Int. j. adv. multidisc. res. stud. 2026; 6(4):1658-1666

Received: 04-07-2026
Accepted: 14-08-2026

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

The Role of GST in Promoting Sustainable Livelihoods in India: Evidence from Heritage Industries and Cultural Sustainability

Priyanka
Research Scholar, Department of Commerce, Maharaja Agrasen University, Baddi, Atal Shiksha Kunj, India

Corresponding Author: **Priyanka**

Abstract
Cultural and heritage industries play a significant role in preserving traditional knowledge systems while contributing to employment generation and inclusive economic development in India. Among these industries, the handicraft sector represents a vital component of the cultural economy, employing more than 7 million artisans and producing over 35,000 varieties of traditional products across approximately 744 **c**lusters nationwide (EPCH, 2025). In recent years, policy initiatives such as the Goods and Services Tax (GST) have introduced concessional tax rates for several handicraft and cultural goods, aiming to reduce the tax burden on artisans and improve the competitiveness of traditional products in both domestic and international markets. The present study examines the role of GST policies in supporting cultural goods and services, sustainable finance and livelihoods in the Indian context. The research adopts a qualitative and descriptive research design based on secondary data obtained from government reports, GST notifications, academic literature, and publications from institutions such as the Ministry of Textiles, Export Promotion Council for Handicrafts (EPCH), UNESCO, and the United Nations Conference on Trade and Development (UNCTAD). The findings indicate that supportive taxation policies and institutional initiatives have contributed to the expansion of handicraft exports, which have exceeded ₹31,000 crore in recent years**,** while the global market value of Indian handicrafts is estimated at approximately US$ 4.56 billion**.** The concessions in GST 2.O and policy reforms can strengthen cultural industries, promote rural employment and support the broader objectives of sustainable finance and cultural preservation in India.

Keywords: GST, Cultural Industries, Sustainable Finance, Inclusive Economic Development, Cultural Sustainability, Heritage Industries, Sustainable Livelihoods, Tax Policy and Development, Traditional Handicrafts

Introduction

Cultural heritage and creative industries play a crucial role in promoting economic development, social inclusion, and the preservation of traditional knowledge systems (UNESCO, 2018; UNCTAD, 2022) [22, 24]. Cultural goods and services such as handicrafts, handloom products, traditional artworks, performing arts, and heritage tourism constitute an important segment of the cultural economy (Throsby, 2010; Hesmondhalgh, 2013) [21, 9]. These sectors not only preserve cultural identity and traditional craftsmanship but also generate employment and income opportunities, particularly in rural and semi-urban regions (UNESCO, 2018; UNCTAD, 2022) [22, 24]. In India, millions of artisans and craftsmen depend on cultural industries for their livelihoods, making them a vital component of rural development and inclusive economic growth (Ministry of Textiles, 2023; UNESCO, 2018) [14, 22]. The handicraft and handloom sectors, for instance, provide large-scale employment while contributing significantly to the preservation of traditional skills and cultural heritage (Development Commissioner Handicrafts, 2023; Export Promotion Council for Handicrafts, 2023) [4, 6].

The introduction of the Goods and Services Tax (GST) in India in July 2017 marked one of the most significant reforms in the country's indirect taxation system (Government of India, 2017; NITI Aayog, 2022) [7, 15]. GST replaced multiple indirect taxes such as Value Added Tax (VAT), service tax, and excise duty with a unified tax structure for goods and services (Government of India, 2017) [7]. Under this framework, cultural goods and services are also subject to taxation, with different GST rates applied depending on product classification and sectoral considerations (ClearTax, 2025; TaxGuru, 2025 [20]). As a result, GST policies influence the pricing, production, and market accessibility of cultural products such as handicrafts, handmade goods, traditional textiles, and cultural tourism services (Kumar, 2024; Awasthi *et al.*, 2023) [12, 1]. For sectors largely composed of small-scale artisans and informal enterprises, taxation policies can significantly affect production costs, competitiveness, and income generation (NITI Aayog, 2022; Awasthi *et al*., 2023) [15, 1].

Since the implementation of GST, several policy revisions have been introduced to improve tax efficiency and support key economic sectors (Ministry of Finance, 2025). In this context, the 56th GST Council meeting held on 3 September 2025 introduced important reforms aimed at simplifying the GST structure and strengthening sectoral support (GST Council, 2025; Press Information Bureau, 2025). The Council rationalized the tax framework by moving towards two primary GST slabs of 5 percent and 18 percent, while introducing a 40 percent rate for luxury and demerit goods (ClearTax, 2025; Economic Times, 2025 [5]). The meeting also proposed rate reductions and policy support for labour-intensive sectors such as handicrafts and handloom products, recognizing their importance for rural employment and heritage preservation (Press Information Bureau, 2025; Ministry of Finance, 2025). In addition, measures such as simplified compliance procedures, improved digital tax administration, and automated refund systems were introduced to enhance ease of doing business for small enterprises and artisans (GST Council, 2025; Ministry of Finance, 2025). These reforms reflect the government's broader objective of aligning taxation policies with inclusive economic growth and sustainable development (OECD, 2020; NITI Aayog, 2022) [17, 15].

