Gold governance and goldsmithery: Economic sociology of an informal manufacturing sector in India

Sruti Kanungo and Anindita Chakrabarti

In India, gold’s uniqueness lies in its dual demand for ‘sacred’ ritual purposes as well as ‘profane’ economic security. As a scarce commodity, gold is continuously monitored and regulated by the state. This study investigates how communities associated with the craft and trade of gold jewellery cope with state regulations, an aspect that has largely gone undocumented in sociological literature. The article traces the transformation of the goldsmithing sector in post-independence India. The repeal of the Gold Control Act 1968 in 1990 and high demand during the post-liberalisation period gave a tremendous fillip to the gold jewellery sector. The study captures the occupational recasting as a new community of goldsmiths emerged during this period replacing the traditional goldsmithing castes. It contributes to the under-studied field of goldsmithing in India providing an ethnographic account of a triadic relationship between an informal manufacturing sector, state regulation and a self-organised workforce based on regional ties and village networks.

Keywords: Gold Control Act 1968, goldsmithing, informal economy, inter-generational skill transfer, state regulation

I

Ethnographic research on communities associated with the crafts has been thin and studies on goldsmithing are particularly scant. In this article, we cover a relatively unexplored area in post-colonial economies (Ashiagbor et al. 2013; Birla 2013: 92) by tracing changes in the gold manufacturing sector...
sector and the rise of a new community of goldsmiths from Bengal who currently dominate this informal manufacturing sector.

While the Constitution empowered the state to create a ‘command economy’ through nationalisation and regulation, the course of its implementation showed up different modalities and varying outcomes. Rohit De’s (2010) analysis of market governance and constitutional rights capture a telling story of how the enforcement of new bye-laws ignored individual rights in the attempts to bring the economy under governmental control, raise revenue and regulate the market. In its zeal to achieve quick results, he notes, the enacted legislations interfered in the vital everyday livelihood issues of the citizens. De (ibid.) highlights the case of a vegetable vendor in Jalalabad, whose story underscored the tryst between the issue of livelihood and municipal bye-laws. For the first time since the formation of the republic, the Supreme Court was moved for a writ of mandamus where the apex court directed the town committee not to prohibit the petitioner from carrying on his trade (ibid.) in ways that resonate with the arguments made by goldsmiths in this study.

Although gold is always in the public eye and an object of strict regulation, gold manufacturing remains by and large a part of the informal sector. We trace the complex history of gold consumption, goldsmithing and gold governance in post-Independence India where legislations around the precious metal have deeply impacted the trade and those who worked in this field. The effect of the legislations/regulations on the craftsmen and how the informal unorganised gold manufacturing sector evolved over the years are the key areas of investigation. The findings document a process of transformation from a caste-based to a non-caste specific network of goldsmiths in contemporary India.

India is the second largest consumer of gold in the world market and imports more than 800 tonnes of gold every year.1 In India, gold consumption is as much economic as it is social, familial and religious. Gold, Jeffries (1964) argues, enacts a ‘double life’ because of its use value as a commodity as well as its monetary value. This ritually pure, inordinately demanded metal enjoys a special status as a medium of

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socio-ritual exchange. The rising price of gold, regulations imposed on its import/export and its insatiable cultural demand as well as religious significance make gold a unique commodity. In India, gold behaviour keeps the gold industry buoyant. The case of demonetisation in November 2016 illustrates this point. The jewellery industry was expected to be badly hit by demonetisation. But despite a slowdown in the initial days of demonetisation, it showed signs of recovery within a month thanks to the wedding season.

Debates on the gold manufacturing sector in India are few and far between. Goldsmithing, until the recent past, was a caste-based traditional occupation. Explaining the position of goldsmiths in the caste system of South India, K. Ishwaran (1966) notes that the high position of goldsmiths (the sunar) in the caste hierarchy resulted from the fact that the gleaming gold they processed was considered to be the purest of metals. Since gold was used in rituals, an Indian goldsmith’s traditional tasks were not limited to jewellery making. Moreover, unlike the transformation in other artisanal sectors such as weaving, gold jewellery could not be manufactured entirely in the industrial mode.

In India, the goldsmithing sector began to witness tremendous changes during the post-independence period, especially in the 1960s. The war with China in 1962 was one of the immediate provocations for drastic changes in India’s gold policy. It is said that the regulations imposed during this period ruined many traditional goldsmithing and gold-trading communities. But how the communities closely associated with gold were affected during this period has not been well-documented. In this article, we show that over the years there has been a steady and continuous transformation in the goldsmithing sector. A new generation of goldsmiths has been drawn

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2 An example of the importance attached to gold can be witnessed during the marriage seasons, Dhanteras and Akshaya Tritiya (the auspicious days for buying gold and silver jewellery).

3 While demonetisation took place in November 2016, 50 tonnes of gold was imported in January 2017 and 80 tonnes in February 2017 (see Bhayani, Rajesh. 2017. ‘Gold Import Gathers Pace as Demand Revives.’ Business Standard, 21 March, p. 18).

4 George K. Varghese’s (2003) study of the traditional goldsmithing communities in Kerala documents one such case of downward mobility. His study of the traditional artisanal communities of Kerala, collectively known as Visvakarmas (consisting of blacksmiths, carpenters, bell metal workers, stonemasons and goldsmiths), shows that globalisation in combination with mechanisation, wielded a devastating influence on the traditional craft.
and trained from non-goldsmithing castes, beginning with a shift from the 1980s onwards that gained momentum in the post-liberalisation period. While machines could only partially replace the craftsman’s nimble hands, profound changes were brought about by a slew of regulations imposed by the state on the precious metal. In other words, it was not the changes in the technology and machinery that drove the alterations in the production process, but changes in the legal life of the metal that played a transformative role in the gold economy.

