



# **Gujarat Model Of Processing Diamond: A Study On Socio-Economic Condition Of Diamond Workers Of Surat Diamond Industry**

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## **Abstract**

This research paper investigates the socio-economic conditions of diamond workers in Surat, Gujarat, within the framework of the Gujarat Model of Diamond Processing. The study emphasizes the significance of Surat as the global hub for diamond cutting and polishing, employing over 800,000 workers and processing nearly 90% of the world's diamonds. Using both descriptive and analytical methods, supported by primary data, the study evaluates demographic attributes, income levels, savings behavior, education, working conditions, and socio-economic status (SES) based on the Kuppuswamy Scale. Findings reveal that the majority of workers belong to the lower-middle socio-economic class, possess low educational attainment, and face financial vulnerability despite steady employment. The paper concludes with strategic policy recommendations aimed at improving skill development, workplace welfare, and financial inclusion to ensure sustainable growth in the diamond sector.

## **Keywords**

Diamond Industry, Surat, Gujarat Model, Socio-Economic Conditions, Labour Welfare, Kuppuswamy Scale

## **1. Introduction**

Diamonds have been admired for their brilliance, rarity, and value throughout history. Beyond their allure, the global diamond trade is a complex economic system involving mining, processing, and retailing. While multinational corporations dominate the mining and marketing sectors, the cutting and polishing segment—largely concentrated in Surat, India—relies heavily on skilled yet economically modest labor. Surat, known as the 'Diamond City of India', has achieved global recognition for processing nine out of every ten diamonds sold worldwide. The diamond industry is one of Gujarat's strongest economic pillars, contributing

significantly to India's exports and employment generation. However, this prosperity coexists with persistent socio-economic challenges among the workers who form the backbone of this billion-dollar industry.

This research explores how the Gujarat model of diamond processing has shaped the lives and livelihoods of diamond workers in Surat. It examines the interplay between economic growth and labor welfare, focusing on key indicators such as income, education, migration, working conditions, and social security.

## 2. Objectives of the Study

The primary objective of this study is to examine the socio-economic conditions of diamond workers in Surat using the Kuppuswamy Scale. The secondary objectives include:

1. To analyze the demographic characteristics of diamond workers.
2. To assess their economic stability, savings behavior, and financial inclusion.
3. To evaluate working conditions, including safety, ventilation, and welfare policies.
4. To determine the relationship between demographic variables and socio-economic status.
5. To provide policy recommendations for improving the well-being of diamond workers.

## 3. Research Methodology

The study employs a descriptive and analytical research design. Primary data were collected through a structured questionnaire administered to diamond workers in Surat. The sample included workers from different units engaged in cutting, polishing, and grading of both natural and lab-grown diamonds. Secondary data were drawn from industry reports, government publications, and academic sources. The Kuppuswamy socio-economic scale was used to classify respondents based on education, occupation, and monthly family income. Statistical tools such as percentage analysis and ANOVA were applied to test the significance of differences among socio-economic categories.

## 4. The Diamond Industry in Gujarat and Surat

Gujarat has emerged as India's most industrialized state, contributing about one-third of the nation's exports. Among its diverse industries, the diamond sector is one of the most labor-intensive and globally influential. Surat's dominance in diamond cutting and polishing dates back to the early 20th century when craftsmen from Saurashtra migrated to the city in search of employment. Currently, over 800,000 workers are employed across 5,000–8,000 units in Surat, contributing nearly 90% of the world's finished diamonds.

The inauguration of the Surat Diamond Bourse in 2023 has positioned the city as a global diamond trading hub. This facility, the world's largest office complex, integrates over 4,000 diamond firms and is expected to generate an annual turnover of ₹200,000 crore. Such developments signify Gujarat's successful model of private enterprise-led growth in diamond processing, supported by skilled labor and low capital intensity.

## 5. Theoretical and Historical Background

Diamonds, derived from the Greek word 'adamas' meaning 'unconquerable', have been symbols of power and purity since ancient times. In India, diamond mining and craftsmanship date back over 2,000 years, with regions like Golconda historically renowned for their production. The modern diamond processing industry evolved during the 20th century with technological advancements such as laser cutting, helium mapping, and computer-assisted grading. The Gujarat model integrates traditional artisanal skills with emerging technologies, creating a globally competitive production ecosystem.

## 6. Findings and Analysis

The findings are based on empirical data collected from diamond workers in Surat. They are grouped into demographic, economic, and working condition categories.

**Table 1: Demographic Profile of Diamond Workers**

Parameter	Findings
Age Group	66.3% above 36 years, indicating a mature and experienced workforce.
Gender	99.5% Male, 0.5% Female, reflecting male dominance in the industry.
Marital Status	88.3% married; workforce largely socially settled.
Religion	99.7% Hindu; religiously homogeneous population.
Migration	73.8% are migrants, mainly from Saurashtra, citing economic reasons.

**Table 2: Economic and Social Status of Workers (Kuppuswamy Scale)**

SES Category	Percentage of Workers
Upper Class	<1%
Upper Middle	32.2%
Lower Middle	52.5%
Upper Lower	14.3%

More than half (52.5%) of the respondents fall within the lower-middle socio-economic category. Low income (55% below ₹36,000/month), limited savings (over 90% saving below ₹1,000/month), and rental housing (62.2%) reflect financial vulnerability. Education levels are low, with 45% having only primary education and just 6.5% graduates. Work experience, however, is extensive—60% possess over 16 years of experience, highlighting stability but limited upward mobility.

Working conditions are moderately satisfactory, with 50–55% of workers expressing satisfaction in lighting, safety, and cleanliness. However, ventilation and leave policies remain weaker aspects. Gender equality is perceived positively by 54.8% of respondents, though women's participation (0.5%) remains negligible.

## 7. Discussion

The analysis reveals a paradox: while Surat's diamond industry drives global trade and local employment, the workers' socio-economic gains remain constrained. Education, income, and type of work significantly affect socio-economic status, while caste, religion, and family structure do not. Despite steady employment, financial inclusion and upward mobility are limited. The predominance of cash-based wages restricts access to formal credit and social security schemes.

Migration has been both a challenge and an opportunity. The influx of workers from rural Gujarat underscores the industry's employment potential but also highlights gaps in urban welfare infrastructure. Improving health, housing, and safety standards can enhance worker productivity and retention.

## 8. Suggestions and Policy Implications

Based on the study's findings, the following measures are recommended:

- Establish formal skill certification programs in advanced diamond technologies.
- Promote literacy and continuing education through evening or online programs.
- Introduce micro-insurance, savings schemes, and affordable housing for workers.
- Standardize workplace safety and ventilation through regulatory audits.
- Encourage female participation through safe workspaces and equal pay policies.
- Expand migrant welfare initiatives for healthcare and documentation support.
- Foster industry-academia partnerships for innovation and workforce training.

## 9. Conclusion

The Gujarat model of diamond processing exemplifies industrial success through skill, discipline, and innovation. Yet, the socio-economic condition of diamond workers calls for targeted welfare interventions. Enhancing financial literacy, social security, and skill development will strengthen both worker welfare and industry sustainability. As Surat continues to evolve as a global diamond hub, inclusive growth must remain at the core of policy and industrial strategy.

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