST EWB and ease of exports. It means EWB is putting a 51.4% impact on exporters of handicrafts.

**RCM**= β8 = .297

There is a positive relationship between GST RCM and the ease of exports. The GST RCM increases by one unit ease of exports increases by 29.70 percent. The RCM factor of GST is making a 29.7% impact on handicraft exporters in terms of ease of exports.

The regression equation shows the percentage of variation in the dependent variable (ease of exports) with respect to individual independent factors of GST. As per the regression results, it has been found that ITC has less beta value among all the factors. It means ITC is putting less impact among all the factors on exporters of handicrafts.

## Testing of Hypotheses

The entire research hypotheses are tested through $F_{cal\cdot 5\%} \geq F_{table5\%}$, $p \leq .050$, β, and t values. All results are showing a significant impact on the ease of exports of handicraft exporters (Table 9).

Table 9

Hypotheses Testing

| Research Hypotheses | Test Values | Results |
|---|---|---|
| H1 | 11.021≥ 2.211, .026≤ .050, β=.218, t=4.836 | Accepted |
| H2 | 12.684≥ 2.151, .026≤ .050, β=.216, t=4.228 | Accepted |
| H3 | 17.104≥ 2.151, .033≤ .050, β=.169, t=3.189 | Accepted |
| H4 | 10.319≥ 2.211, .043≤ .050, β=.127, t=2.657 | Accepted |
| H5 | 10.279≥ 2.177, .000≤ .050, β=.573, t=10.053 | Accepted |
| H6 | 11.468≥ 2.177, .032≤ .050, β=.154, t=3.348 | Accepted |
| H7 | 19.661≥ 2.313, .000≤ .050, β=.514, t=11.626 | Accepted |
| H8 | 26.593≥ 2.211, .005 ≤ .050, β=.297, t=6.337 | Accepted |

*Source: Constructed by Authors*

## Conclusions, Limitations and Future Scope of the Study

This new indirect tax abolished various earlier taxes. It is also applicable in other countries, now India has also the same tax system, which makes India more competitive in the global economy. This research paper also identified that GST put its an impact on various sectors, including textiles. It has also been found that maximum Indian handicraft products are exported to the USA. This study put light on the newly implemented tax and its impact on the handicraft exporters. Researchers have taken the self-constructed research model to know the impact of GST. This research study has measured impact with regard to ease of exports because this factor gives the more clear results of GST implication as a whole. This research study aimed to measure the impact of GST on handicraft exporters using one way ANOVA and multiple regressions by ascertaining the significant impact of eight factors of GST that influence ease of exports. After analysis and interpretation of data, researchers found the there is a significant and positive impact of registration, returns, rates, ITC, LUT/Bond, refund, EWB, and RCM on ease of exports. As per the results of one way ANOVA and multi-linear regression, all the factors of GST are making a positive impact and overall GST is putting a 68.3% impact on the ease of exports of handicraft exporters. This research paper concluded that after the implementation of GST, handicraft exports became easier and GST has a positive impact on handicraft exporters. It has also been observed that among all the variables of GST, ANOVA results show the EWB and RCM have the maximum F values with significant p values. Similarly, multiple-linear regression results show LUT and EWB have the maximum β values with significant p values. All the coefficients of regression are statistically significant. Descriptive statistics have also shown the LUT and EWB are more critical factors. These factors are making more impact on the ease of exports. ANOVA results have also been supported by regression results. All eight GST factors are statistically significant to the prediction. The result of this research paper indicates the positive impact of this taxation on handicraft exporters and it is also supported by the other studies. Handicrafts exporters get their IGST refund faster. In the GST system, no need to pay any amount of IGST, if exporters are exporting under LUT. Similarly, registered taxpayers can take the refund of unutilized ITC by filing the RFD-01 form.

As this is a new tax, some studies have been done yet on this tax. This study will be helpful to know about the GST and its effect on handicraft exporters. Through this study, the future researcher will get a broad perspective of GST and its impact on the handicraft sector. This study is also beneficial to exporters on the advantages of GST as a whole on exports of handicrafts. This study may be benefited to the Government for further amendments in the GST structure as per the facts and findings of this research study. As LUT/Bond, EWB, and RCM are putting more impact on exporters, GST Council can make developments in GST rules.

This research paper has not considered the unregistered handicraft exporters of Jaipur. This study is limited only to the handicraft sector as a whole; it does not focus on textile, ceramic, wooden industries individually. This research paper has focused only on the exporters of Jaipur.

Another research can also be conducted on the attitude of taxpayers towards this new tax. Future researchers can take other factors besides these variables to find out the impact. This study measures the impact in terms of ease of exports; another study can also be conducted to know the impact of GST on the financial performance of business, turnover, growth, etc.

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