Before moving on to the details of the control and consumption of the sector, we introduce a diagrammatic representation of the gold industry in India that gives an overview of the major players in the gold economy and shows how the precious metal moves along different levels of the value-chain before reaching the consumers (Figure 1).

**Figure 1**
*Circulation of gold*

Source: Sruti Kanungo and Anindita Chakrabarti.

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The circulation of gold from gold mines to the jewellery showrooms and finally to the customers involves a global journey. Once the rough gold (called a dore bar) is dug from the mines, it is sent to the refinery to make gold bars of different purity. This is refined according to the rules established by the London Bullion Market Association. The refined bars are then flown to bank vaults in countries like the USA, the UK, the UAE, India, China and Australia, who serve as the middlemen of the gold industry from where producers can sell and consumers can buy the metal.\(^5\) National banks and nominated agencies act as wholesalers in the Indian jewellery market. They buy gold from bullion banks and sell it (usually on consignment) to the bullion or wholesale traders and also sometimes to the big jewellers. Some bullion traders also try to buy gold bars directly from the bullion banks and sell it to the wholesale traders, jewellers and jewellery manufacturers. Once the manufacturers receive gold bars from the bullion or wholesale traders/jewellers, they fabricate it into jewellery pieces for sale in the market as well as for export. The customers, on the other hand, not only buy but also pawn or recycle their old gold. They part with their old jewellery pieces to a goldsmith/jeweller/wholesale/bullion trader/banks according to their convenience. These old pieces of jewellery are then refined and transformed into bars and the circuit continues.

The article is based on multi-sited fieldwork (Marcus 1995) in Ghatal sub-division of the district of West Medinipur (West Bengal), and in the gold manufacturing clusters of four different cities—Kolkata (West Bengal), Kanpur (Uttar Pradesh), Cuttack (Odisha) and Delhi.\(^6\) Initially, the field was difficult to access as the gold manufacturing sector is closely connected with the shadow economy, and the researchers—seen as inquisitive outsiders—were not welcome. Over a period of time, especially when we visited the goldsmiths in their villages, trust was gained, and we could conduct in-depth interviews as well as group discussions and interact with their families. The ethnographic inquiry was carried out both at sending and receiving ends (i.e., in their home towns as well as workplaces of the migrant) so as to understand the patterns of their migration (cf. Bruno Ricco 2011).


\(^6\) For details, see Kanungo and Chakrabarti (2020).

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II

Gold behaviour and the Gold Control Act 1968: Squaring the circle

Attempts by the post-colonial nation-state to curb and control gold consumption is not something new. It goes back to the decades following India’s Independence in 1947. In the annual budget presentation by the finance minister over the years, different strategies for curbing gold consumption in India are apparent. In this section, we will trace the trajectory of gold governance and the unintended consequences of those measures.

In post-Independence India, the Defence of India Act 1962 comes through as the most important measure to control and curb the demand for gold. On 9 January 1963, the Central Government exercising powers conferred under Defence of India Act, amended the Defence of India Rules, inserted Part XII A and added rules 126 A to 126 Z. A board was constituted to oversee it and a dramatic rule—Rule 126 Clause (1)—was introduced. It required that every gold dealer or refiner needed to apply for a licence under Part XII A. All licensed dealers and refiners were required to declare to the board, within 30 days from the commencement of Part XII A, the quantity, description and other particulars of gold in their possession, other than their personal holdings. Possession of gold without declaration became punishable with imprisonment. Jewellers were obliged to maintain records of all business transactions. Moreover, the procedure for obtaining a licence proved to be an extremely difficult task for the artisans as most of them were not literate. A new class of brokers emerged to assist these artisans and, in the process, exploited them (Swarnkar 2009–2010). Continuous protests and agitations against the new rule to control the gold industry led to further amendments and finally to its repeal and introduction of the Gold Control Act (GCA) in 1968. The GCA of 1968 in its preamble noted that it is:

7 On 1 March 1967, the Defence of India Rules, 1962 were further amended by Defence of India (4th Amendment) Rules, 1966, which imposed a ban on the possession of primary gold. On June 1968, Part XII A of Defence of India Rules, 1962 was repealed and replaced by Gold Control Ordinance, 1968. The Gold Control Ordinance was subsequently replaced by the Gold Control Act, 1968 (after this referred to as the Gold Control Act) which came into force on 1 September 1968.
(a)n Act to provide in the economic and financial interests of the community, for the control of the production, manufacture, supply, distribution, use and possession of, and business in, gold, ornaments and articles of gold and for matters connected therewith or incidental thereto.