Despite their cultural and economic importance, artisans and cultural enterprises often face several financial and structural challenges, including limited market access, unstable income levels, lack of institutional financial support, and high compliance costs associated with formal economic systems (UNCTAD, 2022; Ministry of Textiles, 2023) [24, 14]. Tax policies therefore play a critical role in determining the sustainability and competitiveness of cultural industries (Awasthi *et al*., 2023; Kumar, 2024) [1, 12].

At the same time, the concept of sustainable finance has gained increasing importance in global economic policy discussions. Sustainable finance refers to financial systems, investments, and policy frameworks that support long-term economic growth while promoting social equity and environmental sustainability (OECD, 2020 [17]; United Nations Environment Programme, 2021). Cultural industries align closely with these principles because they promote heritage preservation, generate employment, support local communities, and contribute to inclusive and sustainable development (Throsby, 2010; UNESCO, 2018) [21, 22].

Within this context, fiscal policies such as GST can influence the long-term sustainability of cultural sectors. Tax concessions or preferential tax treatment for cultural goods may enhance the competitiveness of traditional industries, encourage production and trade, and support the economic well-being of artisans (Awasthi *et al*., 2023; NITI Aayog, 2022) [1, 15]. Therefore, examining the relationship between GST policies and the sustainability of cultural industries is important for understanding how fiscal frameworks can contribute to broader sustainable development goals (OECD, 2020) [17].

Against this background, the present study examines the GST policies applicable to cultural goods and services in India and analyzes the role of GST concessions in promoting heritage industries such as handicrafts and traditional arts. The study further evaluates the relationship between the development of cultural industries and the principles of sustainable finance, while also assessing whether GST policies contribute to sustainable livelihoods for artisans and cultural entrepreneurs (UNESCO, 2018; OECD, 2020) [22, 17]. By addressing these issues, the research aims to provide insights into how fiscal policy mechanisms can simultaneously support economic development, cultural preservation, and sustainable livelihoods.

Methodologically, the study is based on the analysis of secondary data and existing literature. The research reviews GST tax structures applicable to cultural goods and services, government policy documents, official reports related to handicrafts and cultural industries, and previous academic studies on sustainable development and cultural economics (Ministry of Textiles, 2023; Export Promotion Council for Handicrafts, 2023) [14, 6]. In addition, the study incorporates statistical data related to employment, export trends, and the economic contribution of the handicraft sector in India (India Brand Equity Foundation, 2024; Export Promotion Council for Handicrafts, 2023 [6]). Data from institutional sources such as the Ministry of Finance, Export Promotion Council for Handicrafts, India Brand Equity Foundation, and the Ministry of Textiles are analyzed to evaluate the role of GST concessions in supporting cultural industries. Tables presenting GST rate structures, export growth patterns, employment statistics, and global market demand are examined to understand how fiscal policies influence the competitiveness of cultural goods, the development of heritage industries, and the sustainability of artisan livelihoods (Export Promotion Council for Handicrafts, 2023 [6]; India Brand Equity Foundation, 2024).

Existing literature indicates that cultural industries contribute significantly to economic development, cultural preservation, and sustainable livelihoods (Throsby, 2010; Hesmondhalgh, 2013) [21, 9]. However, most studies have examined GST reforms or cultural industries separately, with limited research exploring the intersection between GST policies, cultural sectors, and sustainable finance (Awasthi *et al*., 2023; Kumar, 2024) [1, 12]. Therefore, this study seeks to address this research gap by analyzing how GST policies related to cultural goods and services influence heritage industries, support artisan livelihoods, and contribute to sustainable finance in India.

