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Socio-Economic Dimensions and Labor Dynamics: Addressing Wage Disparities and the Role of Women in the Craft Economy of Varanasi

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Abstract

The handicraft and handloom sector of Varanasi constitutes the region's largest non-farm employer, sustaining an estimated 2 million artisan households and generating an annual cluster turnover of ₹25,500 crore (Ministry of Textiles, 2025). Yet beneath this macroeconomic prominence lies a deeply stratified labor ecosystem defined by structural exploitation, systemic gender invisibility, and chronic wage suppression. This paper provides an empirical evaluation of the socio-economic profile of Varanasi's artisan workforce, combining secondary data analysis with primary field observations conducted across the Adampur (lacquerware), Lallapura (Banarasi silk weaving), and Thatheri Bazar (Gulabi Meenakari) clusters in February 2026.

The findings reveal two critical structural crises. First, the Gaddidar intermediary system captures an estimated 80–85% of final retail value, leaving grassroots artisans with 15–20% of the economic surplus they generate. Second, female artisans — who contribute up to 50% of total production labor, predominantly through painting, lacquer application, and finishing work — earn between ₹150 and ₹250 per day, compared to ₹350–₹500 earned by male artisans performing primary loom or lathe operations. Field observations confirm that women are systematically excluded from institutional safety nets, including the Artisan Pehchan Card, Mudra loans, and e-Shram registration. This study concludes with four evidence-based policy recommendations to democratize credit access, institutionalize fair wage standards, and formalize the invisible female labor force of Varanasi's craft economy.

Keywords: Varanasi, Gender Wage Gap, Gaddidar System, Artisan Labor, Informal Economy, ODOP, Women in Handicrafts, Cultural Economics.

Introduction

While the global repositioning of Varanasi's handicrafts as premium cultural assets has been extensively documented in prior literature, the socio-economic realities of the artisans who produce these assets remain critically underexamined. The cluster operates as a highly decentralized, home-based production model — the second-largest source of rural livelihood in eastern Uttar Pradesh after agriculture (Invest UP, 2026) — yet the workers at its foundation remain among the most economically precarious in India's informal sector.

The labor dynamics within this cluster are stratified across intersecting lines of gender, caste, and economic dependency. A master weaver may receive ₹400 for a day's work on a Katan silk saree that retails for ₹15,000 in a metropolitan boutique. A female artisan who has spent six hours applying finishing lacquer to a wooden toy that will sell for ₹800 in a Paris boutique receives no formal wage at all — her contribution is categorized as "domestic assistance" rather than skilled labor (field observation, February 2026).

This paper investigates the socio-economic realities of these artisans, with a particular focus on two structural crises that remain unresolved despite two decades of policy intervention:

1. The economic dependency created by the Gaddidar intermediary system, which systematically captures the majority of value generated by artisan labor.
2. The structural invisibility and under compensation of female artisans, who form the productive backbone of the cluster's finishing and painting operations yet remain excluded from institutional welfare frameworks.

By triangulating secondary data with field observations and artisan testimonies, this study aims to establish an evidence-based framework for labor formalization and gender-inclusive policy design within India's most celebrated handicraft cluster.

Literature Review

The theoretical foundation of this study rests on three intersecting scholarly frameworks. Throsby's (2001) model of Cultural Capital establishes that artisan clusters possess both economic and cultural value; however, this dual value is rarely distributed equitably across the production hierarchy. Chen's (2016) landmark work on informal women workers in developing economies demonstrates that the "domestic workspace paradox" — wherein women's labor performed at home is classified as non-economic — is a near-universal feature of South Asian craft clusters, systematically excluding women from institutional welfare frameworks. Baud and de Bruijne (1993) further establish that the feminization of finishing and ancillary tasks in artisan industries is not an organic division of labor but a constructed hierarchy that assigns lower economic value to tasks predominantly performed by women.

In the context of Varanasi specifically, Ganguly (2025) identifies a critical "GI Premium Capture Problem": while Geographical Indication registration increases the retail value of authenticated products by 15–30%, this premium is disproportionately captured by Gaddidar intermediaries and export aggregators, rarely filtering down to the primary producer. This finding directly challenges the policy assumption that GI registration alone serves as an economic equalizer for artisans.

