

A Study on the Impact of Branded Gold Show Rooms on Traditional Gold and Bullion Entrepreneurs of Madurai City, Tamil Nadu

Entrepreneurship has long been considered a crucial mechanism of economic development. The gold business was traditionally dominated by local entrepreneurs. Post globalisation, like any sector, gold sector also witnessed the growth of professional, corporate service providers. The study's objective is to find the impact of branded showrooms on the traditional gold entrepreneurs in Madurai city. The presence of huge number of jewellery shoppers, dominated by a particular community for generation, warrant a study pertinent to Madurai. The study aimed at knowing how the traditional entrepreneurs in Madurai city have got affected because of the branded, corporate showrooms in terms of business volume, and the reasons for the declining of business.

1. Introduction

Entrepreneurship has long been considered a crucial mechanism of economic development: income generation, wealth creation, skill development, employment generation, and macro-economic growth. As India is a collectivistic culture, the influence of family is there in every aspect. Hence there is no wonder that family influences the business also. Caste and kinship played a vital role in the capitalist economy of colonial India. The Indian business tycoons are mostly traced to western India.

An example is the so-called Bombay club of business families - TATA, Ambani, Birla, and Godrej. There are a lot of traditional business communities from Gujarat / Rajasthan / Punjab and contributing to the growth of the Indian economy. The emergence of organized business impacted the traditional entrepreneurs in all sectors.

2. Jewellery business in Madurai

There are close to 100 shops in south Avani moola street. This is also called 'Nagakadai There's (Jewellery shop street) in Madurai, including pawn shops. Madurai market is one of the biggest gold markets in India. People buy many kilos of gold at any point in time in Madurai. In Madurai, all jewellery shops are accumulated in one area (source: based on the interview with the jewellers).

2.1 Chettiyaar community of Southern Tamil Nadu

The caste group, Chettiar, migrated from the ancient Tamil port city of Kaveripumbettinam, mostly settled in Ramanad, Madurai, and adjacent cities. The Nattukottai Chettiars or, as they call themselves, the Nakarattar, a sub-caste of cheittiyaar, were known as the chief merchant-banking caste colonial South India. Historically, they had a tradition of maritime trade with the overseas area of south and southeast Asia. They were the small-scale salt traders in Tamil Nadu. Later, they had extended their business operations in the pearl, rice, cloth, arrack, rice wheat and extended the transactions such as Ceylon, Burma, and Malaya. They remitted a tremendous amount of capital from Southeast Asia to South India. Based on their complex network of interdependent family businesses, Chettiars built their indigenous commercial banking system that resembled the typical western-style banking systems (Rudner, 1989).

The bankruptcy of the traditional economic activities in Burma, In the aftermath of the Great Depression, was an essential factor that transformed their modern entrepreneurship. They

have changed into modern businesses, such as cotton mill, metal, engineering, fertilizer, sugar, and chemical industry still they control banks of various sizes. The nattukottai Chettiar community is considered one of southern India's most significant economic powers (Ito, 1966). They played a role in the industrialization of south India (Gupta, Mookherjee, Munshi, & Sanclemente, 2020).

There are mainly four chettiayar communities that are carrying out this business. They are Machaputhu chettiayar; Kasu kaara chettiyaar, Vaniga chettiayar, and Komuuti chettiayar. Manchaputhu Chettiar is more in doing the business. They have migrated from Ramnad district, an adjacent district of Madurai. Kasu kara chettiyaar is the one who originally had the jewelry business. Vaniga chettiayars have migrated from Tirunelveli district, an adjacent district of Madurai. Komuuti chettiayars have migrated from Coimbatore. Only in Madurai, these four Chettiar are doing; In other places, all caste is doing; In Madurai, the majority is manjaputhu followed by kaasu kara; vaniga, and komutty chettiayars (source: based on the interview with the jewelers).

Before the arrival of branded mega showrooms, these shopkeepers used to get business from Moonaru, kambam (outskirts of Madurai). The southern districts of Tamil Nadu have the 'thevar' caste as one of the dominant communities that manage considerable assets in the rural areas. They used to buy more for 'sei murai' (funerals, ear-piercing ceremony, girls' puberty function, marriage). This was one of the reasons for more jewelry business in Madurai. The customers used to wait before we opened the shop. All the shops used to be crowded.