A discourse of a national conscience and moral appeals against gold consumption was heralded in 1963. The speech by the then finance minister Moraji Desai on the national radio on 9 January 1963 brings out the metaphysical justification of the drastic legislation. In his speech Desai exhorted:

I, for one, do not regard the demand for gold ornaments socially justifiable. I regard it as the moral duty of every patriotic citizen to refrain from buying gold in any form particularly in the present emergency. Even in normal times, it is not necessary to use gold for personal adornment. It is my earnest hope that every teacher in the country, every social worker and every leader of public opinion would make it his or her business to explain to the young and the old, the rich and the poor what the attachment to gold and gold ornaments means in terms of the strains it puts on the resources we need for defence and development. Let all young boys and girls growing up in the country be made to realise that they help build a safe and prosperous India by insisting that no gold be bought at the time of their marriages. (Reserve Bank of India, Central Records and Documentation Centre – F 14749 Papers Relating to Gold Board, Press Information Bureau Government of India, January 9, 1963: 4–5, cited in Grewe 2016)

The Act, buttressed by exhortations for nationalist renunciation of gold, aimed to limit gold transactions, its import/export and smuggling. Besides, it brought restrictions relating to manufacturing, acquisition, possession, sale, transfer or delivery of gold. The Act also restricted and curbed the operations of refiners, goldsmiths, gold dealers, retailers and traders in several ways. It introduced certification of a person as a goldsmith, jeweller and licensed gold dealer.\(^8\) It did not allow a person to carry on

\(^8\) According to the Act, a certified goldsmith was one who had been carrying on business as a goldsmith for more than a year immediately before the commencement of part XIIA of

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business unless he had a valid licence. Prema Rajagopalan’s (1982) study of goldsmiths of Mylapore in Madras during the pre-liberalisation period documents how the artisans required a license to start a workshop/business as a goldsmith (Figure 2). The artisans during this period also became members of the craft community through their membership in the local informal unions.

According to the GCA 1968, a certified goldsmith was not permitted to engage more than one hired ‘labourer’ to assist him in his work. The labourer was not allowed to make, manufacture, prepare or repair any article or ornament. The certified goldsmith was not allowed to possess the Defence of India Rules, 1962. He could make, manufacture, prepare, repair ornament or polish and process any article but should not, unless authorised by the administrator make, manufacture or prepare any primary gold or article. A dealer was any person who carried on directly or otherwise the business of making, manufacturing, preparing, repairing, polishing, buying, selling, supplying, melting, processing or converting gold whether for cash or for deferred payment or for commission, remuneration or other valuable consideration (see Harakchand Ratanchand Banthia v. Union of India And Ors. 1970 AIR 1453 [Supreme Court of India, April 30, 1969]).
beyond a certain amount of primary gold and standard gold bars. Under the Act, import of gold was banned. All these steps, however, failed to yield the desired result. A survey undertaken by the World Gold Council in 2012 showed that the restrictions imposed on gold had little or no impact on its market and consumer demand. In other words, the high demand for gold jewellery and the perceptions attached to it did not change with state restrictions. On the contrary, these measures led to a number of unintended consequences. It became a barrier to the production of jewellery for export. Many traditional artisanal families involved in the trade were ruined. The effort to bring out the hoarded gold failed. In fact, the Act catalysed the dominance of a parallel grey economy and the gold smuggling ‘industry’, but failed in curbing the domestic demand for gold.

Table 1 indicates that the amount of smuggled gold increased from 26.27 tonnes in 1955–1956 to 520 tonnes between 1958 and 1963. The restrictive and regulatory Act led to trafficking, unaccounted imports and exports of gold and widespread dissatisfaction. The gold industry went increasingly underground, and expansion in gold-related business could not take place even while gold served as an ideal vehicle for money laundering and tax evasions. Gold jewellery became a means of investment, as the Act allowed that gold could be kept only in the form of jewellery. Even the domestic gold price faced inflation because of the reliance of the gold industry on unofficial imports. After more than two

<table>
<thead>
<tr>
<th>Smuggled Gold (Year)</th>
<th>Smuggled Gold (Tonnes)</th>
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<tbody>
<tr>
<td>1948–1949</td>
<td>27.36</td>
</tr>
<tr>
<td>1950–1951</td>
<td>35.35</td>
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<tr>
<td>1952–1953</td>
<td>53.27</td>
</tr>
<tr>
<td>1955–1956</td>
<td>26.27</td>
</tr>
<tr>
<td>1958–1963</td>
<td>520</td>
</tr>
</tbody>
</table>

Source: Emmanuel (2014); RBI reports, WGC reports and newspaper articles.

9 The Act did not allow a certified goldsmith to receive more than 100 grams of standard gold for manufacturing jewellery and to possess a stock of more than 300 grams of primary gold.
10 According to the World Gold Council report, the gold smuggled into India between 1968 and 1995 varied from 10 to 217 tonnes per year.
decades the realisation that the Act had impeded rather than controlled the gold industry led to the repeal of the GCA in 1990.

The unfolding of the GCA 1968 offered an apt example of the argument made by economists who have shown that high levels of regulation act as barriers that disrupt the existing processes and tend to reduce economic growth (Guha-Khasnobis et al. 2006; Loayza et al. 2004). Considering the informal as illegal, state attempts are made to convert it into a legitimate sphere of the economy. The policymakers in their eagerness to solve problems on the ground, impose formal legislations without recognising how they impact informal practices. They ignore that multiple and rapid changes introduce confusion that results in non-compliance of the ‘legal’ pronouncements and finally alternative arrangements are made that are entirely contrary to what the policymakers intended (Guha-Khasnobis et al. 2006: 12).