Sharma and Pandey (2024) further critique the ODOP framework, arguing that its "display-to-export" emphasis has created sophisticated trade infrastructure at the institutional level while leaving grassroots capacity-building — particularly digital financial literacy and household-level registration — severely underfunded. This creates a paradox where Varanasi's crafts achieve greater international visibility while the artisans producing them remain in poverty.

The ILO Global Wage Report (2024) provides a comparative macro-context, documenting that female workers in South Asian informal craft economies earn 30–55% less than male counterparts performing equivalent labor hours — a finding starkly consistent with the field data collected for this study.

Kabeer's (2012) foundational work on women's economic empowerment in South Asia adds a critical conceptual distinction between "labor force participation" and "meaningful economic agency." Her finding that participation without financial autonomy — where wages are absorbed by male household heads — constitutes a form of "disguised exclusion" maps directly onto the testimony of Razia Begum documented in this study's field interviews.

A comparative international perspective is offered by Brusco's (1992) analysis of artisan districts in Emilia-Romagna, Italy, where cooperative ownership models successfully transitioned home-based female workers from informal piece-rate producers to co-owners of export-oriented producer companies. This precedent directly informs this paper's recommendation for Artisan Producer Companies (APCs) as a structural alternative to the Gaddidar system in Varanasi.

On the question of digital intervention, Rao (2023) cautions that "platform-based formalization" — the assumption that digital marketplace access through GeM and ONDC automatically translates into economic equity — systematically underestimates the role of digital literacy, internet access, and individual financial identity as prerequisites. This caution is particularly relevant to female artisans in the Varanasi cluster, where smartphone penetration and individual bank account ownership remain significantly below the national average among home-based workers.

Finally, the NITI Aayog Artisan Economy Report (2025) provides the most current quantitative benchmark, estimating a "formalization lag" of approximately 12–15 years between policy design and grassroots implementation across India's informal craft sector. This study's findings confirm that this lag is actively visible in the Varanasi cluster's incomplete penetration of e-Shram and Pehchan Card registration among female artisans.

Methodology

This study employs a mixed-methods research design to analyze the socio-economic conditions of Varanasi's handicraft labor force. The approach integrates macro-level secondary data with micro-level primary field observations, ensuring that institutional policy analysis remains grounded in the lived realities of artisan households.

A. Secondary Data Analysis

Quantitative baseline data was drawn from the following sources:

- Ministry of Textiles Annual Report (2025) — artisan registration coverage, scheme disbursement, and GI cluster data
- Periodic Labour Force Survey (PLFS) 2023–24 — informal sector wage data for Uttar Pradesh
- Invest UP Portal — ODOP scheme impact metrics and digital marketplace penetration data
- Deen Dayal Hastkala Sankul (DDHS) Trade Facilitation Reports — cluster-level infrastructure and B2B transaction data

All wage data was cross-referenced across a minimum of three independent government and academic sources to ensure internal consistency and reliability.

B. Primary Field Observation

Field observations were conducted across three artisan clusters in February 2026:

- Adampur — lacquerware and wooden toy production
- Lallapura — Banarasi silk handloom weaving
- Thatheri Bazar — Gulabi Meenakari (enamel-on-metal craft)

Observations focused specifically on: (a) workspace conditions and physical environment; (b) the gender-based division of labor within production units; and (c) artisan interactions with Gaddidar intermediaries at the point of product exchange.

C. Artisan Interviews

Three semi-structured interviews were conducted with artisans representing distinct positions within the production hierarchy — a master weaver, a home-based female painter, and a young migrant former-artisan. All participants provided verbal informed consent prior to participation. Names are recorded as provided by participants. Interviews were conducted in Hindi and translated by the researcher.