3. Problem statement

The opening of the economy in 1991 led to the growth of corporate houses. Till that time, other businesses were locally located. Prominent businesspeople from other areas migrated to potential places. That started the mushrooming of showrooms. From the year 1999, Madurai city witnessed the emergence of branded, professional jewelry shops, after which there was a decline of traditional shops. Now the number of traditional jewelry shops may be the same as 20 years back. The number of customers has come down heavily. In terms of volume, all these shops lost business. Nowadays, only for the credit facility, customers are coming to these shops.

3.1 How do these branded shops differ?

These branded showrooms are mega shops, managed professionally with knowledge workers, with each transaction is billed in computer. They made less margin. Unlike the traditional showrooms, the room for negotiation is very little. There is not much difference in the price of one customer to another customer. These shops started giving advertisements in all media. The first time, they unexplored the gold purity and were made aware of the 916¹ Concepts. They can buy jewels with 91.6% gold and verified technically. So people benefited. In terms

¹ 916 denotes the purity of gold in the final product, i.e., 91.6 grams of pure gold in 100-gram alloy. Figure 916 is 22/24 (22 carats by 24 carats).

of variety, design, these shops have more, and readymade. The customers can see the readymade jewelry and select one.

Some Branded jewelry shops in Madurai are Malabar gold, Bhima jewelry, Tanishq, Kalyan jewelers, Lalitha jewelry, Joy Alukas, Jos Alukas, and Sree Kumaran thanga maligai.

4. Objective

The study's objective is to find the impact of branded showrooms on the traditional gold entrepreneurs in Madurai city. The paper aimed at knowing the following: How the traditional entrepreneurs in Madurai city have got affected because of the branded showrooms in terms of business volume, reasons for the declining of business, and what will be their future (will they continue to run the business, or will they go for branded mega showrooms or any other plans)?

5. Research methodology

Mode of data collection: interview methods. We have interviewed the traditional jewellers of Madurai (who have run the shops for three generations) about their present condition in the gold business. We asked open-ended questions such as:

- How is their business before and after the arrival of the branded mega showroom?
- Why is there a decline?
- Why don't the traditional jewelers start a branded showroom?
- Will the next generation continue to do the business?
- What can policy government make to revive their business?
- And some more probing questions

Sampling procedures: we adopted convenient and snow ball sampling.

6. Analysis

The interviewed data were recorded and transferred to word document. We performed content analysis. After analysing the scripts, we found following major themes emerged across the interviewed samples, particularly among those who agreed that their business got affected because of the branded or corporate model of business.

7. Findings

7.1 Limitations of the traditional jewelry shops

- Aasari or kollar² were the one who makes jewelry. Out of the 10% wastage charge, we give 6% wastage to the aasaris as coolies. As the branded shops are doing huge volumes, they can manage by negotiating less than 6%. Many big business sellers from Kolkata and Mumbai displayed their jewels in the room (of the branded shops),

² name of the profession; one who makes jewelry;

selling and making a profit. In return, the showrooms got a percentage as profit. Traditional jewelry shops have no spaces to show more models.

- Lack of 916 gold in these shops. They sell impure gold (70% to 80% gold per gram) and lack uniformity in pricing (different prices to different customers). Even after the entry of corporate houses, they did not change to 916 gold. Almost all of the shops in the bazaars underestimated their business models. It took many years for the traditional shoppers to adopt the 916 models of business.

7.2 Changing customer behaviours

The customers of a new generation are more educated, wealthy, and brand conscious. They want to buy in the showroom. The showrooms have more models which can be bought immediately. The limitations of traditional jewelry shops are the lack of models or variety.

- New generation - educated, wealthy, and brand conscious.
- They want to buy in the showroom - have more models which can be bought immediately.
- Professional selling with less room for bargaining in corporate showrooms
- A shop serves few customers due to their network of house holds
- These house holds tend to buy from the same shops – continued for generations
- Migrations of the next generation severed this connection

7.3 Service Uniformity

- Traditionally the shop keepers sell impure gold (70% to 80% gold per gram)
- Lack uniformity in pricing (different prices to different customers).
- Show rooms started the guaranteed the pure gold (916)
- Hallmark gold / 916 - certified gold that goes through a process of quality check
- Huge number of varieties
- Professional service and shopping experience
- It took many years for the traditional shoppers to adopt the 916 models of business.

7.4 Emerging Business model

All the traditional shop owners have limited model in the form of catalogues. Traditionally, the customers place the order with the shop owners, on looking at those models. The shop owners place the same with the jewel makers. These jewel makers also belong to a community called 'kollar or vaisiar' who perform this work for generations. The making charges and wastages are profits for both the jewellerers and the shop owners.