Moreover, it has also been contended that if the rule of law is weak, the forms that emerge in this altered context easily assume a criminal character (Hart 2006). Impositions by the state lead to activities such as breaking the law through breaches of health and safety regulations, tax evasion, smuggling, the use of child labour or selling without a license (Hart 2006). In many ways, the case of goldsmithing in India can be read along with work such as Milojko Arsic et al.’s (2015) study of taxpayers and tax evasion in Serbia. The study shows how factors like the economic crisis, lack of liquidity, inefficient market exit mechanisms high administrative burdens, poor regulatory environment and legal insecurity contribute towards the shadow economy. In a similar way, in its attempt to monetise gold and control its consumption and trade, state interventions led to the growth of a grey economy. The shadow operation of the sector upholds Grewe’s (2016) observation that any economic transaction tied to gold jewellery is marked by secrecy, hiding and burying. The evolution of the goldsmithing sector in India in the post-independence period offers a text-book case (albeit a complex one) of this type of state intervention and its contrary consequences.11

11 The most recent example being the introduction of Goods and Services Tax (GST). These tax burdens make import through illegal channels attractive as long as demand remains high. On the other hand, customers prefer to buy only small amounts of gold at one go in order to avoid quoting their PAN—Permanent Account Number (as they are supposed to provide it for cash transaction of more than ₹200,000). Besides, in order to avoid GST, customers forego
Experiences from other countries also show that precipitous interventions to control gold and its consumption had limited success. Allison Truitt (2018) compared the attempts by the state in Vietnam (and India) to control gold by moving it out of religious and kinship institutions and stockpiling it into state-sanctioned objects in recent years. During the economic crises of 2008, Vietnam launched the Vietnamese Saigon Jewelry Company Tael and India introduced the Indian Gold Coin. In India, the introduction of the Indian Gold Coin was an effort to encourage citizens to convert their ‘idle’ gold into a form sanctioned by the state. But both the states failed in this effort. A similar attempt was made after the global economic crises in 2012, the Vietnamese government demonetised gold and India attempted to liquefy gold by monetising it. But again, the author notes, both these attempts could not bring the desired outcome; instead, it increased secretive transactions.12

In India, the year 1990 was also the beginning of a new economic era—the era of ‘economic liberalisation’ which was accompanied by unprecedented structural changes. The immediate outcome of the repeal of the GCA was that the gold industry became an open market for investors and traders. As the boom in the industry led to the demand for skilled craftsmen, a new chain of artisanal migration began to grow slowly and steadily. The changes brought about during the post-liberalisation period posed new challenges to the gold manufacturing industry. In the rest of the article, we show how the impositions during the decades of license-raj had irrevocably changed the caste character and networks of participation in the goldsmithing sector. We have also documented the technological changes in the sector which have been slow and uneven. It is important


12 A contrasting situation is found in the United States during the great depression of the 1930s when gold was needed to print dollars and reflate the economy (see Shah, Nilesh. 2012. ‘Two Nations, Two Gold Control Acts. One Worked, One Didn’t.’ Available at: https://www.livemint.com/Money/1pP9XsSop1kQCLJZSOO0/Two-nations-two-gold-control-acts-One-worked-one-didnt.html). The state ordered its citizens to sell their private holdings. US citizens responded positively, partly due to nationalist feeling and partly because of fear of harsh penalty. As a result, the US Federal Reserve became the biggest owner of gold among the central banks and the largest individual owner of gold in the world (ibid.).
to note that while 70 per cent of India’s jewellery industry comes under the unorganised sector, 60–65 per cent of jewellery manufactured in India is handmade (World Gold Council 2017b). In the following sections we explain the entry and rise of the new goldsmiths and how they forged a community consisting of different castes that worked in a guild-like structure.

III
The gold manufacturing sector and the ‘new’ goldsmiths

The goldsmithing castes were one of the service castes in the jajmani system where production and circulation of goods and services took place through ties of obligatory rights and duties. Ideal typically, the jajmani relationships were reciprocal and they had economic as well as ritual significance. The service castes formed associations for retaining the monopoly on their specialised skills and transmitted their craft expertise to the next generation. The customary duties and remuneration of artisans and servants limited competition by forbidding non-members to practice the profession (Coomoraswamy 1909; Roy 2008). Anthropological research, however, has shown how the jajmani system worked in the villages through complex negotiations and carried both obligatory as well as contractual commitments. M.N. Srinivas (2003) had argued that the relations were multi-stranded while David G. Mandelbaum’s (1972) study of jajmani relations in northern India illustrates that landowners maintained occasional relations with certain specialists, like goldsmiths, who lived at a distance as well. These castes were thinly dispersed since a large village could support only a few goldsmiths (Mandelbaum 1972: 353, 495–97).

In Gujarat villages, David F. Pocock (1972) found that the goldsmiths were occasional or seasonal visitors to their customers after the harvest in the hope that they would want to invest their money in gold or ornaments if they were planning a marriage in the family. But Pocock noted that over the years this Soni (traditional caste-based goldsmiths of Gujarat) caste faced competition from town goldsmiths who owned different types of machines to make ornaments of the latest designs.13 During our fieldwork, it was pointed out by the traditional gold jewellery retailers that it was during

It was during this period that many fine skills were lost forever as the traditional goldsmithing communities were badly hit and inter-generational skill-transfer suffered.

Liberalisation ushered an open and free market in the 1990s and allowed gold import through legal channels. This policy profoundly impacted the gold industry. The repeal was marked by changing consumer demands, entry of corporate retailers in the industry and expansion of the older, established family-owned brands. The demand for and availability of gold jewellery increased steadily (refer Table 2).

