CHAPTER 8

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# A Shirt in the Market

This chapter tells us the story of a shirt ! It begins with the production of cotton and ends with the sale of the shirt. We shall see that a chain of markets links the producer of cotton to the buyer of the shirt in the supermarket. Buying and selling takes place at every step in the chain. Does everyone benefit equally from this? Or do some people benefit more than others? We shall find out.

## A cotton farmer in Kurnool

Swapna, a small farmer in Kurnool (Andhra Pradesh) grows cotton on her small piece of land. The bolls of the cotton plant are ripe and some have already burst, so Swapna is busy picking cotton. The bolls, which carry the cotton in them, do not burst open all at once so it takes several days to harvest the cotton.

Once the cotton is collected, instead of selling it at Kurnool cotton market, Swapna and her husband take the harvest to the local trader. At the beginning of the cropping season, Swapna had borrowed ₹ 2,500 from the trader at a very high interest rate to buy seeds, fertilisers, pesticides for cultivation. At that time, the local trader made Swapna agree to another condition. He made her promise to sell all her cotton to him.

Cultivation of cotton requires high levels of inputs such as fertilisers and pesticides and the farmers have to incur heavy expenses on account of these. Most often, the small farmers need to borrow money to meet these expenses.

At the trader's yard, two of his men weigh the bags of cotton. At a price of ₹ 1,500 per quintal, the cotton fetches ₹ 6,000. The trader deducts ₹ 3,000 for repayment of loan and interest and pays Swapna ₹ 3,000.

**Swapna:** ₹ 3,000 only!

**Trader:** Cotton is selling cheap. There is a lot of cotton in the market.

**Swapna:** I have toiled so hard for four months to grow this cotton. You can see how fine and clean the cotton is this time. I had hoped to get a much better price.

**Did Swapna get a fair price on the cotton?**

**Why did the trader pay Swapna a low price?**

**Where do you think large farmers would sell their cotton? How is their situation different from Swapna?**

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**Trader:** Amma, I am giving you a good price. Other traders are not even paying this much. You can check at the Kurnool market, if you do not believe me.

**Swapna:** Don't be angry. How can I doubt you? I had only hoped that we would earn enough from the cotton crop to last us a few months.

Though Swapna knows that cotton will sell for at least ₹ 1,800 per quintal, she doesn't argue further. The trader is a powerful man in the village and the farmers have to depend on him for loans not only for cultivation, but also to meet other exigencies such as illnesses, children's school fees. Also, there are times in the year when there is no work and no income for the farmers, so borrowing money is the only means of survival.

Swapna's earning from cotton cultivation is barely more than what she might have earned as a wage labourer.

### The cloth market of Erode

Erode's bi-weekly cloth market in Tamil Nadu is one of the largest cloth markets in the world. A large variety of cloth is sold in this market. Cloth that is made by weavers in the villages around is also brought here for sale. Around the market are offices of cloth merchants who buy this cloth. Other traders from many south Indian towns also come and purchase cloth in this market.

*A shop in Erode.*

On market days, you would also find weavers bringing cloth that has been made on order from the merchant. These merchants supply cloth on order to garment manufacturers and exporters around the country. They purchase the yarn and give instructions to the weavers about the kind of cloth that is to be made. In the following example, we can see how this is done.

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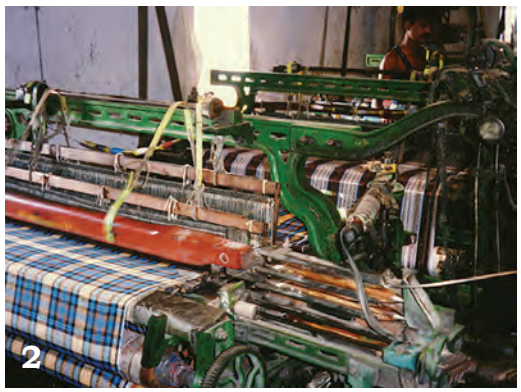

**Putting-out system–weavers producing cloth at home**

*1. This is a merchant's shop in the bazaar. Over the years, these traders have developed extensive contacts with garment firms around the country from whom they get orders. These traders purchase the yarn (thread) from others.*
*2. The weavers live in villages around and take the yarn supplied by these traders to their homes where the looms are located in sheds adjacent to their houses. This photograph shows a powerloom in one such home. The weavers and their families spend long hours working on these looms. Most weaving units have about 2–8 powerlooms on which the yarn is woven into cloth. A variety of sarees, towels, shirting, ladies dress material and bedsheets are produced in these looms.*
*3. They then bring back the finished cloth to the traders. Here, they can be seen getting ready to go to the merchant in the town. The trader keeps an account of the yarn given and pays them money for weaving this into cloth.*

The merchant distributes work among the weavers based on the orders he has received for cloth. The weavers get the yarn from the merchant and supply him the cloth. For the weavers, this arrangement seemingly has two advantages. The weavers do not have to spend their money on purchase of yarn. Also, the problem of selling the finished cloth is taken care of. Weavers know from the outset what cloth they should make and how much of it is to be woven.