Review of Literature

The existing literature highlights the important relationship between cultural industries, handicrafts, sustainability, and economic development. **Throsby (2010)** [21] examined culture and sustainable development and found that cultural industries generate both economic and cultural value. They contribute to sustainable development by preserving cultural heritage, creating employment, and supporting local communities. This provides a theoretical foundation for linking cultural industries with sustainability. Similarly, **Hesmondhalgh (2013)** [9] emphasized the role of creative industries, including arts, crafts, and media, in employment generation, cultural innovation, and economic development. His work demonstrates the economic as well as cultural importance of creative sectors. At the international level, **UNCTAD (2010)** highlighted the emergence of the creative economy as an important driver of trade, innovation, and development worldwide. This provides a broader global context for understanding the growing significance of cultural and creative industries. **UNESCO (2013)** further emphasized that cultural industries promote cultural diversity, strengthen cultural identity, and create employment opportunities, thereby demonstrating their social and economic value. More recently, **UNCTAD (2022)** [24] reported that cultural goods and services make significant contributions to economic growth, employment, and exports, particularly in developing countries. **UNESCO (2022)** [23] also highlighted the substantial global contribution of cultural industries, which generate more than USD 2 trillion and provide employment to around 30 million people. These international studies establish the wider economic, social, and cultural significance of creative and heritage-based industries. In the Indian context, **Bhatia and Batra (2019)** examined the growth of Indian handicraft exports and found that handicrafts contribute significantly to export earnings while possessing considerable potential in international markets. This demonstrates the economic importance of the handicraft sector and its role in strengthening India's position in global trade. **Raviprakash *et al.* (2019)** [18] focused on the role of the handicraft sector in India and observed that it provides important livelihood opportunities to rural communities while preserving traditional knowledge and skills. However, the study also emphasized the need for appropriate policy support and technology adoption to improve the sector's sustainability and competitiveness. The literature also connects cultural industries with broader concepts of sustainability and financial development. The **United Nations Environment Programme (2021)** emphasized that sustainable finance incorporates environmental, social, and governance (ESG) considerations into financial decision-making. This perspective is relevant to cultural industries because the social dimension of sustainability includes employment generation, livelihood protection, community development, and preservation of cultural heritage. Thus, sustainable development of handicrafts should not be viewed only from an economic perspective but also in terms of their social and cultural contributions. Several studies have examined the role of government policies and economic reforms, particularly the **Goods and Services Tax (GST)**, in shaping the development of small-scale and traditional industries. **NITI Aayog (2022)** [15] reported that GST improved transparency, simplified the taxation system, and contributed to the formalization of small and medium enterprises. These reforms are relevant to handicraft and heritage-based industries because greater formalization and market integration can improve access to wider markets. Similarly, the **Export Promotion Council for Handicrafts (2023)** [6] highlighted the contribution of government policies and export-promotion initiatives to improving the global competitiveness of Indian handicrafts. The **Ministry of Textiles (2023)** [14] reported that the handicraft sector provides employment to more than 7 million artisans and contributes substantially to rural economic development and exports, underlining its importance for inclusive development. However, the impact of GST on traditional and small-scale producers has not been entirely positive. **Awasthi, Akhtar and Khan (2023)** [1] found that GST simplified the tax structure and promoted market integration in the handicraft sector, but it also created compliance-related challenges for small artisans. These challenges are particularly significant for producers with limited financial resources and digital literacy. **Kumar (2024)** [12] observed that GST replaced multiple indirect taxes, reduced the cascading effect of taxation, and improved the overall ease of doing business, indicating its positive macroeconomic impact. At the micro level, however, **Manivel and Jeeveetha (2024)** [13] found that textile traders perceived GST as improving transparency and national market integration while also identifying the need for greater digital literacy and institutional support among small traders.

More recent evidence further suggests that GST has produced mixed outcomes for heritage-based industries. The **IAEME Study (2025)** reported that GST contributed to the formalization of rural textile businesses but simultaneously increased compliance costs for small-scale producers. This indicates that although tax reforms can improve transparency, integration, and formalization, they may also impose additional financial and administrative burdens on traditional producers and artisans.

Overall, the reviewed literature establishes that handicrafts and cultural industries have substantial **economic, social, cultural, and sustainability value**. They contribute to employment, rural livelihoods, exports, cultural preservation, and inclusive development. At the same time, studies on GST reveal both positive outcomes, such as tax transparency, formalization, and market integration, and negative outcomes, including compliance costs, digital-literacy requirements, and administrative difficulties for small producers. Therefore, the existing literature provides a strong foundation for examining the **impact of GST and other economic reforms on the sustainability and development of heritage-based handicraft industries**, while also indicating the need for further research at the regional and artisan level.

Research Methodology

The present study adopts a qualitative and descriptive research design based on secondary data to analyze the relationship between GST policies, cultural industries, and sustainable finance. The data for the study has been collected from various secondary sources, including government reports and policy documents, GST notifications and official publications, reports from international organizations, academic journals, research papers, and industry reports related to handicrafts and cultural industries. Key sources include publications from institutions such as the Ministry of Textiles, NITI Aayog, UNESCO, and the United Nations Conference on Trade and Development. The collected information has been analyzed using descriptive and conceptual analysis to examine GST policies applicable to cultural goods and services and to evaluate their role in promoting cultural industries and supporting sustainable livelihoods. The study also explores how the growth of cultural industries aligns with the principles of sustainable finance, particularly in terms of social sustainability, inclusive economic growth, and long-term economic development.

Data Analysis

GST Framework for Cultural Goods

The Goods and Services Tax (GST) framework in India provides concessional tax rates for several cultural goods and handicraft products in order to support traditional artisans and heritage-based industries. Additional tax rationalization measures were introduced during the 56th GST Council meeting held in September 2025. The Council proposed simplifying the GST structure by primarily adopting two main tax slabs of 5 percent and 18 percent, while retaining a higher 40 percent rate for luxury and demerit goods. These reforms also emphasized policy support for labour-intensive sectors such as handicrafts and handloom products, along with simplified compliance procedures for small enterprises and artisans (GST Council, 2025; Ministry of Finance, 2025).

Table 1: GST Rates on Selected Cultural and Handicraft Goods in India

S. No	Cultural Goods / Handicraft Items	Previous GST Rate	Updated GST Rate
1	Traditional paintings (Mysore, Tanjore, Rajasthan paintings)	12%	5%
2	Sculptures and statues made from wood, stone, or metal	12%	5%
3	Handmade carpets and hand-woven textiles	12%	5%
4	Bamboo, cane, and rattan furniture	12%	5%
5	Pottery, terracotta, and clay handicrafts	12%	5%
6	Traditional musical instruments	12%	5%
7	Decorative brass, copper, and metal handicraft items	12%	5%
8	Handmade wooden handicrafts and artware	12%	5%
9	Hand-embroidered shawls and tapestries	12%	5%
10	Handmade toys and traditional dolls	12%	5%

Source: GST Council Press Release (56th Meeting, 2025); Ministry of Finance, Government of India.