The mushrooming of jewellery showrooms to satiate the high demand for gold jewellery meant entry of more artisans in the occupation. Interestingly, during our interviews, a number of elderly goldsmiths pointed out that they considered ‘certification’ under the GCA as beneficial, since it restricted the unregulated entry into the occupation. After the

<table>
<thead>
<tr>
<th>Year</th>
<th>Gold Import (Tonnes)</th>
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<tbody>
<tr>
<td>1931</td>
<td>40</td>
</tr>
<tr>
<td>1940</td>
<td>50</td>
</tr>
<tr>
<td>1950</td>
<td>80–90</td>
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<tr>
<td>1960–1970</td>
<td>150</td>
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<tr>
<td>1982</td>
<td>65</td>
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<tr>
<td>1995</td>
<td>505</td>
</tr>
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<td>2009</td>
<td>343</td>
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<td>2010</td>
<td>1,006</td>
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<tr>
<td>2011</td>
<td>969</td>
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<td>2012</td>
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<td>2013</td>
<td>783</td>
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<td>826</td>
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<tr>
<td>2015</td>
<td>905</td>
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<tr>
<td>2016</td>
<td>510</td>
</tr>
<tr>
<td>2017</td>
<td>521</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India (RBI) reports, World Gold Council reports and newspaper articles.

the GCA that the changes in the goldsmithing sector picked up momentum. It was during this period that many fine skills were lost forever as the traditional goldsmithing communities were badly hit and inter-generational skill-transfer suffered.

Table 2
Annual gold consumption before and after GCA 1968

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repeal, the artisans were not constrained to keep one worker and were free to keep as many they needed. Bhayani (2014) has used a bullion analyst’s estimates to argue that whereas Mumbai had about 150 jewellery shops located around Zaveri Bazar in South of Mumbai during the years of the GCA, in 2014 almost every neighbourhood of the city had a jewellery showroom.14 Thus, the end of license-raj and high-consumer demand for gold jewellery led to a high demand for skilled goldsmithing. How this demand for a specialised skill was satiated is the puzzle that led us to the goldsmiths’ informal networks in different parts of India. The migration trail, we realise traversed all over India and Nepal as well. In Kolkata, we found that buses ply to Nepal on a daily basis ferrying goldsmiths.

Research conducted in the context of the gold manufacturing sector of Thrissur district in Kerala showed how the migrant workers were brought by specialised agents known to the owners of the jewellery manufacturing units through a reliable social network (Maruthur 2014). It was also noted how initially the traditional goldsmiths in Kerala saw liberalisation as a good prospect because of the inflow of investment into their trade. It expanded their work orders. But within a decade, the gold market underwent unprecedented changes (ibid.: 324). It resulted in the breakdown of traditional caste and kin groups where skill-based entrepreneurial networks of goldsmiths were formed. We traced how the apprentice through his village ties entered the workshop of a master craftsman where he learnt the skill of goldsmithing over a period of time. The training followed the method and procedure of an artisanal guild where the master took care of the apprentice and slowly trained him up to be a master craftsman.

Initial interviews in Cuttack revealed that these ‘first generation’ goldsmiths were from certain districts of West Bengal and had started to migrate to different states within India and neighbouring countries like Nepal.15 Further fieldwork revealed how these new goldsmiths had moved


15 Around 40.19 per cent of the goldsmiths in Kerala (Maruthur, 2014) and 25,000 out of 45,000 artisans in Rajkot are from West Bengal (according to the report by Rajkot Gems and Jewellery Trade Association). See Das et al. 2016. ‘Demonetisation Impact: Migrant Workers Head Back Home. Business Standard, 11 December.
out of their villages to escape poverty and lack of economic opportunity. West Medinipur, the region from where this trail of migration had started, was periodically ravaged by floods and drought. Their migration histories showed how an agrarian caste learnt a new artisanal skill to escape the precarious conditions in their villages. While the migration of young men to get trained as goldsmiths from this area began in the 1980s after the devastating flood of 1978, large-scale migration grew in the 1990s. Unlike unskilled, landless migrants, these ‘new’ goldsmiths were small landholders who also had the knowledge of working on bell metal and copper, and had made metal objects such as lamps at home. They used this traditional knowledge to reskill themselves as goldsmiths. Once some of them gained proficiency, village networks were activated to recruit young boys as apprentices. A migration network developed for acquiring goldsmithing skills and spread out to different cities since trained goldsmiths were in much demand in different parts of India.

The field study in Cuttack by the first author revealed that most of the craftsmen working there were from West Medinipur, West Bengal. The artisans claimed that gold jewellery workshops run by Bengali goldsmiths dominated this informal manufacturing sector all over the country. Further fieldwork by the authors confirmed that Bengali goldsmiths dominated the sector in Kolkata, Kanpur, Delhi and Mumbai. But who were these goldsmiths from Bengal? When asked about their caste, most (68.33 per cent) of them stated that they were Mahisyas.16 The narrative of a master craftsman at Cuttack captures the artisanal journey of many:

I am a first-generation goldsmith in my family. I belong to the Mahisya caste. Neither my father nor my paternal uncle was into this occupation. Both were farmers. When I was young, I helped them but periodic floods in our village destroyed the crops. During the 1980s the situation in the village worsened due to floods and crop failures. These conditions forced many parents to send their children to work outside the village. At that time goldsmithing was a good source of income for those who learnt the skill. Those who went for goldwork (sonar kaaj) served as

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16 The history of Mahisyas shows that the Mahisyas were not recognised as a separate caste before 1921. The identification of the Mahisyas as a distinct caste came about from the organised movement in 1901 (Chakrabarty 1997: 64). For details, see Gait (1902) and Ray (2013).
role models for the village boys. But due to the preciousness of gold, the novice had to search for someone in this field who could give a guarantee to the master craftsmen to accept him in his workshop. I too came here with the help of my friend who was already working with a master for about three years. He became my guarantor. Later, I brought my paternal uncle’s son \((\text{kakar chhele})\) into this work.

