



INDIA
GOLD POLICY
CENTRE

A Study on The Impact of Organized Retail Gold Show Rooms on Gold Artisans in Madurai, India

Dr. Bala Subramanian R
Rajagiri Business School, Kochi

**Presented at the 7th IGPC-IIMA Annual Gold & Gold Markets Conference 2024
organized by
India Gold Policy Centre at IIM Ahmedabad
February 15-16, 2024
Venue: Bharat Mandapam, Pragati Maidan, New Delhi**

Introduction

- The gold business was traditionally dominated by local entrepreneurs and artisans in India. They were carried out by particular caste groups.
- In Tamil Nadu, Gold is traded by the Chettiyaar community. There are mainly four chettiayar communities that are carrying out this business.
- Gold jewelry-makers (goldsmiths) belong to the Viswakarma caste (Maruthur, 2014).
- As long as the gold market was dominated by local, traditional entrepreneurs, the native community of Tamil Nadu was involved in gold jewelry making.
- However, the recent growth of organized retail gold stores affected the traders as well as the gold smiths.
- This study examines the changes that traditional goldsmiths undergoes because of the influence of organized retails jewelry shops.

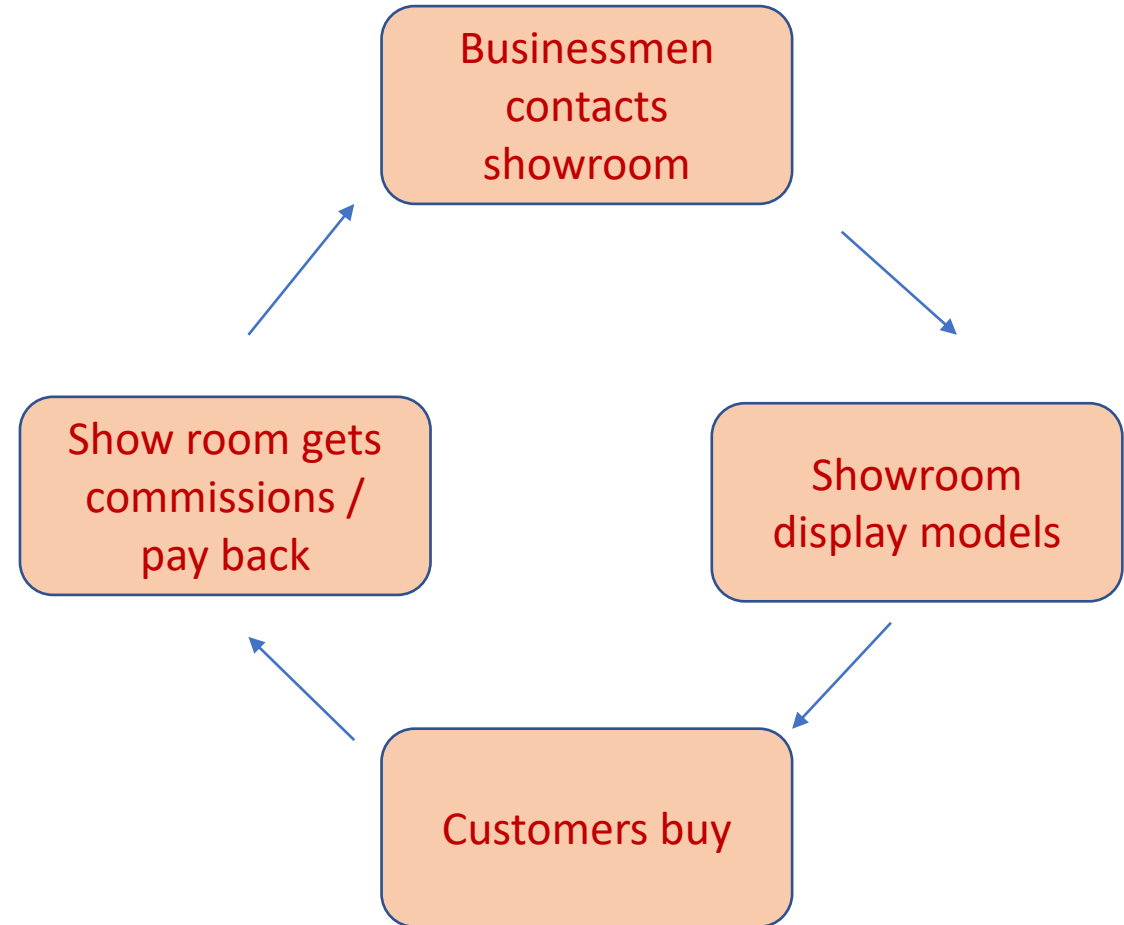
Problem statement

- Post-globalization, the sector witnessed many changes
- The free market in the 1990s, accompanied by changing consumer preferences, the organized retailer showrooms as well as the growth of existing family-owned business (Kanungo, & Chakrabarti, 2021).
- This has affected the livelihood of the native gold-making community.
- The number of traditional jewellery shops may be the same as 30 years back, but the number of customers / volume of business have come down heavily.
- This also affected the goldsmiths who rely on these local traders for their business and survival

Traditional business model



Emerging business model



- **Objective**

- The study aimed to know how the traditional jewelry makers (Vishwakarma community) in Madurai city and adjacent districts have been affected by the organized retail gold showrooms.
- The study was also intended to examine their present business status.