According to Ministry of Finance Notification No. 13/2025–Central Tax (Rate), various handmade products such as pottery, bamboo items, woodcraft, hand-woven textiles, paintings, sculptures, and handmade carpets are taxed at a reduced GST rate of 5 percent. Several cultural products that were earlier taxed under the 12 percent slab have also been shifted to the lower 5 percent rate to reduce the tax burden on artisans and promote indigenous crafts. These measures aim to improve the affordability and competitiveness of cultural goods while supporting rural livelihoods and preserving traditional art forms (ClearTax, 2025; TaxGuru, 2025 [20]; Economic Times, 2025 [5]).

Table 2: Contributions of Cultural Goods and Handicraft Industries in India

Indicator	Data
Total employment in handicraft sector	Over 7 million artisans
Female participation	More than 56% of artisans are women
Number of handicraft clusters	744 clusters across India
Number of handicraft products	Over 35,000 products
Export value of handicrafts (FY2024)	₹31,095 crore (US$ 3.8 billion)
Handicraft market size (2024)	US$ 4.56 billion

Source: India Brand Equity Foundation (IBEF). (2024). *Handicrafts industry in India*

The handicraft sector remains an important component of India's cultural economy, employing more than 7 million artisans, with over 56 percent being women (Ministry of Textiles, 2024; EPCH, 2025). India produces over 35,000 varieties of handicraft products across approximately 744 clusters, and the sector continues to experience growing domestic and international demand. The Indian handicraft market was valued at about US$ 4.56 billion in 2024 and is projected to reach US$ 8.19 billion by 2033, with major export markets including the United States, the United Arab Emirates, and several European countries (IMARC Group, 2024; EPCH, 2025).

Major Purpose of GST Concessions for Cultural Goods

1. Promotion of cultural heritage industries such as handicrafts and handloom sectors.
2. Support for rural artisans and craft clusters by reducing production costs.
3. Enhancement of domestic and export demand for traditional products.
4. Integration of informal craft sectors into the formal tax system while maintaining.

The handicraft sector has experienced significant export growth over the past few decades, reflecting its increasing importance in India's cultural economy and international trade. At the time of the establishment of the Export Promotion Council for Handicrafts (EPCH) in 1986–87, the export value of handicrafts was approximately ₹386.57 crore. Over the years, the sector has expanded considerably, and by 2023–24, handicraft exports (excluding hand-knotted carpets) reached around ₹32,758.80 crore, indicating substantial long-term growth in the industry (Export Promotion Council for Handicrafts [EPCH], 2023; Ministry of Textiles, 2023) [6, 14].

Table 3: Export Promotion Council for Handicrafts (EPCH) (Growth)

S. No	Items	Growth
1	Woodwares	5.45%
2	Embroidered and crocheted goods	4.21%
3	Art metal wares	1.99%
4	Agarbatties and attars	37.95%
5	Miscellaneous handicrafts	19.64%

Table 3: (i) Export Promotion Council for Handicrafts (EPCH) (Decline)

S. No	Items	Decline
1	Hand printed textiles	2.93%
2	shawls	63.51%
3	Zari and zari goods	35.17%
4	Imitation jewellery	2.58%

Source: Export Promotion Council for Handicrafts (EPCH). (2024). *Annual Report 2023–24: Overview of Handicraft Exports*. New Delhi: EPCH.

Recent export trends indicate growth in several handicraft product categories, including woodwares (5.45%), embroidered and crocheted goods (4.21%), art metalwares (1.99%), agarbatties and attars (37.95%), and miscellaneous handicrafts (19.64%). However, certain segments such as hand printed textiles (−2.93%), shawls (−63.51%), zari and zari goods (−35.17%), and imitation jewellery (−2.58%) have recorded declining export trends, reflecting changing global demand patterns and market competitiveness (Export Promotion Council for Handicrafts [EPCH], 2023; Ministry of Textiles, 2023) [6, 14].

To strengthen export promotion and international marketing, the Export Promotion Council for Handicrafts established the India Expo Centre & Mart in Greater Noida, a major international exhibition and business complex consisting of eight exhibition halls and nearly 1,800 permanent showrooms. The facility serves as an important platform for connecting global buyers with Indian handicraft exporters and promoting international trade (EPCH, 2023).

In addition, EPCH has undertaken several cluster development and technology upgradation initiatives aimed at improving productivity and market access. These include the establishment of technology centres in Saharanpur and Jodhpur, the Moradabad Resource Centre, the Handicrafts Productivity Centre in Jaipur, and the International Lace Trade Centre in Andhra Pradesh. Such initiatives focus on enhancing artisan skills, upgrading production technologies, and strengthening marketing capabilities (Ministry of Textiles, 2023 [14]; EPCH, 2023).

These institutional initiatives contribute to the growth of the handicraft sector, support export promotion, and enhance the sustainability of cultural industries in India. Favorable policy measures, including concessional taxation and export promotion programs, help reduce production costs, encourage artisan participation in formal markets, and improve the competitiveness of Indian handicrafts in both domestic and international markets (EPCH, 2023; NITI Aayog, 2022 [15]).