However, this dependence on the merchants both for raw materials and markets means that the merchants have a lot of power. They give orders for what is to be made and they pay a very low price for making the cloth. The weavers have no way of

**What are the following people doing at the Erode cloth market–merchants, weavers, exporters?**

**In what ways are weavers dependent on cloth merchants?**

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**If the weavers were to buy yarn on their own and sell cloth, they would probably earn three times more. Do you think this is possible? How? Discuss.**

**Do you find similar 'putting-out' arrangements in making *papads, masalas, beedis*? Find out about this in your area and discuss in class.**

**You might have heard of cooperatives in your area. It could be in milk, provisions, paddy, etc. Find out for whose benefit they were set up?**

knowing who they are making the cloth for or at what price it will be sold. At the cloth market, the merchants sell the cloth to the garment factories. In this way, the market works more in favour of the merchants.

Weavers invest all their savings or borrow money at high interest rates to buy looms. Each loom costs ₹ 20,000, so a small weaver with two looms has to invest ₹ 40,000. The work on these looms cannot be done alone. The weaver and another adult member of his family work upto 12 hours a day to produce cloth. For all this work, they earn about ₹ 3,500 per month.

The arrangement between the merchant and the weavers is an example of **putting-out system,** whereby the merchant supplies the raw material and receives the finished product. It is prevalent in the weaving industry in most regions of India.

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### Weaver's cooperative

We have seen that the weavers are paid very little by the merchant under the putting out system. Weaver's cooperatives are one way to reduce the dependence on the merchant and to earn a higher income for the weavers. In a cooperative, people with common interests come together and work for their mutual benefit. In a weaver's cooperative, the weavers form a group and take up certain activities collectively. They procure yarn from the yarn dealer and distribute it among the weavers. The cooperative also does the marketing. So, the role of the merchant is reduced, and weavers get a fair price on the cloth.

At times, the government helps the cooperatives by buying cloth from them at a reasonable price. For instance, the Tamil Nadu government runs a Free School Uniform programme in the state. The government procures the cloth for this programme from the powerloom weaver's cooperatives. Similarly, the government buys cloth from the handloom weaver's cooperatives and sells it through stores known as Co-optex. You might have come across one of these stores in your town.



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*Women workers sewing buttons in a garment factory.*

**The garment exporting factory near Delhi**

The Erode merchant supplies the cotton cloth produced by the weavers to a garment exporting factory near Delhi. The garment exporting factory will use the cloth to make shirts. The shirts will be exported to foreign buyers. Among the foreign buyers are businesspersons from the US and Europe who run a chain of stores. These large stores do business strictly on their own terms. They demand the lowest prices from the supplier. In addition, they set high standards for quality of production and timely delivery. Any defects or delay in delivery is dealt with strictly. So, the **exporter** tries his best to meet the conditions set by these powerful buyers.

**What are the demands foreign buyers make on the garment exporters? Why do the garment exporters agree to these demands?**

Faced with such pressures from the buyers, the garment exporting factories, in turn, try to cut costs. They get the maximum work out of the workers at the lowest possible wages. This way they can maximise their own profits and also supply the garments to foreign buyers at a cheap price.

**How do the garment exporters meet the conditions set by the foreign buyers?**

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Why do you think more women are employed in the Impex garment factory? Discuss.

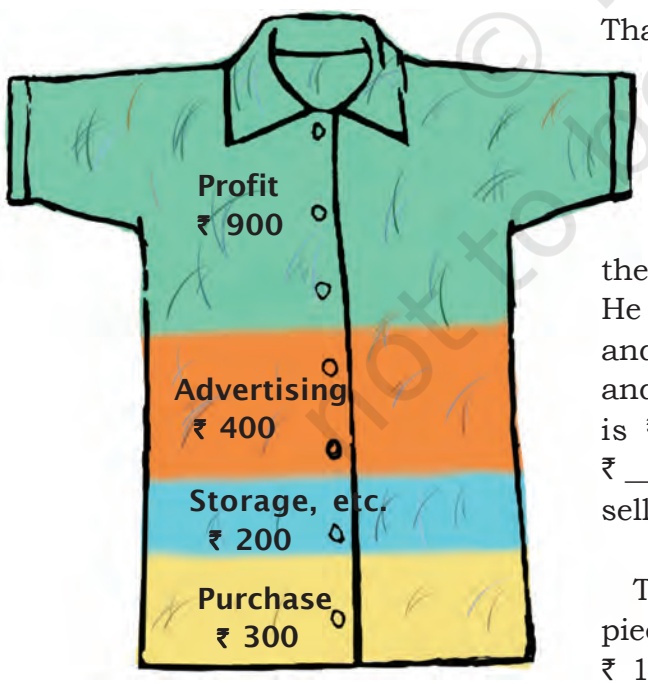
The Impex garment factory has 70 workers. Most of them are women. Most of these workers are employed on a temporary basis. This means that whenever the employer feels that a worker is not needed, the worker can be asked to leave. Workers' wages are fixed according to their skills. The highest paid among the workers are the tailors who get about ₹ 3,000 per month. Women are employed as helpers for thread cutting, buttoning, ironing and packaging. These jobs have the lowest wages.