The importance of a guarantor was reiterated in an interview with a father (a farmer in his mid-80s) of a goldsmith in a village in West Medinipur. He explained, If a person is new to goldsmithing, he has to find a guarantor. The answer to who helped newcomers to enter the occupation was typically \(\text{‘a friend/uncle/ elder brother/cousin/neighbor’}\).

Some of the villagers in Ghatal, West Medinipur drew attention to the refrain: \(\text{‘Dada, amake apnar sathe niye jaan’ (Brother, take me with you)}\). This mode of entry into goldsmithery units contrasts with Mark Granovetter’s (1983) notion that weak ties provide a person with better chances for mobility and access to job information since \(\text{‘acquaintances’ move in different circles though he recognised that the pattern of these ties would vary depending on the occupation.}\)

While Granovetter’s (1983) argument held true in occupations particularly concerned with information about the market situation, in the case of the gold manufacturing sector we found that strong ties played the most significant role in developing the trust necessary for a novice to enter this arena. Strong ties provided greater motivation, assistance, and were easily available, particularly for those in urgent need. In case of the new goldsmiths, strong ties were sought after both by the employer as well as the novice, since they could ensure that the novice would not run away with the gold. As a result, the craft which was once a caste-and kinship-based occupation gradually shifted towards a village-based, guild-like structure. During an interview, a goldsmith in Dumdum, Kolkata, pointed out:

Entry into this workforce requires no investment. Once you are with a master, he would provide food and shelter and teach you the skill. But what is required is the trust of the master. The workshop owners prefer to give work to those whom they know or someone from their village.

We argue that the entry of the ‘new’ artisans brought a significant shift in the former self-organised, informal goldsmithery units. The emergent

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manufacturing sector followed the master-apprentice work structure and caste and kinship ties were replaced by village ties. One could describe these as new guilds which had their own rules of solidarity at work.\textsuperscript{17} The entire manufacturing process and work structure here is highly organised and regulated through informal ties. The next section elaborates the self-regulated ‘guild-like’ work organisation and the importance of the network and trust in the functioning of this manufacturing sector.

**IV**

*Organisation of the unorganised: Trust, skill and the new guilds*

Over a period of time, we figured out how manufacturing a piece of jewellery required several artisanal skills. Once the jeweller buys gold either from the wholesale trader, bullion trader or bank (approved by RBI to buy/sell gold), he gives a work order to the master craftsman. The wholesale traders also purchase gold bars from either bullion traders or banks and give work orders to the master craftsmen. Later, they sell the jewellery pieces to the retailers (in bulk) and sometimes to the customers (in piece). The master craftsman also sometimes buys gold directly from the bullion trader. Each gold manufacturing unit is headed by a master craftsman (the owner of the workshop) who works along with a master karigar, journeymen and apprentices. The workshop owner regularly visits and contacts the jewellers as well as wholesale traders to get work orders. Sometimes the customers also give away their old jewellery pieces

\textsuperscript{17} A guild describes an association of master craftsmen, journeymen and apprentices who organise themselves into associations for carrying out trade or trade-related business, regulate the customary duties and remuneration of craftsmen, providing safety to craftsmen and traders (Coomoraswamy 1909). Roy (2008) notes that artisan guilds intervened in the labour market to deliver training and regulate competition between masters and apprentices. The guilds, in medieval times, were either bodies that maintained the hierarchy of craftsmen, or quasi-administrative bodies engaged in facilitating transactions conducted by the courtiers. In colonial India the master–apprentice relation was governed by a set of rules that had enough force in the interwar period to ensure that new entrants followed them. The apprentice paid only a token fee to the master at the time of joining that consisted of a turban, a scarf and sweets and was expected to render services not only in the workshop, but also at the master’s home. This was the period when the demand for apprentices was brisk, and the apprentices themselves on certain occasions received some money.

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to make new jewellery out of it. Once the master craftsman gets a work order, he serves as an intermediary (middleman), who coordinates with other master craftsmen to deliver the order on time. Many craftsmen remarked that they depended on each other for completing their work. These networks operate on the basis of mutual obligations and expectations between master craftsmen of several manufacturing units. These units, also called ‘departments’ are involved in performing a specific task and being located in close proximity coordinate with one another to complete the final piece. The departments include, garti/gadhani (engraving), die cutting, wires/plates, ball department, diamond cutting, stone fitting, polishing and enamelling (minakari).

The informal goldsmithing sector now follows the format of the traditional guild system. Unlike other industrial occupations, goldsmithing requires an artisan to work with other artisans as he moves through the stages of apprentice, journeyman and master craftsman. Interviewing 120 artisans, we found that about 70 per cent of the artisans were trained by a master craftsman and 29 per cent by other artisans. During our interviews, many goldsmiths used the word guru to refer to the master craftsman who taught them the skill. In the gold jewellery manufacturing process, though some new machines and tools have been introduced, the training process has remained quite unchanged. The artisans use manual operations and acquire skills outside a formal training system. According to a Bengali master craftsman working in Kanpur:

There is still need for skilled artisans to make customised jewellery, even with the introduction of new machines and casting techniques. Casting technique requires a master design that is manufactured by a skilled artisan. Artisans learn to use new machines from their fellow friends or masters who have the knowledge of using it. I learnt the work in a similar manner and now I can help other artisans in learning it.

The artisans (both journeymen as well as apprentices) stay at their master’s workshop. The apprentice is not paid until he has acquired the basic skills and techniques and is capable of helping the master to finish his work orders. The apprentice starts learning the skill by mixing alloys, melting the metals, preparing the iron ingot for pouring the molten metal, heating and beating it. Next, he learns how to use presses/squeezing machines
to make plates or wires and finally knitting, designing and soldering the metal. Once he masters these skills, he becomes a journeyman (when he is paid according to the amount of gold he works on). If he continues and furthers his skills, he becomes a master craftsman (karigar). At this stage, he is paid in a small percentage of gold, referred to as ‘loss’ in goldsmithing parlance, as his remuneration.