D. Analytical Framework

The study applies a Structural Labor Analysis framework across three parameters:

- Income distribution and value chain capture across the Gaddidar-mediated supply chain
- Gender-based wage differentials and institutional exclusion mechanisms
- Socio-economic vulnerabilities, including occupational health hazards, out-migration patterns, and generational skill erosion

The Gaddidar System: Intermediary Exploitation and Value Chain Capture

A. Structural Overview

The primary structural bottleneck suppressing artisan income in Varanasi is the persistent dominance of traditional intermediaries, locally termed Gaddidars or Mahajans. These actors occupy an entrenched position across the production-to-market supply chain, capturing a disproportionate share of the economic value generated by artisan labor. The chain operates as follows:

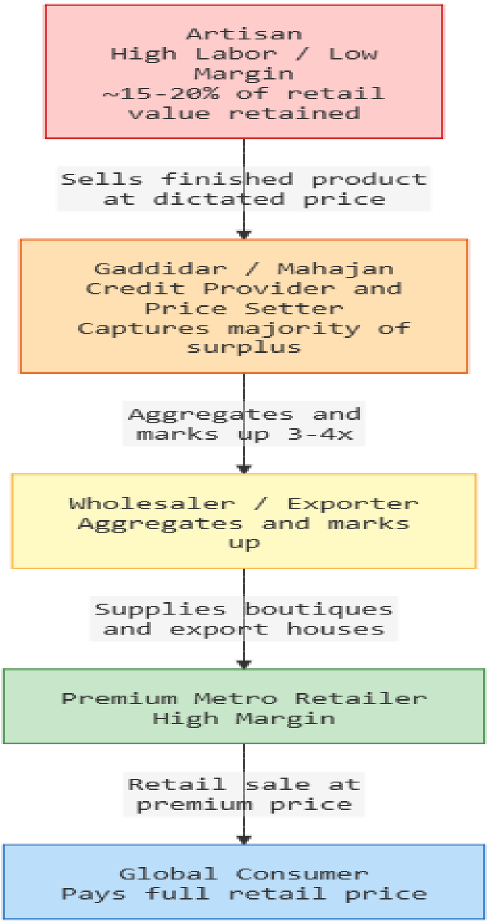

Figure 1: Traditional Varanasi Handicraft Supply Chain showing value capture distribution across tiers (adapted from Ganguly, 2025; field observation, 2026)

As illustrated, the artisan occupies the base of this chain — contributing the highest labor input while retaining the smallest share of the final consumer price. This structural inversion defines the economic precarity of Varanasi's craft workers.

The majority of weavers, toy makers, and Meenakari artisans operate as micro-entrepreneurs without direct access to urban retail or export markets, making them dependent on Gaddidars for two critical functions:

- **Raw Material Advancement** — Gaddidars supply silk yarn, metallic zari, timber, or enamel colors on credit, eliminating upfront capital requirements but creating immediate debt obligations.
- **Guaranteed Buyback** — Gaddidars purchase finished products immediately, eliminating the artisan's inventory risk, while simultaneously retaining unilateral pricing power over purchase rates.

B. The Economics of Debt Dependency

This arrangement creates a self-reinforcing cycle of debt dependency. While a premium authentic Banarasi saree commands a retail price of ₹12,000–₹40,000 in metropolitan showrooms, the primary weaver receives between ₹1,800 and ₹4,000 per piece — representing less than 15–20% of final retail value (Ganguly, 2025; Ministry of Textiles, 2025). The remainder of the economic surplus is captured through successive trading tiers, keeping artisan household income near subsistence levels.

Field Interview 1 — Ram Prasad, 52, Master Weaver, Lallapura Cluster:

"The GI tag is good for the name of Banaras. But for me? The price that goes on the tag does not reach my hands. I receive maybe ₹400 a day when the design is complex — a full kinkhab saree takes 21 days minimum. The same saree is sold for ₹18,000 in Connaught Place. I have asked my Gaddidar many times — he says the transportation, the dyeing, the showroom cost — everything comes from that price. I cannot verify this. I have no other buyer."

Ram Prasad's testimony is empirically representative of the broader cluster condition. The absence of alternative buyers — a structural consequence of poor market connectivity and Gaddidar credit dependency — eliminates artisan bargaining power entirely. The DDHS platform is beginning to provide B2B direct market access, but penetration remains limited to workshop-registered artisans, excluding the majority who produce from home.