Economic Contribution of Heritage Industries

Heritage industries such as handicrafts, handlooms, traditional paintings, and pottery form an important component of India's cultural economy. The handicraft sector alone provides employment to more than seven million artisans across the country (Ministry of Textiles, 2023; Export Promotion Council for Handicrafts [EPCH], 2023) [14, 6]. To support these industries, the GST Council has introduced concessional tax rates for several handmade cultural products, with many items taxed at a reduced rate of 5 percent. These tax incentives aim to promote traditional craft industries, enhance the competitiveness of cultural goods, and ensure sustainable livelihoods for artisans (Ministry of Finance, 2025; EPCH, 2023). As a result, GST concessions play a significant role in strengthening heritage industries and preserving India's cultural heritage (NITI Aayog, 2022) [15].

Heritage industries significantly contribute to India's economy:

- India's handicraft exports have exceeded USD 4 billion annually in recent years (EPCH, 2023; IBEF, 2024).
- Major export destinations include the United States, Europe, and the Middle East (EPCH, 2023).
- Handicrafts account for a significant share of rural non-farm employment in India (Ministry of Textiles, 2023; UNESCO, 2018) [14, 22].

Government policies such as GST concessions help strengthen these industries by improving market access, encouraging formalization of artisan enterprises, and increasing profitability for artisans and exporters (Ministry of Finance, 2025; NITI Aayog, 2022 [15]).

Table 4: Growths of Handicraft Exports

Indicator	Data
Handicraft exports in 1986–87	₹386.57 crore
Handicraft exports in 2023–24	₹32,758.80 crore
Handicraft exports in 2024–25	₹33,122.79 crore
Export growth since EPCH establishment	More than 80 times increase
Number of EPCH members	35 members (1986) → over 9,100 members (2024)

Source: India Brand Equity Foundation (IBEF). (2024). *Handicrafts industry in India*

The Export Promotion Council for Handicrafts (EPCH) was established in 1986–87 under the Companies Act as a non-profit apex body to promote and support the export of Indian handicrafts. The council provides marketing assistance, infrastructure facilities, and international market linkages to exporters while ensuring compliance with global quality standards (Export Promotion Council for Handicrafts [EPCH], 2023; Ministry of Textiles, 2023) [6, 14]. Since its establishment, India's handicraft exports have grown significantly, increasing from ₹386.57 crore in 1986–87 to ₹32,758.80 crore in 2023–24 **(**EPCH, 2023). Additionally, EPCH membership expanded from 35 members in 1985–86 to 8,883 members in 2023–24**,** reflecting increasing participation in the handicraft export sector (EPCH, 2023; Ministry of Textiles, 2023 [14]). These developments highlight the important role of cultural industries in promoting sustainable livelihoods, rural employment, and inclusive economic development (UNESCO, 2018; Throsby, 2010) [22, 21].

GST and Sustainable Livelihoods

By reducing tax burdens on cultural goods, GST policies support sustainable livelihoods for artisans. Many artisans belong to economically weaker sections, and cultural industries serve as a key source of income. According to the Development Commissioner (Handicrafts), government support programs combined with tax concessions encourage entrepreneurship among artisans and help preserve traditional crafts (Development Commissioner Handicrafts, 2023; Ministry of Textiles, 2023) [4, 14]. Thus, GST concessions indirectly contribute to sustainable development by promoting inclusive economic growth and cultural preservation (OECD, 2020; UNESCO, 2018) [17, 22].

Cultural Industries and Sustainable Development

Cultural industries such as handicrafts, traditional arts, heritage tourism, and creative cultural services play an important role in achieving sustainable development. These industries generate employment, preserve traditional knowledge, and support inclusive economic growth, particularly in rural and marginalized communities (Throsby, 2010; Hesmondhalgh, 2013) [21, 9]. According to

UNESCO, cultural and creative industries contribute significantly to sustainable development by promoting cultural diversity, economic growth, and social inclusion (UNESCO, 2018) [22]. The global cultural and creative sector generates over USD 2 trillion annually and provides nearly 30 million jobs worldwide**,** highlighting its economic significance (UNESCO, 2018; UNCTAD, 2022) [22, 24]. These industries therefore support the social and economic dimensions of sustainability, which are key components of sustainable finance (OECD, 2020 [17]; United Nations Environment Programme, 2021).

Cultural Industries and the Concept of Sustainable Finance

Sustainable finance refers to financial investments that consider environmental, social, and governance (ESG) factors in decision-making. The social dimension of ESG includes promoting community welfare, preserving cultural heritage, and supporting inclusive economic development (OECD, 2020 [17]; United Nations Environment Programme, 2021). According to the United Nations Environment Programme, sustainable finance integrates environmental and social considerations into financial policies and economic development strategies to promote long-term sustainable growth (United Nations Environment Programme, 2021).

Cultural industries contribute to sustainable finance by:

- Creating sustainable livelihoods for artisans and creative workers.
- Promoting social inclusion and cultural preservation.
- Supporting local economic development.
- Encouraging responsible consumption of cultural products.

Table 5: Cultural Industries and Sustainable Finance / Sustainable Economic Development

Indicator	Data
Percentage of handicraft products exported	60–65% of total production
Employment in handicraft sector	7.3 million people
Employment in carpet sector	2 million weavers
Share of rural employment	Majority artisans from rural and semi-urban areas

Source: Export Promotion Council for Handicrafts (EPCH), India Brand Equity Foundation (IBEF), Ministry of Textiles, Government of India, and KPMG–NSDC Industry Estimates.