- **Research methodology**

- We have adopted In-depth. semi structured interview with the goldsmiths of Madurai
- We have also interviewed the gold buying consumers

Findings

- **Automation**
- The automation is replacing the handicraft gold items; With assembly line machinery arrangements, the corporate showrooms are involved in the mass production of readymade jewels, with more varieties.
- Now all the big showrooms have their factory system of production where they employ migrant workers, at cheaper salaries. They work in 3 shifts; There are a lot of migrant workers (mostly Bengalis) in the bazars for making gold.
- Some of these migrant workers also approach the traders independently and receive orders. The local goldsmiths are unable to compete with them for cheaper wages.
- **Charges at multi level – reduced**
- Traditionally, the gold smith charges (wastages) x% to the traders who charge a little extra to the customers; Now, the making (at a lesser wage) and selling are done by the same persons at same place.
- There is more profit in terms of saving labor costs and reduction of wastages or making charges. The companies have standardized the wastage charges to a limit.

Findings (continues)

Changing professions

- There is a reduction in the volume of the orders we used to receive;
- The traders give the orders to the goldsmiths only when they receive orders from the customers.
- Every year, the number of gold smiths' workshops also gets reduced.
- The association has 300 'kollers' but hardly 50 are in the field. Other in different employment: in lorry body building, borewell spare parts, and or metal/utensils, glass work, sun mica works.
- Some work as a 'gold appraiser' in the bank (the head of this association himself is an appraiser).
- Traditional goldsmithing communities were affected - No more next-generation workers or no more transfer of inter-generational skills.
- "The jewel we manufacture is high-quality, that may last for more than 10 years"



INFINIX HOT 8 | 13MP
AI TRIPLE CAMERA

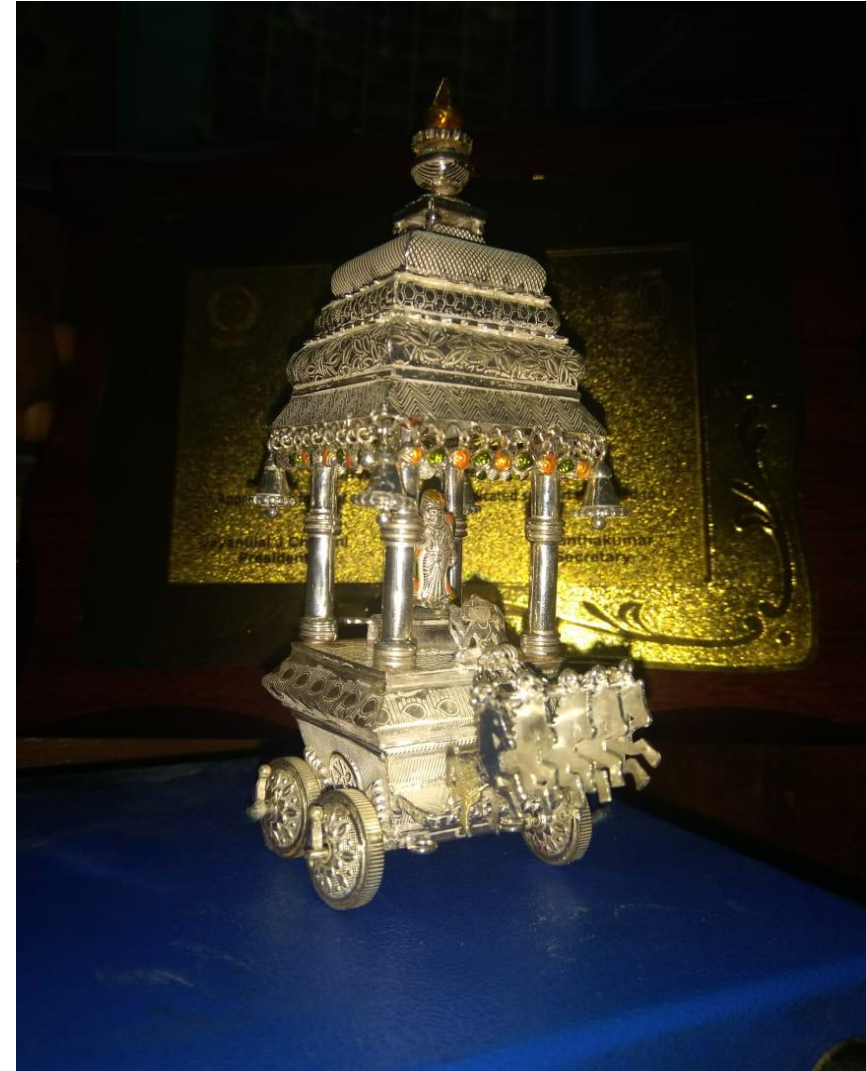


INFINIX HOT 8 | 13MP
AI TRIPLE CAMERA



INFINIX HOT 8 | 13MP
AI TRIPLE CAMERA





Findings from the interview of the consumers

- Organized showrooms are preferred as the hallmark ensures gold purity;
- less scope for price manipulation; the price is not dependent on the bargaining power of the buyer; it is almost standardized / transparent including Other processes (wastages / making charges).
- We can have many varieties in the same place; we can select immediately and complete the buying process.
- Huge number of displays / new models - The 'feel good factors' in the grand showrooms;
- Occasionally we buy directly from the goldsmiths/traders if the person is known to us.

Conclusion

- Too early to generalize or theorize
- The traditional gold smiths are directly affected and are clueless of their future.
- The gold traders also got affected but they have choices like
 - expanding the showrooms,
 - adopting the ready made system of model,
 - employing the migrant workers
 - changing other businesses
- State gold council recommended the goldsmiths to bring their women family members to the business.
- Gol announced a loan for the 'Vishvakarma' community
- They have got the loan form – some are undecided of what to do with the money

Acknowledgement

- Seetha Laksami Jewellers, Kovil Patti, Tamil Nadu
- Gold artisans, Madurai