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# A Study of Goldsmith Business in Kolhapur City

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**Abstract**

*Kolhapur City is famous for its traditional goldsmithing, especially for the production of silver and gold jewellery. This study reviews the socio-economic structure, management practices and contemporary challenges of the goldsmithing industry in Kolhapur. The industry, comprising around 1,500 artisans and 300 jewellery shops, has an annual turnover of approximately ₹500-700 crore. The research examines the historical background, skilled craftsmanship and contribution to the local economy, which has earned Kolhapur the reputation as a 'jewellery hub'. Key challenges such as rising raw material prices, competition from mechanised manufacturing and lack of digital marketing are analysed. In addition, the need to strike a balance between preserving traditional skills and adopting modern technology is highlighted.*

**Keywords:** Goldsmith, Market, Customer-Centric Service, Digitalization, Branding

**Introduction**

The goldsmith community of Kolhapur is traditionally known as goldsmiths (gold and silver jewelry makers). The goldsmith community has been engaged in the gold and silver jewelry business in Kolhapur for centuries. Special jewelry like Kolhapuri Saaj, Thusi, Patlya have gained fame in the national and international markets. Chhatrapati Shahu Maharaj of Kolhapur encouraged the goldsmith community for education and business, which gave a boost to their professional skills. The business management practice of the goldsmith community of Kolhapur reflects the combination of their traditional skills, economic contribution, and ability to face modern challenges. Adapting to modern technology and market changes is important to sustain and grow their business.

**Objectives:**

1. To study the goldsmith community of Kolhapur
2. To study the nature of the business of the goldsmith community of Kolhapur
3. To study the Challenges faced by the business of the goldsmith community of Kolhapur

**Research Methodology:**

Secondary data has been used for the presented research paper. It is based on library and analytical research methods. Newspapers and magazines have also been used in this.

**Review of Literature:**

While studying the present research article, various reference books have been reviewed. In this, "A Study on Occupational Background of Master Goldsmiths in Southern Cities of Tamil Nadu" by Chitra Chellam, "Professional Goldsmithing" by Alan Revere, "The Goldsmith's Handbook" by George E. Gee, "Professional Goldsmithing: A Contemporary Guide to Traditional Jewelry Techniques" by Alan Revere have been studied.

**Goldsmith Business:**

There are an estimated 2,000 to 3,000 goldsmiths working in Kolhapur city and its surrounding areas (Karveer taluka and surrounding areas). This includes independent shopkeepers, artisans in family businesses and artisans working in large jewellery shops. (This is an approximate number, as no official records are available.)

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There are around 200 to 300 small and large jewellery shops in the major markets of Kolhapur (e.g., Gujri Bazaar, Shivaji Market), most of which are associated with the goldsmith community. The gold business in Kolhapur is an important part of the local economy. An estimated annual turnover of over Rs 100 crore is generated from the trade in gold jewellery, which includes Kolhapuri Saaj and other traditional jewellery. A medium-sized goldsmith's business uses 1-5 kg of gold (approximately ₹50 lakh-₹2 crore) and 10-20 kg of silver as raw materials every month. The cost breakdown is 60-70% for raw materials, 20% for labour, shop maintenance and 10% for marketing, taxes, etc.

Kolhapuri jewellery is mainly exported to Mumbai, Delhi, Bengaluru and abroad (Middle East, America, Europe). As a result, about 20-25% of the turnover from Kolhapur's gold business comes from exports. Goldsmiths' businesses directly and indirectly employ 5,000 to 7,000 people, including designers, salespeople, polishers and other support staff. The government earns a few crore rupees annually through GST and other taxes from the gold business in Kolhapur, the exact figures of which are not available.

#### Traditional Nature of Goldsmithing Business:

- **Skill:** Goldsmiths are famous for their special jewellery like Kolhapuri Saaj, Thusi, Patlya, Mohanmal. Their craftsmanship is passed down from generation to generation.
- **Family business:** Most goldsmith businesses are family-run. Family members are involved in jewellery making, sales and customer management.
- **Local market:** Goldsmiths' jewellery is sold in large quantities in the local markets of Kolhapur (e.g., Gujri Bazaar).
- **Customer-centric approach:** The goldsmith community in Kolhapur is adept at making customised jewellery as per the demands of the customers. This gives stability to their business.

#### Features of Management in Goldsmith Business

- **Raw Material Management:** Gold, silver and gemstones are sourced from reliable suppliers. Price fluctuations affect the business, hence stock management is important.
- **Customer Focused Service:** Customised jewellery making is a specialty of goldsmiths. They earn their trust by creating designs as per the demands of the customers.
- **Accounting and Bookkeeping:** Traditionally, bookkeeping was done manually, but now some craftsmen use digital software.
- **Labour Management:** Local craftsmen are employed in some large factories, where training and work allocation are given priority.