The emergent model is that the branded and big show rooms display the readymade golds of other businessmen (3rd party) of other parts of India. Business sellers from Kolkata / Mumbai displayed their jewels in the branded shops. In return, the showrooms got a percentage as

profit. The 3rd party gives the commission for the model sold to the showroom owners. This helps the showroom to show cause the varieties without heavy investment and attracts huge crowds. This trend reduced the 'giving order' and 'making jewels to the aasari.' Traditional jewellery shops have no spaces to show more models - their business restricted to making 'mangalya sutra' and simple ornaments

7.5 Next generation of these entrepreneurs

The next generation shifted to another job instead of inheriting the father's business. For example, AMA Chettiar shop (name changed), a 100-year-old shop, will no longer be continued by the next generation. The previous generation worked with willingness, but the present generation is not interested in continuing this business. More patients are required for this job, so they do not come. They want to go to the salaried job; Some of them migrated to other industries (pharma/motor) as a wholesaler/dealer, thus continuing as entrepreneurs.

7.6 Why don't the new shops start a brand and change themselves?

- As the corporate model came, most shops gradually lost their business, and these jewellery makers got heavily affected. Gradually readymade golds have started coming from Kerala, AP, and Coimbatore. The agents buy in the lot and sell to the shops. This trend reduced the 'giving order' and 'making jewels to the aasari.' These Aasari or Kollar also switched their profession to drivers and other such jobs. So, their numbers have reduced. They are not predictable nowadays, and it is not easy to trust them to give many orders. Moreover, recently the Bengalis have replaced these traditional jewellery makers as they make with a cheaper cost.
- The jewellers did not think of expanding the business when they got profit. They accumulated by buying an asset (land, house). At the most, they changed the display (shelf) only; Investment in gold is risky. Massive investment is required to start a showroom which is the major challenge. Though bank loans are available, it takes tremendous energy and motivation to run an extensive showroom. The traditional businessmen hesitate to do.

7.7 Some success stories

However, few made a drastic change in the business. One turnaround was done by 'Thanga Mayil Jewellery,' a traditional small-scale entrepreneur, who made turnaround changes in the business by adopting the corporate model of business. He was paying the tax correctly. Because of that, he was able to get a bank loan. He invited shareholders, made it a private limited, and expanded business; Now, they have showrooms throughout Tamil Nadu. Senthil Murugan, GRT, and Emerald are other success stories that expanded and competed with the giant corporate houses.

7.8 Impact on the 'Aasari' community's profession

‘Aasari or kollar’ were the one who makes jewellery. They perform this work for generations. They leave their son to the other ‘kollers’ for years to learn the skill. They leave their son to the other ‘kollers’ for years to learn the skill.

Out of the 10% wastage charge, shop keepers give 6% wastage to them. Corporate shops deal with huge volumes - they negotiated less than 6%. These Aasari or Kollar also switched their profession. Their numbers have reduced. Body building industry – fine works of fixing glass / metal works. Moreover, recently the Bengalis workers have replaced these traditional jewellery makers as they make with a cheaper cost.

8. Discussion

Many have agreed that no future for them, because of the following factors:

- Failure to see the change / adopt the change
- Fail to adopt modern methods of business
- For them, expanding the show room is less profitable
- Underestimated the corporate business models and failure to change to 916 gold

Some have told that both (corporate and traditional) are different

- (Both) have their own customers
- Those who want to buy fancy ornaments, chose showroom
- Those who want to buy traditional ornaments (for family functions) chose their shops as buying gold is sentiment for an Indian family
- Focus on the few existing customers (not the walk-in)
- Expanding the show room is less profitable, not required for the traditional type of business.

9. Conclusion

Corporate gold show rooms influenced both positively and negatively. Some of the positive changes are that traditional gold entrepreneurs adopted 916 gold, customers have benefitted, GST and 916 streamlined the tax collections, and some of the traditional jewelers developed their showrooms. The future of traditional gold entrepreneurs depends on their attitude: those who looking for possibilities, tend to survive. Those who look at the corporate model. And criticize the government policy of GST, 911 may give up. A co-operative model, like AMUL, can be an alternative for countering the corporate business. The major direction for future research is the study of the artisans who lost the livelihood in this process. Because, they are the gold makers. The shops are playing the role of marketing the gold products. The artisans are the one who makes. In this changed scenario, the traditional artisans are left out.

The data collection and analysis is still going on as there are some optimistic entrepreneurs who disagreed that corporate business affected the traditional gold jewelry.

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