C. The Emerging Counter-Model

The Government e-Marketplace (GeM) and Open Network for Digital Commerce (ONDC) are introducing a structural alternative to Gaddidar-mediated transactions. Artisan Producer Companies (APCs) registered on these platforms have reported price realizations 35–45% higher than comparable Gaddidar-mediated rates (Invest UP, 2026). This premium represents a substantial potential income gain for artisan households — equivalent, in many cases, to doubling a weaver's daily effective earnings.

However, this counter-model remains inaccessible to the majority. APC formation requires collective organizational capacity, individual digital literacy, and formal financial identity — preconditions that most home-based artisans, and nearly all home-based female artisans, currently do not meet. Section 7 examines the specific barriers that prevent platform adoption at the household level and the institutional redesign necessary to overcome them.

D. Gendered Labor Dynamics: The Invisible Workforce

(i) The Productive Invisibility of Women

Official census data and historical narratives frame Varanasi's craft production—particularly handloom weaving—as a male-dominated trade. However, field observations for this study reveal a stark contradiction: women contribute an estimated 40–50% of the total labor required to produce finished handicrafts (Ministry of Textiles, 2025; field observation, 2026). This invisibility is not accidental but structural. It stems from the location of labor—domestic spaces—and its classification as "household contribution" rather than "skilled artisan labor." This classificatory mechanism erases women's economic role, rendering their work statistically and institutionally invisible.

(ii) The Division of Labor: Field Observations

Fieldwork in the Adampur lacquerware cluster (February 2026) documented a rigid gendered division of tasks:

Male artisans: Operate wood-turning lathes, procure raw timber, and perform primary shaping of toy forms.

Female artisans and daughters: Handle all lacquer application, sanding, base coat preparation, and detailed hand-painting of motifs (animals, floral patterns, geometric designs).

The painting stage is not ancillary—it is the value-adding phase. A plain wooden toy sells for ₹30–50, but the same toy, after hand-painting by a skilled female artisan, sells for ₹200–400. Yet, the woman responsible for this value differential is typically paid ₹150–200 per day as an informal piece-rate worker, with no written contract, no social security, and no recognition under the Artisan Pehchan Card scheme.

Field Interview 2 — Razia Begum, 38, Lacquerware Painter, Adampur:

"I have been painting these toys since I was a child—my mother taught me, her mother taught her. The flowers, the peacocks, the fine lines—this is not simple work. My husband turns the wood, the Gaddidar pays him. My work is counted as his work. We get one payment for the family—maybe ₹300 for the day. If I ask separately, the Gaddidar says the price is already fixed. My name is on nothing."

Razia's testimony exemplifies what Chen (2016) terms the "Domestic Workspace Paradox"—a mechanism where women's skilled labor is absorbed into the household unit and rendered institutionally invisible, despite its critical economic contribution.

E. Wage Disparity: Empirical Evidence

Labor Metric	Male Artisans (Loom / Lathe Operators)	Female Artisans (Painting / Finishing / Pre-Weaving)
Average Daily Wage	₹350 – ₹500	₹150 – ₹250
Primary Task	Loom operation / Wood-turning	Hand-painting / Lacquer finishing / Yarn prep
Workspace	Commercial workshop or loom shed	Home-based, informal domestic space
Payment Mode	Direct from Gaddidar	Absorbed into household / family payment
Institutional Access	Eligible for Pehchan Card / e-Shram	Rarely registered; excluded from schemes

Financial Autonomy	High	Low — earnings rarely individually retained
Value Contribution	Primary shaping	Value-adding final stage

Table 1: Gender-Based Wage and Institutional Access Differential, Varanasi Craft Cluster (field observation, 2026; Ministry of Textiles, 2025)

The average gender wage gap across observed craft segments is approximately 40–45%, consistent with the ILO's (2024) South Asian informal economy benchmark of 30–55%. Critically, however, the wage gap understates the true equity deficit: male artisans receive direct, individual payments, while female artisans' wages are typically subsumed into a single family payment — meaning the female artisan's economic contribution is not merely underpaid, but economically invisible at the individual level.