#### Economic and Social Contribution of the Goldsmith Business

- **Economic Contribution:** The goldsmith community plays a major role in the economy of Kolhapur. Their jewellery is exported from local

markets to foreign countries, which earns foreign exchange.

- **Social Contribution:** The goldsmith community has also contributed to education, social reform, and the cooperative movement. The Panchal Goldsmith Community Hostel is an example of this.

#### Challenges to the Goldsmith Business:

The goldsmith business in Kolhapur, especially the goldsmith community, faces several challenges that affect its sustainability and growth.

##### • Intense competition

The rise of online jewellery platforms (e.g., Tanishq, Bluestone) and large retail chains has reduced the market share of local goldsmiths. These platforms attract younger customers by offering convenience and branded designs. Competition has also led to an estimated 20-30% decline in sales of traditional goldsmith businesses, as customers prefer standardized products over bespoke designs. At the same time, local markets like Gujri Bazaar in Kolhapur are facing pressure from e-commerce that offers competitive prices and a wide variety.

##### • Rising cost of raw materials

There has been a significant increase in the cost of gold and silver, with gold prices increasing by 40-50% in the last five years (e.g., ~₹75,000 per 10 grams in 2025). The high costs put a strain on working capital, forcing goldsmiths to take out loans or reduce inventory. Profit margins are falling as consumers demand affordable options. In this context, the ability of small and large goldsmith businesses in Kolhapur to maintain stocks (e.g. 1-5 kg gold monthly), affecting the ability to meet the demand for custom Kolhapuri jewellery, is being affected.

##### • Interest in traditional skills is declining

The younger generation of the goldsmith community is less interested in goldsmithing due to its labour-intensive nature and uncertain returns. Many prefer white-collar jobs or other industries. This has led to a potential 30-40% reduction in skilled artisans, threatening the survival of the craft. Traditional designs like Thusi and Patlya require complex skills, but only 50-100 new artisans are trained by local centres every year.

##### • Imitation of technology

Many goldsmiths rely on traditional methods, with only 5-10% using modern tools like 3D designing or laser cutting. Lack of digital skills hampers efficiency and innovation. Small goldsmith workshops therefore lack the funds to invest in advanced equipment, which limits their ability to scale or diversify.

##### • Changing consumer preferences

Consumers, especially millennials and Gen Z, prefer lightweight, minimalist or diamond-studded jewellery over heavy traditional designs. Also, demand for Kolhapuri-style jewellery has declined, with heritage items accounting for 20-25% of sales for

goldsmith businesses. While Kolhapuri saaj is prestigious, its appeal is unique and requires new design skills to adapt to modern tastes.

- **Regulatory and compliance burden**

Stringent regulations such as GST (3% on gold jewellery), mandatory hallmarking and KYC rules for cash transactions add to operational complexity. Small goldsmiths also face high compliance costs, which reduce profits by 5-10%. Kolhapur Context Many goldsmith businesses, which operate as family units, lack the resources or knowledge to navigate these regulations efficiently.

- **Access to capital and markets**

Limited access to affordable credit restricts inventory expansion or modernization. Additionally, only 10-15% of goldsmith businesses have an online presence, with their market limited beyond Kolhapur. As Kolhapuri jewellery cannot meet the national or global demand, growth is stunted. In the Kolhapur context, cooperatives support 500-1,000 artisans, but widespread financial schemes are not being used due to lack of awareness.

- **Supply chain disruption**

Variability in gold and silver supply, coupled with reliance on external vendors (e.g. Mumbai, Surat) impacts production schedules. This leads to delays in fulfilling custom orders, leading to customer dissatisfaction and a potential 10-15% loss in sales. In the Kolhapur context, local goldsmiths face challenges in securing consistent raw materials at stable prices, especially during peak seasons such as weddings.

### **Modernization and Future Directions of Goldsmith Business**

- **Adopt Technology:** Invest in affordable tools like CAD software or laser machines to reduce costs and enhance designs.
- **Upskill Artisans:** Expand training programs (e.g., through Panchal Sonar Samaj) to teach modern techniques and business management.
- **Digital Expansion:** Leverage platforms like Instagram or Etsy to reach wider audiences, focusing on Kolhapuri jewelry's heritage appeal.
- **Collaborative Models:** Form cooperatives to pool resources for bulk raw material purchases and shared marketing efforts.
- **Diversify Offerings:** Blend traditional designs with contemporary styles to attract younger buyers.

### **Conclusion:**

The business management of goldsmiths in Kolhapur is based on their craftsmanship, customer trust, and local market needs. The goldsmith business in Kolhapur is a beautiful blend of craftsmanship and tradition, but there are challenges due to competition and price fluctuations. The business can grow through digital marketing, technology, and training. The goldsmith business in Kolhapur, rooted in the Sonar community's craftsmanship, faces significant hurdles due to market shifts, cost pressures, and technological

lags. While the industry supports 5,000-7,000 jobs and generates over ₹100 crore annually, addressing these challenges through modernization and strategic outreach is critical for its survival and growth.

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