These figures demonstrate that cultural industries contribute significantly to sustainable livelihoods, rural employment, and inclusive economic development, which are key components of sustainable finance.

Role of Policy Support in Linking Culture and Sustainable Finance

Government policies such as tax incentives, subsidies, and cultural promotion programs play an important role in linking cultural industries with sustainable finance. Supportive measures like GST concessions on handicrafts and cultural goods help reduce production costs, improve market competitiveness, and encourage investment in heritage industries (Ministry of Finance, 2025; Export Promotion Council for Handicrafts [EPCH], 2023 [6]). These policies not only preserve traditional skills and cultural heritage but also promote long-term economic sustainability (Throsby, 2010; UNESCO, 2018) [21, 22]. According to the United Nations Conference on Trade and Development, the creative economy, including cultural goods and services, has become a significant driver of sustainable economic development and inclusive growth in developing countries (UNCTAD, 2022) [24].

Cultural Industries as Drivers of Sustainable Livelihoods

Cultural industries play a vital role in promoting sustainable development and inclusive economic growth. According to UNESCO, cultural and creative industries generate more than USD 2 trillion globally and provide employment to nearly 30 million people worldwide (UNESCO, 2022) [23]. These industries contribute to the social dimension of sustainable finance by supporting community livelihoods, preserving cultural heritage, and promoting responsible economic activities (UNESCO, 2022; Throsby, 2010) [23, 21]. Sustainable finance frameworks emphasize investments that create long-term environmental and social value, and cultural industries align with these objectives by fostering cultural sustainability and inclusive economic growth (OECD, 2020 [17]; United Nations Environment Programme, 2021). Furthermore, international organizations such as UNCTAD highlight the creative economy as a significant driver of sustainable development in emerging economies (UNCTAD, 2022) [24]. Therefore, the development of cultural industries can be closely linked to sustainable finance principles (UNCTAD, 2022; OECD, 2020) [24, 17].

GST Policies Contribute to Sustainable Livelihoods for Artisans

Artisans play a crucial role in preserving traditional crafts and cultural heritage in India. Sectors such as handicrafts, handlooms, pottery, and traditional art forms rely heavily on skilled artisans, many of whom belong to rural and economically weaker communities (Throsby, 2010; Hesmondhalgh, 2013) [21, 9]. According to the Development Commissioner (Handicrafts) under the Ministry of Textiles, the handicrafts sector provides employment to over 7 million artisans across the country (Development Commissioner Handicrafts, 2023; Ministry of Textiles, 2023) [4, 14]. These artisans contribute significantly to rural livelihoods and cultural preservation (UNESCO, 2018) [22]. Government policies supporting cultural industries therefore play an important role in ensuring sustainable income and employment opportunities for artisans (OECD, 2020; UNCTAD, 2022) [17, 24].

GST Policy and Formalization of Artisan Economy

The introduction of GST has helped integrate many informal craft businesses into the formal economic system. Through GST registration, artisans and small craft enterprises can access broader markets, participate in e-commerce platforms, and benefit from input tax credits (Government of India, 2017; NITI Aayog, 2022) [7, 15]. According to NITI Aayog, the formalization of small and medium enterprises through GST can improve transparency, increase market participation, and strengthen financial inclusion (NITI Aayog, 2022) [15]. This formalization process supports sustainable livelihoods by providing artisans with better access to markets, credit facilities, and government support programs (OECD, 2020; UNCTAD, 2022) [17, 24].

GST Concessions and Income Stability:

The government has introduced reduced GST rates for handicrafts and cultural products, which helps reduce the tax burden on artisan communities and makes traditional products more affordable to consumers. Lower tax rates can increase product demand, thereby improving the income levels of artisans and small craft enterprises (Ministry of Finance, 2025; ClearTax, 2025). Additionally, several government initiatives complement GST policies to support artisan livelihoods, including skill development programs, craft cluster development schemes, market promotion initiatives, and export promotion for handicrafts (Ministry of Textiles, 2023; Development Commissioner Handicrafts, 2023) [14, 4]. According to the Export Promotion Council for Handicrafts, the handicraft sector contributes significantly to India's export earnings and provides sustainable employment opportunities for rural artisans (Export Promotion Council for Handicrafts [EPCH], 2023) [6].

Cultural Industries and Sustainable Livelihoods

Cultural industries are increasingly recognized as an important driver of inclusive economic growth and sustainable livelihoods. By promoting traditional crafts and heritage industries, governments can simultaneously achieve economic development and cultural preservation (Throsby, 2010; Hesmondhalgh, 2013) [21, 9]. International organizations such as the United Nations Conference on Trade and Development highlight the creative economy as a key sector for generating employment, supporting local communities, and promoting sustainable economic development (UNCTAD, 2022) [24]. Therefore, supportive tax policies such as GST concessions play a vital role in strengthening the economic sustainability of artisan communities (Ministry of Finance, 2025; OECD, 2020 [17]).