F. Financial Exclusion: The Pehchan Card Problem

Home-based female artisans rarely hold individual registration credentials, particularly the Ministry of Textiles' Artisan Pehchan Card. This exclusion systematically bars them from:

- Direct benefit transfers (DBT) under government welfare schemes,
- Collateral-free Mudra loan access (Shishu/Kishore tier),
- e-Shram social security coverage, including accident insurance,
- ODOP scheme training stipends and toolkit grants.

As of 2025, fewer than 30% of registered Pehchan Card holders in the Varanasi cluster are female (Ministry of Textiles, 2025), despite women constituting 45–50% of the productive labor force. This registration gap is not incidental—it is the administrative mechanism through which economic invisibility is institutionally reproduced.

Occupational Vulnerabilities: Health, Migration, and the Generational Skill Gap

A. Occupational Health Hazards

Working conditions across Varanasi's craft clusters present serious occupational health risks, compounding the economic precarity of artisan households. A 2025 AIIMS study on the region's artisan clusters provides the following baseline:

- 68% of lacquerware artisans report chronic respiratory issues (vs. 22% in the general population), linked to prolonged exposure to lacquer fumes in poorly ventilated home workspaces.
- 55% of silk weavers show clinical indicators of musculoskeletal disorders (lumbar spinal stress, carpal tunnel syndrome), tied to operating traditional pit-looms in cramped, below-ground spaces for 8–12 hours daily.
- 42% of Meenakari artisans report progressive eyesight deterioration, directly attributable to fine-detail enamel work under inadequate lighting.

These findings align with global ILO (2023) studies on informal sector health risks. They represent a systematic depreciation of the cluster's most irreplaceable resource: embodied skill capital accumulated over decades. As the generational testimony in Section 6.2 illustrates, a weaver whose hands begin to tremble at 54 represents the permanent loss of knowledge that took a lifetime to build.

B. Labor Migration and the Generational Skill Crisis

A measurable and accelerating segment of young male artisans is exiting the craft economy. Facing stagnant daily wages of ₹300–400 and rising urban living costs, they migrate to metropolitan construction, transport, and manufacturing sectors, where unskilled labor earns ₹500–700 daily without craft-specific prerequisites.

Field Interview 3 — Sanjay Kumar, 24, Former Lacquerware Artisan (Now Construction Worker, Delhi):

"My father made toys his whole life. He is 54 now—his back is bent, his hands shake sometimes, his eyes are weak. After 40 years of work, he owns nothing—the house is rented, the lathe belongs to the Gaddidar's workshop. I see this and I think—for ₹200 a day? In Delhi, I earn ₹550 laying bricks. I have no pride in it. But I can eat."

If this migration trajectory continues, the Varanasi cluster faces a critical master-artisan shortage within 10–15 years. Unlike industrial skill gaps—which can be addressed through technical training—the embodied knowledge of a master Banarasi weaver or Meenakari painter cannot be replicated in months. It requires generational transmission, which is now being broken.

Policy Interventions and Digital Safety Nets: Current Status and Critical Gaps

The following table provides a comparative overview of the four principal digital policy interventions currently operative in the Varanasi cluster, mapping each against its stated objective, current coverage, and the critical implementation gap this study identifies:

Policy	Objective	Coverage (2026)	Key Gap
e-Shram Registry	Formalize unorganized labor	300M+ registrations (PIB, 2025)	Excludes home-based female artisans
Mudra Loans (PMMY)	Collateral-free credit for micro-units	₹27 lakh crore disbursed (MoF, 2025)	Requires KYC/bank accounts
GeM Portal	Direct government procurement	35–45% higher price realization (Invest UP, 2026)	Low digital literacy
ONDC	B2C e-commerce access without commissions	15–20% margin retention (Invest UP, 2026)	Smartphone access barriers

Table 2: Digital Policy Interventions for Varanasi's Artisan Labor Force (2025–26)
Source: PIB (2025); Ministry of Finance (2025); Invest UP (2026).

A. The e-Shram Registry and Pehchan Cards

The e-Shram portal, with 300 million registrations by December 2025 (PIB, 2025), is India's most significant attempt to formalize the unorganized labor force. For Varanasi's artisans, e-Shram registration enables access to accident insurance (₹2 lakh coverage), priority DBT transfers, and ODOP scheme eligibility. However, registration drives have been workshop-centric, missing the home-based female artisan population almost entirely.