Write a letter to the Minister asking for what you think would be proper payment to the workers.

**Payment to workers (per month)**

| | |
|---|---|
| Tailoring | ₹ 3,000 |
| Ironing | ₹ 1.50 (per piece) |
| Checking | ₹ 2,000 |
| Thread cutting and buttoning | ₹ 1,500 |

The shirt below shows the profit made by the businessperson, and the various costs that he had to pay. Find out from the diagram below, what the cost price includes.




### The shirt in the United States

A number of shirts are on display at a large clothes shop in the United States, and are priced at $26. That is, each shirt sells for $26 or around ₹ 1,800.

Use the diagram shown in the margin to fill in the blanks below.

The businessperson purchased the shirts from the garment exporter in Delhi for ₹ _____ per shirt. He then spent ₹ _____ for advertising in the media, and another ₹ _____ per shirt on storage, display and all other charges. Thus, the cost to this person is ₹ 900 while he sells the shirt for ₹ 1,800. ₹ _____ is his profit on one shirt! If he is able to sell a large number of shirts, his profit will be higher.

The garment exporter sold the shirt at ₹ 300 per piece. The cloth and other raw materials cost him ₹ 100 per shirt. The workers' wages cost another

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₹ 25 per shirt. The cost of running his office came to ₹ 25 per shirt. Can you calculate the profit per shirt for the garment exporter?

**Compare the earnings per shirt of the worker in the garment factory, the garment exporter and the businessperson in the market abroad. What do you find?**

**What are the reasons that the businessperson is able to make a huge profit in the market?**

**You have read the chapter on advertising. Why does the businessperson spend Rs 300 per shirt on advertising? Discuss.**

### Who are the gainers in the market?

A chain of markets links the producer of cotton to the buyer at the supermarket. Buying and selling takes place at every step in the chain. Let us recall who were the people who were involved in this process of buying and selling. Did they all gain as much? There were people who made profits in the market and there were some who did not gain as much from this buying and selling. Despite their having toiled very hard, they earned little. Can you place them in the table shown here?

| People who gained in the market |
|---|
| 1. _____ |
| 2. _____ |
| 3. _____ |
| **People who didn't gain as much in the market** |
| 1. _____ |
| 2. _____ |
| 3. _____ |

### Market and equality

The foreign businessperson made huge **profits** in the market. Compared to this, the garment exporter made only moderate profits. On the other hand, the earnings of the workers at the garment export factory are barely enough to cover their day-to-day needs. Similarly, we saw the small cotton farmer and the weaver at Erode put in long hours of hard work. But they did not get a fair price in the market for what they produced. The merchants or traders are somewhere in between. Compared to the weavers, they have earned more but it is still much less than the exporter. Thus, not everyone gains equally in the market. Democracy is also about getting a fair wage in the market. Whether it is Kanta or Swapna, if families don't earn enough how would they think of themselves as equal to others?

On one hand, the market offers people opportunities for work and to be able to sell things that they grow or produce. It could be the farmer selling cotton or the weaver producing cloth. On the other hand, it is usually the rich and the powerful

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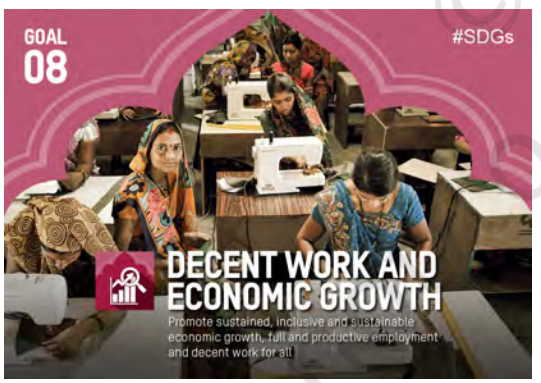
*Did you know that the readymade clothes that you buy require the work of so many different persons?*

that get the maximum earnings from the market. These are the people who have money and own the factories, the large shops, large land holdings, etc. The poor have to depend on the rich and the powerful for various things. They have to depend for loans (as in the case of Swapna, the small farmer), for raw materials and marketing of their goods (weavers in the putting out system), and most often for employment (workers at the garment factory). Because of this dependence, the poor are exploited in the market. There are ways to overcome these such as forming cooperatives of producers and ensuring that laws are followed strictly.

