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Handicrafts and GST

The Economic Shift in Uttar Pradesh

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Contents

Abstract

Taxation is a crucial tool for government revenue collection and financing development activities. In India, there are two types of taxes: direct taxes and indirect taxes. The structure of indirect taxes in India was based on three lists in the seventh schedule of the Constitution, which were based on the Government of India Act of 1935. These lists were complex and inefficient due to changes in technology and situations. The introduction of GST, a comprehensive value-added tax on goods and services, was a result of these changes. The world has given acceptance to GST long ago, with France being the first country to implement it in 1954. India also showed an inclination for GST in its 101st amendment to the Constitution of India on 1-7-2017. GST is a comprehensive value-added tax on goods and services.

The handicraft sector in India is extensively scattered across the country, which is majorly affected by GST. This sector generates employment, foreign revenue from exports, and investments. The dominant states for handicraft export in India are Tamil Nadu, Rajasthan, Uttar Pradesh, Karnataka, Jammu, and Kashmir. India is one of the major exporters and producers of handicraft products in the world, and Indian handicraft products are exported to more than 100 international markets. This study focuses on exports of handicrafts, as exports are an essential engine of India's economic growth. The research covers the major components of GST and their impact on the handicraft industry from the Select district of Uttar Pradesh. A comprehensive literature survey was conducted to obtain information about indirect taxation, tax reforms, GST, and Indian handicrafts. The analysis of data shows a positive and significant impact of GST on the handicraft industry in Uttar Pradesh. The findings show significant changes in profitability, sales Revenue, and ITC access of GST on the handicraft industry. Based on the outcome of the analysis, the research concludes that GST has a positive impact on the handicraft industry in Uttar Pradesh.

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Rishika Awasthi