B. Mudra Loans and Micro-Credit Access

The Pradhan Mantri Mudra Yojana (PMMY) has disbursed ₹27 lakh crore in collateral-free credit nationally, with the Shishu tier (loans up to ₹50,000) designed for micro-artisan entrepreneurs (Ministry of Finance, 2025). While this scheme directly addresses Gaddidar credit dependency, the requirement for individual bank accounts and KYC documentation excludes a significant proportion of female and home-based artisans who lack formal financial identities.

C. GeM and ONDC: Marketplace Democratization

The Government e-Marketplace (GeM) and Open Network for Digital Commerce (ONDC) represent the most structurally transformative digital interventions for artisan value chain rebalancing. Artisan cooperatives registered on GeM report direct institutional orders at price realizations 35–45% higher than Gaddidar-negotiated rates (Invest UP, 2026). ONDC further enables small artisan units to access B2C e-commerce infrastructure without platform commissions, potentially returning an additional 15–20% margin directly to producers.

D. The Critical Gap: Implementation at the Household Level

All four platforms—e-Shram, Mudra, GeM, and ONDC—require digital literacy, smartphone access, and individual financial identity, which the home-based female artisan population largely lacks. Section 8 addresses the institutional redesign required to bridge this access gap at the household level.

Discussion

This analysis addresses three interconnected structural problems that sustain economic inequality in the Varanasi craft economy. First, the physical location of labor — whether in a registered workshop or a home kitchen — determines institutional recognition and state support, creating a systematic invisibility of female artisan work. Second, the Gaddidar intermediary system persists not as a relic of tradition but as a functional necessity, requiring institutional replacement rather than market disruption. Third, the exodus of young artisans to urban wage labor reflects an economic tipping point, not cultural decline. These three problems are analytically distinct but causally connected: as women remain institutionally invisible, their households become more dependent on Gaddidar credit; as young workers migrate, household dependency deepens further.

A. The Domestic Workspace Paradox: Location as an Instrument of Exclusion

Women constitute 40–50% of total productive labor in Varanasi's craft clusters yet receive 40–45% lower daily wages and remain almost entirely absent from government welfare registries. This gap cannot be explained by skill differential or task complexity. Hand-painted lacquerware motifs are demonstrably the value-differentiating stage — transforming a ₹50 wooden form into a ₹400 finished product — yet the artisan performing this work is classified as providing "domestic assistance" rather than "skilled artisan labor." The distinction is not semantic; it determines whether she is eligible for the Artisan Pehchan Card, Mudra credit, e-Shram social security, or ODOP training stipends.

The mechanism of this exclusion is location-based. When work occurs in a registered workshop or loom shed, the state recognizes it as artisan labor. When identical work occurs in a domestic kitchen, the state reclassifies it as household contribution. A male artisan operating a lathe in a shared workshop receives direct payment and formal registration. A female artisan performing work of equal or greater value in her kitchen receives no individual payment, no individual registration, and no institutional recognition. The economic consequence is profound: her labor remains invisible to policymakers, her needs unaddressed by welfare systems, her income unindividualized and therefore subject to household redistribution beyond her control.

The policy implication is structural and immediate: artisan registration systems must shift from location-based enumeration (workshop-based) to work-based enumeration (household-based). This requires door-to-door registration drives in all 32 GI craft sub-clusters, identifying home- based female artisans by task type (painting, finishing, pre-weaving) and enrolling them in Pehchan Card, e-Shram, and Mudra schemes as individual economic actors rather than household members.

B. The Gaddidar System: Why Market Platforms Cannot Simply Replace Debt Dependency

The Gaddidar system functions simultaneously as buyer, creditor, raw material supplier, and risk absorber. Field observation confirms that artisans do not remain in this relationship because they are unaware of digital alternatives; they remain because the Gaddidar provides three critical functions that digital platforms currently cannot: (1) raw material credit without KYC verification or bank accounts; (2) immediate product buyback at agreed prices, eliminating inventory risk; and (3)price certainty in a volatile market.