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## EXERCISES

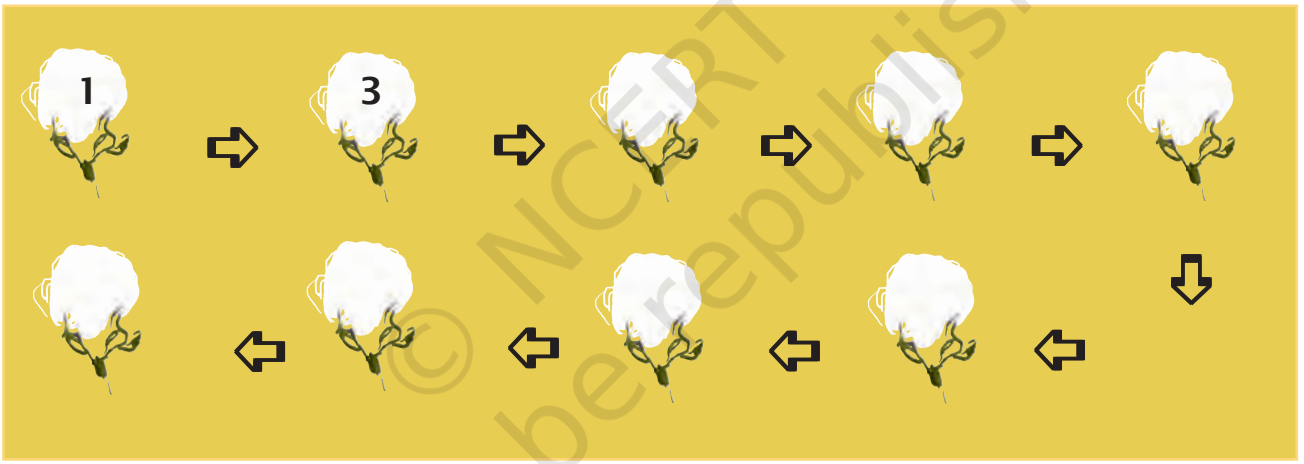
1. What made Swapna sell the cotton to the trader instead of selling at the Kurnool cotton market?

2. Describe the conditions of employment as well as the wages of workers in the garment exporting factory. Do you think the workers get a fair deal?

3. Think of something common that we use. It could be sugar, tea, milk, pen, paper, pencil, etc. Discuss through what chain of markets this reaches you. Can you think of the people that help in the production or trade?

4. Arrange the statements given alongside in the correct order and then fill in the numbers in the cotton bolls accordingly. The first two have already been done for you.

*1. Swapna sells the cotton to the trader.*
*2. Customers buy these shirts in a supermarket.*
*3. Trader sells cotton to the Ginning Mill.*
*4. Garment exporters buy the cloth from merchants for making shirts.*
*5. Yarn dealers or merchants give the yarn to the weavers.*
*6. The exporter sells shirts to the businessperson from the USA.*
*7.Spinning mill buys the cotton and sells yarn to the yarn dealers.*
*8.Weavers return with the cloth.*
*9. Ginning mill cleans the cotton and makes it into bales.*

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### Glossary

**Ginning mill:** A factory where seeds are removed from cotton bolls. The cotton is pressed into bales to be sent for spinning into thread.

**Exporter:** A person who sells goods abroad.

**Profit:** The amount that is left or gained from earnings after deducting all the costs. If the costs are more than the earnings, it would lead to a loss.


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1. The responsibility for the correctness of internal details rests with the publisher.
2. The territorial waters of India extend into the sea to a distance of twelve nautical miles measured from the appropriate base line.
3. The administrative headquarters of Chandigarh, Haryana and Punjab are at Chandigarh.
4. The interstate boundaries amongst Arunachal Pradesh, Assam and Meghalaya shown on this map are as interpreted from the "North Eastern Areas (Reorganisation) Act, 1971,"but have yet to be verified.
5. The external boundaries and coastlines of India agree with the Record / Master Copy certified by Survey of India.
6 The state boundaries between Uttarakhand & Uttar Pradesh, Bihar & Jharkhand and Chhattisgarh & Madhya Pradesh have not been verified by the Goverments concerned.
7. The spellings of names in this map have been taken from various sources.

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