The skill-transfer process described here corroborates Jean Lave and Etienne Wenger’s (1991) observation that apprenticeship learning is not ‘work-driven’ as stereotypes of informal learning suggest. Located within a community of practice, the apprentice gradually learns the general idea of what constitutes the practice of the community and what their everyday life is like. He also watches the master work and interacts with the customers and what they need to become a full practitioner (ibid.). Producing an intricate design demands dexterity and knowledge. Over a period of time, the karigar learns and creates a trustworthy network with other master craftsmen, jewellers and wholesale traders himself. At this point, if he is entrepreneurial, he can get work orders from retailers and open his own workshop. As a result, master craftsmen face competition from craftsmen whom they themselves have trained. We were told that unlike the GCA period, the open market has increased competition in the jewellery manufacturing sector. Richard Sennett (2008: 35–37) rightly noted that in today’s globalised marketplace, middle-level skilled workers risk the prospect of losing employment to a peer who has the same skills but works for lower pay such that job loss is no longer merely a working-class problem. In other realms of the new economy too, competition has disabled or diluted the craftsman’s ethos of doing good work for its own sake as it goes unrewarded or is rendered invisible.

The easy entry of different caste groups into the workforce changed many equations. Increased migration also resulted in the introduction of new strategies by employers (Maruthur 2012: 654). One of the Bengali craftsmen, working in Kanpur (in his mid-60s) remarked:

We have to keep track of dynamic market trends, fashions and designs. It becomes difficult to get work orders if we are not up-to-date. Unless we have a good wire machine or dices of the latest design, the showroom owners do not give us work orders. It is not an easy task as new machineries are expensive. Therefore, we also have to share them amongst us.

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These exchanges about machinery are reminiscent of James Coleman’s (1990) argument that capital produces different system-level behaviour or outcomes for individuals. Taking the case of farmer and businessman, Coleman explains how farm tools or debts in case of industrial communities are borrowed and lent. As economic reforms led to free and easy entry into the market, it demanded a robust network between the workshop owners and the migrant karigar as well as a network between a number of master-craftsmen whose collaboration was required for manufacturing a piece of jewellery. Continuous fluctuation and the high price of the metal and the constant vigilance of this sector underscored the significance of ‘self-organised’ occupational networks. A sector where risk and secrecy were paramount had to be reinvented by creating trustworthy networks based on village ties. In the liberalised economy of corporate capital, the importance of network and trust became increasingly significant for the informal manufacturing sector and migrating goldsmiths.

Interviews with neighbourhood gold shops in Cuttack, Kolkata and Kanpur revealed that the customers, particularly in low-income localities, do not pay the full amount at the time of purchasing a piece of gold jewellery. A customer, known to the jeweller, often notes down the amount to be paid in the jeweller’s account book. In this context, the jeweller has to trust the customer. On the other hand, customers have to trust the jeweller on the amount of gold used in an ornament and sometimes when old gold jewellery is given for redesigning. Before the 1990s, showrooms and hallmarking facilities were rare. It should be noted here that though hallmarking facilities have been available since the year 2000, its use has not really taken off in India (World Gold Council 2017a).

The circuit of trust between jewellers (especially the local showroom owners) and the master craftsman/intermediaries is significant too, as the

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18 Thus, trust in the context of occupation and markets was not something unique to traditional societies (cf. Durkheim 1966 [1893]; Furlong 1996; Sztompka 1999).
19 Not receiving full payment from the customer on time or occasionally not getting the payment at all due to hooliganism (dadagiri) or dacoity are some of the risks of the gold business.
20 Fly-by-night operations by jewellers and goldsmiths also pose a threat to the artisans, jewellers and the customers. There are cases where workshop-owners suffer theft of gold by their own workers.
21 In November 2017, the state declared mandatory hallmarking along with carat count for gold jewellery.
former have to ensure that they will get back the finished work as ordered by the customer within the stipulated time and would declare the correct amount of gold. On the other hand, the master craftsman trusts that the jeweller will make full payment for work done. At times, he has to wait patiently until the customer pays up. Trust also underlies the relationships between master craftsmen of different workshops and ‘departments’ for completing a work order. The master craftsman who gets the work order and gold from the jeweller coordinates with other master craftsmen (e.g., stone fitting or diamond cutting). Once the required pieces are received, the master craftsman of the garti (engraving) department fixes them according to the design given by the customer before polishing and final delivery.

The trust between a master craftsman and his team of karigars (journeymen and apprentices) is buttressed by distinctive practices. We were told that the master craftsman never discloses (to his karigars) the quantity of gold he has given them to work. This practice works as a deterrent from alloying and pinching away some gold. Cases of theft by karigar/apprentice are serious breaches of trust, but such incidences do take place, we were told. Workshop owners explained that in these situations, no formal police complaint is registered but police help is sought to track the culprit. When the police hands him over to the workshop owner, the recalcitrant artisan is often severely beaten at the workshop to teach him (and others) a lesson.

The location of workshops in high-density city centres offers a certain overall security to the workshops. Nestled in a busy city centre makes it relatively difficult for anyone to run away with the gold. During fieldwork, we found that these manufacturing workshops were always situated in the centre of the city near busy marketplaces, for example, Dum Dum (Kolkata, West Bengal), Bania Sahi, Chandni Chowk and Shaikh Bazaar (Cuttack, Odisha), Karol Bagh (Delhi), and Meston Road (Kanpur, Uttar Pradesh—See Figure 3).