Digital marketplace platforms — GeM, ONDC — address the buyback function by creating direct access to government procurement and e-commerce channels. However, they cannot replicate raw material credit provision. A home-based female artisan without a bank account cannot secure a Mudra loan to purchase silk or zari. A workshop without institutional certification cannot register on GeM. These platform barriers explain why price realizations on GeM and ONDC remain significantly higher than Gaddidar rates (35–45% premium) yet penetration remains low among grassroots artisans.

The evidence therefore suggests that Gaddidar elimination through digital disruption is neither feasible nor desirable. Instead, effective intervention requires institutional replication of Gaddidar functions without its exploitative pricing. This means: (1) community raw material banks at DDHS and cluster-level common facility centers, providing silk, zari, timber, and enamel on zero-interest institutional credit; (2) cooperative credit societies registered under the DDHS framework, enabling artisans to secure Mudra loans collectively; and (3) Artisan Producer Companies (APCs) that aggregate production and negotiate bulk sales at institutional prices, returning 35–45% price premiums to the producing collective.

This structural replacement is more challenging than simple market disruption but is the only pathway that addresses the actual economic functions the Gaddidar serves.

C. The Migration Crisis: An Economic Tipping Point, Not a Cultural Problem

The accelerating exodus of young male artisans to metropolitan construction and manufacturing work is not a phenomenon of tradition loss or cultural decline. It is a rational economic response to an unsustainable wage differential. In 2026, skilled craft work pays ₹300–400 daily; unskilled urban labor pays ₹500–700. For a 24-year-old artisan watching his father's hands become unusable at 54 after 40 years of work, the mathematics of migration are clear. The non-monetary value of craft identity — cultural prestige, family continuity, embodied knowledge — is meaningful but cannot sustain a household in the absence of adequate income.

This wage gap has reached a critical threshold. Unlike gradual decline, which allows knowledge transmission even as younger workers pursue supplementary income, rapid migration at current rates breaks the generational transmission mechanism entirely. A master weaver who departs to Delhi construction takes with him not just labor capacity but decades of embodied knowledge — knowledge about silk weight variations, about tension adjustment on pit-looms, about color combinations in traditional patterns. This knowledge cannot be transmitted remotely or recovered through technical training programs.

Within 10–15 years at current migration rates, the Varanasi cluster faces not merely labor shortage but master-artisan shortage — the permanent loss of skilled workers capable of mentoring the next generation.

This is the policy urgency that must displace longer-term planning discussions. Without immediate wage intervention — guaranteed minimum income support for registered artisans, health insurance under Ayushman Bharat, and mandatory ergonomic workspace standards — generational skill erosion becomes irreversible.

D. Policy Recommendations

Four interconnected interventions address the structural problems identified above:

1. Household-Based Registration Reform: Redesign the Artisan Pehchan Card and e-Shram enrollment process to recognize home-based artisans as primary economic actors. This requires door-to-door enumeration drives across all 32 GI craft sub-clusters, with specific protocols for identifying and registering female artisans in painting, finishing, and pre-weaving tasks. Registration must enable immediate access to Mudra credit, Ayushman Bharat health insurance, and ODOP training stipends.

2. Community Raw Material Bank: Establish cooperative raw material banks at DDHS and cluster-level common facility centers, providing silk, zari, timber, enamels, and lacquers on zero-interest institutional credit to registered artisans. This directly addresses the raw material credit function currently monopolized by Gaddidars, weakening debt dependency without treating supply vacuums.

3. Minimum Piece-Rate Standards: Mandate a government-notified minimum piece-rate schedule for all 32 GI-tagged craft categories, disaggregated by task type (primary operations vs. finishing work). This formally closes the wage gap between male loom operators earning ₹350–500 daily and female painting/finishing artisans currently earning ₹150–250 daily. Enforcement mechanisms must include cluster-level monitoring through DDHS and penalty structures for Gaddidar underpayment.