Table 6: Global Demand and Export Trends of Indian Cultural Goods

Indicator	Data
Global market value of Indian handicrafts (2024)	US$ 4.56 billion
Projected market value by 2033	US$ 8.19 billion
Growth rate (CAGR)	6.39%
Carpet export share globally	India accounts for ~40% of handmade carpet exports
Major export markets	USA, UK, Germany, France, UAE, Canada

Source: India Brand Equity Foundation (IBEF). (2025). *Indian Handicrafts Industry Report*

The Indian handicraft industry holds a significant position in the global cultural goods market and continues to show steady growth. In 2024, the global market value of Indian handicrafts is estimated at around US$ 4.56 billion and is projected to reach approximately US$ 8.19 billion by 2033, growing at a compound annual growth rate (CAGR) of about 6.39% (IMARC Group, 2024). This growth reflects the increasing global demand for traditional, handmade, and culturally significant products (UNCTAD, 2022) [24]. India also plays a dominant role in the global carpet trade, accounting for nearly 40% of the world's handmade carpet exports (Export Promotion Council for Handicrafts [EPCH], 2023) [6]. Major export destinations for Indian handicraft products include countries such as the United States, United Kingdom, Germany, France, United Arab Emirates, and Canada, highlighting the strong international market presence of India's cultural and artisanal products (EPCH, 2023).

Artisans represent the backbone of India's cultural and creative industries, particularly in sectors such as handicrafts, handlooms, pottery, and traditional arts (Throsby, 2010; Hesmondhalgh, 2013) [21, 9]. According to the Development Commissioner (Handicrafts) under the Ministry of Textiles, the handicraft sector provides employment to more than seven million artisans in India (Development Commissioner Handicrafts, 2023; Ministry of Textiles, 2023) [4, 14]. Policies that support these industries therefore have significant implications for sustainable livelihoods (UNESCO, 2018) [22]. The introduction of the Goods and Services Tax (GST) has contributed to the formalization of many small craft enterprises and improved market access through digital platforms and organized supply chains (NITI Aayog, 2022) [15]. Furthermore, concessional GST rates on handicraft products reduce the tax burden on artisans and increase market competitiveness, thereby supporting income stability and employment generation in cultural industries (NITI Aayog, 2022; Export Promotion Council for Handicrafts [EPCH], 2023) [15, 6].

Results

The analysis of secondary data indicates that the handicraft sector plays a significant role in India's cultural economy and sustainable development. The sector employs more than 7 million artisans, of which approximately 56% are women, highlighting its importance in promoting inclusive and gender-balanced employment opportunities. The presence of over 744 handicraft clusters and more than 35,000 handicraft products reflects the diversity and richness of India's cultural heritage. Export data further demonstrates the sector's economic contribution, with handicraft exports increasing substantially from ₹386.57 crore in 1986–87 to ₹32,758.80 crore in 2023–24. This growth has been supported by institutions such as the Export Promotion Council for Handicrafts (EPCH), whose membership has expanded from 35 members in 1986 to more than 8,800 members in 2024, indicating increased participation of exporters in international trade.

The findings also show that a significant proportion of handicraft production (around 60–65%) is export-oriented, reflecting strong global demand for Indian cultural goods. The global handicraft market is valued at approximately US$4.56 billion in 2024 and is projected to reach US$8.19 billion by 2033, with a compound annual growth rate (CAGR) of around 6.39%. In addition, India holds nearly 40% of the global handmade carpet export market, demonstrating its strong competitive advantage in traditional craft sectors. These results suggest that cultural industries contribute not only to economic growth and export earnings but also to sustainable livelihoods, rural development, and preservation of cultural heritage, thereby supporting the broader objectives of sustainable finance and inclusive economic development.

Findings and Discussion

The findings of this study highlight the significant contribution of the handicraft sector to India's cultural economy and sustainable development. The sector provides employment to more than **7** million artisans, many of whom belong to rural and economically weaker sections, and includes strong participation of women artisans. The presence of around 744 handicraft clusters and over 35,000 product varieties reflects the diversity of India's traditional crafts and the importance of preserving cultural heritage through economic activities. In addition, nearly 60–65% of handicraft production is export-oriented, indicating the sector's strong connection with international markets.

The analysis also shows substantial growth in handicraft exports, which increased from ₹386.57 crore in 1986–87 to ₹32,758.80 crore in 2023–24, highlighting the rising global demand for Indian cultural goods. Institutional support from organizations such as the Export Promotion Council for Handicrafts (EPCH) has played a crucial role in strengthening export promotion, market access, and infrastructure for artisans and exporters.

From a policy perspective, GST concessions on handicrafts and cultural goods, where tax rates have been reduced from 12% to 5%**,** help reduce production costs and improve market competitiveness. These measures support small artisans, encourage the formalization of craft enterprises, and enhance their participation in organized markets. Furthermore, the growing global demand for handmade, eco-friendly, and culturally authentic products, along with the expanding global handicraft market valued at US$ 4.56 billion, highlights the sector's potential for sustainable growth.

Overall, the findings suggest that supportive taxation policies, institutional promotion, and increasing global demand can strengthen the handicraft sector. By linking fiscal policy with cultural industries, governments can promote heritage preservation, rural employment, and inclusive economic growth, thereby contributing to the broader objectives of sustainable finance and long-term economic sustainability.

Conclusion

This study examined the relationship between cultural goods and services, the handicraft sector, GST policy, and sustainable economic development in India. The findings reveal that the handicraft industry plays a crucial role in preserving cultural heritage while contributing significantly to employment generation, export earnings, and inclusive economic growth. With more than 7 million artisans, a large proportion of whom are women and rural workers, the sector provides sustainable livelihood opportunities and supports regional economic development.