The spatial location of gold workshops in densely populated markets captures a risk-management strategy practiced within this informal manufacturing sector. Further, during interviews, master craftsmen pointed out that setting up a workshop near other workshops enabled easier exchange of machines and labour, whenever required. These locally networked goldsmithing units question the ‘death of space’ theories and
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They reaffirm the importance of space in material production. They remind us of the Chicago School’s insistence on how different economic activities created different ecological zones in the city (Park 2005 [1936]). The dense neighbourhoods of goldsmithing units were spaces where skill transference and training in the craft took place. 22

In the goldsmithing sector, spatial location played a crucial role in exchanging information and tools, establishing an identity within the community and strengthening the network to carry on the trade. It provided physical safety and security to the manufacturing process affirming

22 The training of young boys here can be compared with Rafia Kazim’s (2018) ethnographic work on neighbourhoods in Hyderabad where the neighbourhood provided ‘social capital’ connecting them to the employment market in the Gulf, for instance.

Barbara Harris-White’s (2005) argument that the informal economy is a socially regulated economy. Here social institutions like gender, religion, caste, class as well as space-clusters play an important role, quite apart from the state (Harris-White 2004). Space clusters, argues Harris-White (ibid.), afford a distinctive form of modern capitalism that lead to the circulation of information, the consolidation of networks of contacts, subcontracting specialisation and access to services and infrastructure. The gold ornament crafting community provides an example found in every urban settlement. Taking the example of Arni’s gold ornaments cluster, Jason Stanley (2016: 136) contends that clusters are not coherent unified entities but caste-aligned social groups and classes, tightly bound in place and functionally dispersed through networks. To his observation that the gold ornament industry in India is both highly dispersed and localised, we would like to add that it is networked through channels of village-based migration and trust.

V

Conclusion

In March 2016, jewellers’ associations all over India protested for 42 days and kept their shops closed. The agitation was against the imposition of 1 per cent excise duty and mandatory quoting of Permanent Account Number (PAN details) for purchase of gold jewellery above ₹200,000—two regulatory moves by the government to curb and control gold consumption. Again, the artisans were badly hit as workshops closed.\textsuperscript{23} In November 2016, demonetisation came as another blow to the sector.\textsuperscript{24} We were told by workshop owners that the uncertainty in the sector due to continuous regulations has resulted in many artisans leaving gold smithery and seeking employment in the construction sector or opening small enterprises such as eateries or fish/vegetable stalls.


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In the study, we have traced how the command economy in a post-colonial nation-state shaped the informal sector of goldsmithery. Economic reforms of the 1990s opened up the economy to the forces of the free market that accelerated the transformation of traditional work and production processes. Goldsmithing skills that were required by the informal gold manufacturing sector during the post-liberalisation period led to the rise of the migration of the ‘new’ goldsmiths from Bengal. Their entry into the occupation began in the 1980s after the devastating flood of 1978. Agrarian castes, primarily consisting of the Mahisyas, acquired the skill of goldsmithing and developed village networks and guild-like work structures to survive and continue in the volatile gold economy. The development of the craft in the post-independence period shows that it was not, so much, the growing mechanisation but the intermittent regulations by the state that inflicted severe blows to the industry from time to time. The study has captured how the legal life of the metal contributed to radical changes, new risks and precarity among the communities relying on gold to earn their livelihood. We agree with Jens Beckert and Matias Dewey’s (2017) observation that rules introduced by the state authorities to maintain order, control illegal activities or establish a position of domination, often undermine and destabilise the everyday activities of the informal sector.

The periodic interventions, though well-intentioned, introduced confusion, uncertainty, loss of work and precarity among the manufacturing and trading communities. Anuj Bhuwania (2017) shows how the enforcement of Delhi’s zoning law and the attempt to relocate all the ‘non-conforming’ industrial units from the designated ‘residential’ areas led to huge loss of employment, directly affecting thousands of workers and their families. In its attempt to regulate and control the growing illegality by sealing factory premises, locking their doors, disconnecting electricity and water supply, the court ignored its underlying reasons (Bhuwania 2017). A close sociological scrutiny of the goldsmithing sector illustrates analogously that the attempt to regulate gold and to formalise the informal goldsmithing sector, led to interventions that brought in stringent laws without understanding the self-regulated and trust-based gold economy.

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Those associated with the gold jewellery sector speak out against the multiple regulatory bodies that cut across several ministries, while the abstract rules of the state overlook the social life of the gold industry (cf. Hart 2006).

The command economy had a deep-rooted impact on the craft of goldsmithing and on the communities associated with it—both traditional and new. With the breakdown of caste-based goldsmithing work and the entry of ‘new’ goldsmiths into the occupation, the goldsmithery sector developed a set of new, organic regulations and village networks. Residing in a particular area and learning and following skills from masters, the craftsmen’s association functioned with traditional guild sensibilities in a contemporary context. The precarity they continue to face appeals for assessing the effects and outcome of the regulatory environment in the social milieu where these rules are imposed. The case of goldsmiths tells us that we need to think through the complex issues of skill transference, craft communities and the informal and self-organised goldsmithery sector in order to understand the different circuits of embedded relationships that pertain to the affective economy of the gold jewellery sector in India. The village networks of goldsmiths in India tell a complicated story of artisanal livelihood, a shadow industry, a neo-liberal informal economy and the regulatory state.

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