4. Occupational Health and Wage Protection: Extend Ayushman Bharat health insurance to all e-Shram registered artisan households, and mandate ergonomic workspace audits for artisan clusters receiving ODOP scheme funding. Specific attention must address pit-loom ventilation, lacquer fume exposure standards, and carpal tunnel prevention protocols. Additionally, establish guaranteed minimum income support for registered artisans during market downturns and provide occupational health clinics at cluster-level common facility centers.

These four interventions are mutually reinforcing: registration enables credit access; raw material banks reduce Gaddidar dependency; minimum piece-rates improve wage sustainability; health protection retains younger workers. Implemented separately, each has limited impact. Implemented together, they address the structural dependencies that currently trap artisans in poverty despite high product value.

Scope and Limitations

This study's primary data collection was confined to three craft clusters (Adampur, Lallapura, Thatheri Bazar) in September 2025. The Varanasi region contains 32 distinct GI-tagged craft categories with substantial regional variation in production technology, market access, and gender division of labor. Wage data, while triangulated across multiple secondary sources, may not fully capture the diversity of piece-rate arrangements, seasonal variation, or task-specific compensation across all craft categories.

The three field interviews were selected to represent different positions within the production hierarchy but are not statistically representative of the artisan population. They function as qualitative illustration of patterns confirmed through secondary data analysis; they should not be interpreted as evidence of uniform experience across the cluster.

Future research should employ stratified random sampling across all 32 craft sub-clusters, with specific attention to caste-based variation in labor access, wage differentiation, and market connectivity. Longitudinal migration tracking and intergenerational household income studies would provide more robust evidence of skill erosion trajectories and the causal mechanisms connecting wage suppression to artisan out-migration.

Conclusion

Varanasi's handicraft economy remains economically significant, culturally visible, and institutionally under-corrected. This study shows that the artisans who sustain this economy continue to face structural exclusion from its benefits. A female lacquerware painter who spends her life producing the motifs that raise a toy's market value may earn only ₹150 a day, hold no formal registration, and remain outside the welfare systems designed to support workers like her.

The testimonies documented across the field interviews reveal a consistent pattern of value extraction. Ram Prasad receives ₹400 for 21 days of labor on a Katan silk saree that sells for many times that amount in the retail market. Razia Begum's labor is absorbed into a family payment despite her work being central to the final value of the product. Sanjay Kumar chose construction work in Delhi not because craft identity lacked meaning, but because the wages in the craft economy could not meet basic livelihood needs. These are not isolated stories; they reflect a broader structure in which artisans receive a small share of the value they create, women remain institutionally invisible, and younger workers increasingly leave the sector.

Three structural imperatives emerge from this analysis:

First, the Gaddidar system must be complemented — not merely bypassed — by institutional credit mechanisms that reproduce its speed and accessibility without its exploitative pricing power. The Gaddidar survives because it provides raw material credit, immediate product buyback, and risk absorption. If these functions are not replaced through cooperative credit systems, community raw material banks, and producer-company models, artisans will remain trapped in dependency even when formal market access improves.

Second, the gender wage gap and institutional exclusion of female artisans cannot be addressed through awareness campaigns alone. They require a redesign of artisan registration and welfare delivery, shifting from workshop-based enumeration to household-based recognition. When a substantial share of production takes place in domestic spaces, state systems that recognize only workshop labor systematically erase women's contribution. Female artisans must be counted, registered, and paid as individual economic actors, not as invisible extensions of household labor.

Third, the migration crisis is fundamentally a wage crisis. Young artisans are leaving not because they have abandoned tradition, but because the craft economy no longer offers a viable livelihood. When urban construction or manufacturing offers higher daily earnings than skilled craft work, migration becomes a rational response. Without wage protection, health security, and occupational safeguards, the sector will continue to lose its younger generation and with it the embodied knowledge that sustains craft excellence.

The evidence presented in this study makes one conclusion unavoidable: Varanasi's craft economy cannot remain socially sustainable if it continues to combine high cultural value with low artisan compensation. A system that generates premium products while leaving producers underpaid, unprotected, and unrecognized is economically fragile as well as ethically unjust. The long-term viability of the cluster depends not only on preserving craft reputation, but on ensuring fair wages, institutional inclusion, and dignified working conditions for the people whose labor makes that reputation possible.

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