The analysis of export data indicates substantial growth in the handicraft sector over the past few decades. Handicraft exports increased from ₹386.57 crore in 1986–87 to more than ₹32,758 crore in 2023–24, demonstrating the rising global demand for Indian cultural products. Institutional support from organizations such as the Export Promotion Council for Handicrafts (EPCH) has played a significant role in strengthening export promotion, improving international marketing, and enhancing the global competitiveness of Indian handicrafts.

The study also highlights the importance of fiscal policies such as the Goods and Services Tax (GST) in influencing the development of cultural industries. The reduction of GST rates on several handicraft products from 12% to 5% reflects the government's effort to support traditional artisans and promote cultural goods in both domestic and international markets. Such policy measures can help reduce financial burdens on small producers, encourage formalization, and improve the overall sustainability of the handicraft sector.

Furthermore, the increasing global demand for handmade, eco-friendly, and culturally authentic products demonstrates the potential of cultural industries to contribute to sustainable finance and long-term economic sustainability. By integrating cultural industries with supportive fiscal policies and export promotion initiatives, governments can enhance economic development while preserving cultural heritage. Overall, the study concludes that the handicraft sector represents an important intersection between cultural preservation, economic growth, and sustainable finance.

Policy Recommendations

Based on the findings of the study, the following policy recommendations are suggested:

1. Further GST concessions for heritage products Additional tax incentives for traditional crafts and cultural goods can help improve the competitiveness of artisan products.
2. Support for artisan clusters and rural craft industries Government programs should strengthen infrastructure, training, and marketing support for artisan communities.
3. Promotion of digital platforms for cultural products E-commerce platforms can help artisans reach national and international markets.
4. Integration of cultural industries with sustainable finance initiatives Financial institutions and policymakers should recognize cultural industries as an important sector for sustainable investment.
5. Awareness and capacity-building programs for artisans Training programs related to GST compliance, digital marketing, and financial management can help artisans benefit more effectively from policy reforms.

References

1. Awasthi R, Akhtar M, Khan FS. The impact of goods and services tax on sustainability in the Indian handicraft sector. Journal of Computers, Mechanical and Management. 2023; 2(4):29-34. Doi: https://doi.org/10.57159/gadl.jcmm.2.4.23094
2. ClearTax. GST rates in India: Updated list of GST slabs and items, 2025. https://cleartax.in/s/gst-rates
3. ClearTax. 56th GST Council meeting highlights: Updates, outcome, press release and latest news, 2025. https://cleartax.in
4. Development Commissioner (Handicrafts). Handicrafts sector statistics and policy initiatives. Government of India, 2023. https://handicrafts.nic.in
5. Economic Times. New GST rates list: Items with revised tax rates, 2025. https://economictimes.indiatimes.com
6. Export Promotion Council for Handicrafts. Indian handicrafts industry report, 2023. https://www.epch.in
7. Government of India. Goods and Services Tax Act. Ministry of Finance, 2017.
8. Government of India, Press Information Bureau. Key decisions of the 56th GST Council meeting, 2025. https://pib.gov.in
9. Hesmondhalgh D. The cultural industries (3rd ed.). Sage Publications, 2013.

10. International Journal of Management. Impact of GST on rural textile industries in India: A descriptive analysis, 2025.
11. Khaitan & Co. Key highlights of the 56th GST Council meeting, 2025.
12. Kumar V. GST implementation and its impact on industrial development: Economic perspectives from India. International Education and Research Journal, 2024.
13. Manivel R, Jeeveetha S. Textile traders' perception towards GST: A review article with reference to Tirupur city. NOLEGEIN Journal of Leadership & Strategic Management, 2024.
14. Ministry of Textiles. Annual report 2022-23. Government of India, 2023. https://texmin.nic.in
15. NITI Aayog. Impact of GST on MSME sector and informal economy, 2022. https://www.niti.gov.in
16. NJ Jain & Associates. GST rationalisation 2025: Decoding the reforms, 2025.
17. OECD. Sustainable finance and the role of public policy. OECD Publishing, 2020.
18. Raviprakash N, Damani S, Chatterjee A, Joshi M, Agrawal P. Using AI for economic upliftment of handicraft industry. arXiv preprint, 2019. Doi: https://doi.org/10.48550/arXiv.1907.02014
19. StudyCafe. CBIC notifies concessional GST rate on specified handicraft items, 2025.
20. TaxGuru. GST rates on handicrafts, jewellery and artware revised, 2025. https://taxguru.in/goods-and-service-tax/gst-rates-handicrafts-jewellery-artware-revised-22-sept-2025.html
21. Throsby D. The economics of cultural policy. Cambridge University Press, 2010.
22. UNESCO. Cultural times: The first global map of cultural and creative industries. UNESCO, 2018.
23. UNESCO. Cultural and creative industries in the global economy, 2022. https://www.unesco.org
24. United Nations Conference on Trade and Development. Creative economy outlook, 2022. https://unctad.org
25. United Nations Environment Programme. Sustainable finance framework, 2021. https://www.unepfi.org
26. United Nations Environment Programme. Sustainable finance and ESG integration, 2021. https://www.unepfi.org