

A SHIRT IN THE MARKET

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➤ INTRODUCTION

(a) The cloth market of Erode :

1. Erode's bi-weekly cloth market in Tamil Nadu is one of the largest cloth markets in the world.
2. A large variety of cloth is sold in this market.
3. Cloth that is made by weavers in the villages around is also brought here for sale.
4. Around the market are offices of cloth merchants who buy this cloth.
5. Other traders from many south Indian towns also come and purchase cloth in this market.
6. On market days, you would also find weavers bringing cloth that has been made on order from the merchant.
7. These merchants supply cloth on order to garment manufacturers and exporters around the country.
8. They purchase the yarn and give instructions to the weavers about the kind of cloth that is to be made.

(b) Putting-out system-weavers producing cloth at home :

1. The merchant distributes work among the weavers based on the orders he has received for cloth.
2. The weavers get the yarn from the merchant and supply him the cloth.
3. For the weavers, this arrangement seemingly has two advantages.
 - (a) The weavers do not have to spend their money on purchase of yarn. Also.
 - (b) The problem of selling the finished cloth is taken care of.
4. Weavers now from the outset what cloth they should make and how much of it is to be woven.
5. However, this dependence on the merchants both for raw materials and markets means that the merchants have a lot of power.
6. They give orders for what is to be made and they pay a very low price for making the cloth.
7. The weavers have no way of knowing who they are making the cloth for or at what price it will be sold.

8. 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.
9. Weavers invest all their savings or borrow money at high interest rates to buy looms. Each loom costs Rs 20,000, so a small weaver with two looms has to invest Rs 40,000.
10. The work on these looms can not 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 Rs 3,500 per month.
11. 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.

➤ THE GARMENT EXPORTING FACTORY NEAR DELHI

1. The Erode merchant supplies the cotton cloth produced by the weavers to a garment exporting factory near Delhi.
2. The garment exporting factory will use the cloth to make shirts.
3. 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.
4. These large stores do business strictly on their own terms.
 - (a) They demand the lowest prices from the supplier.
 - (b) In addition, they set high standards for quality of production and timely delivery.
 - (c) Any defects or delay in delivery is dealt with strictly.
5. So, the exporter tries his best to meet the conditions set by these powerful buyers.
6. Faced with such pressures from the buyers, the garment exporting factories, in turn, try to cut costs.
7. They get the maximum work out of the workers at the lowest possible wages.
8. This way they can maximise their own profits and also supply the garments to foreign buyers at a cheap price.

◆ The Impex Garment Factory :

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 Rs 3,000 per month. Women are employed as helpers for thread cutting, buttoning, ironing and packaging. These jobs have the lowest wages.

◆ A 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 Rs 1,200. The garment exporter sold the shirt at Rs 200 per piece. The cloth and other raw materials cost him Rs 70 per shirt. The workers' wages cost another Rs 15 per shirt. The cost of running his office came to Rs 15 per shirt. Calculate the profit per shirt for the garment exporter?

◆ 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. 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.

◆ **Market and Equality :**

1. 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.
2. 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.
3. 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.
4. Thus, not everyone gains equally in the market. Democracy is also about getting a fair wage in the market.
5. On one hand, the market offers people opportunities for work and to be able to sell things that they grow or produce.
6. It could be the farmer selling cotton or the weaver producing cloth.
7. On the other hand, it is usually the rich and the powerful 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.
8. The poor have to depend on the rich and the powerful for various things. They have to depend for loans for raw materials and marketing of their goods (weavers in the putting out system), and most often for employment (workers at the garment factory).
9. Because of this dependence, the poor are exploited in the market.
10. There are ways to overcome these such as forming cooperatives of producers and ensuring that laws are followed strictly.

GLOSSARY

1. **Ginning mill :** A factory where seeds are removed from cotton bolls. The cotton is pressed into bales to be sent for spinning into thread.
2. **Exporter :** A person who sells goods abroad.
3. **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.