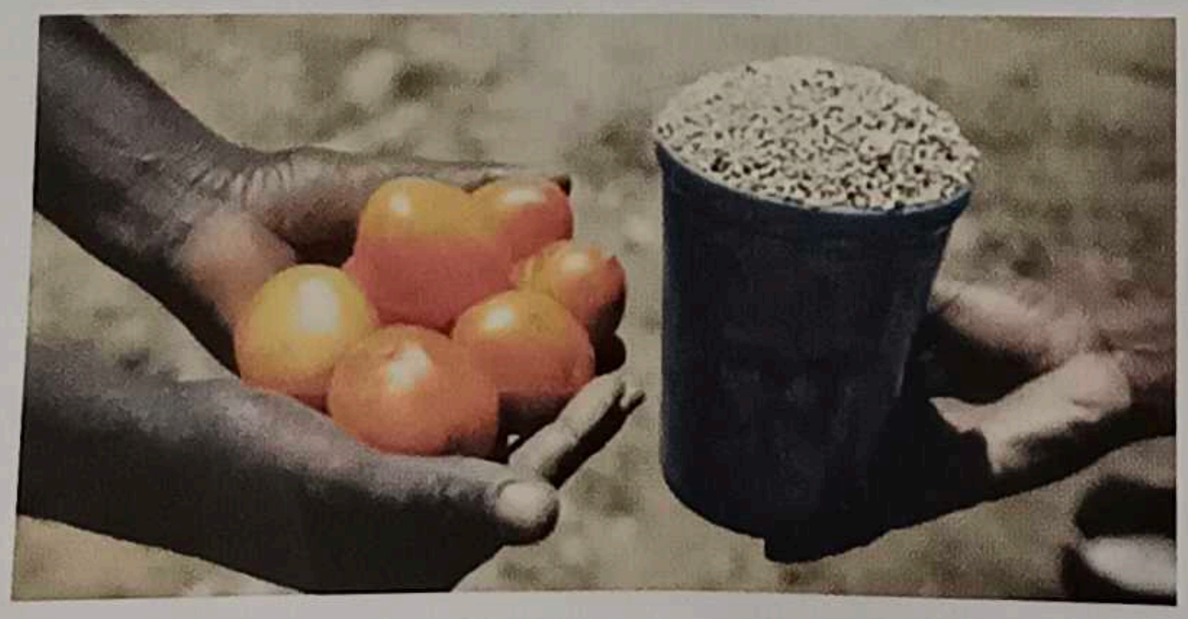
8

MARKETS AROUND US

Where do you get your household articles from? Where do you get your stationery, cosmetics and clothes from? Where do you get fruit, vegetables and groceries from? Of course, you get all these things from the market. You get everything you need in your daily life from the market. You go there to shop. What is a market? How do goods reach there and from where? Who are the people and which are the agencies involved in producing an article and reaching it to you? We will get to know all this and much more in this chapter.

Markets are places of trade. They serve as a link between the producers and the consumers and ensure distribution of goods and services in a society. A ***market*** *is a place that brings together a buyer and a seller to exchange goods or services at a fixed or flexible price that is agreeable to both.*

Markets were first held in open places, usually in the centre of villages and towns. Bartering of farm produce, clothing and tools took place there. ***Barter*** *is a system where goods or services are directly exchanged for other goods or services without using money, for example, trading a cow for some sacks of rice or wheat, or a bag of sugar for utensils and clothes*. There was no standard unit of exchange. At times, it was not possible to swap goods for other goods in an equable way. Money was created as a tool to help man avoid this problem.



Barter system

Q Why do you think barter system did not work for long?

RETAIL MARKETS

Retail markets include shops at fixed locations such as weekly markets, local neighbourhood markets, supermarkets and malls. These are all consumer markets.

WEEKLY MARKETS

Weekly markets are set up in almost every district on different days of the week. They are called by different names such as Monday market, *Shani bazaar,* etc. One can buy fresh vegetables and fruits, clothes, stationery and many other things

A weekly market

1. http://www.makeinindia.com/about

ANSWERS TO EXERCISES

A. **Choose the right option:**

1. (*c*) convenience 2. (*c*) retailer market 3. (*d*) shopping mall 4. (*a*) Amazon

B. **Write True or False**

1. True 2. False 3. False 4. False

C. **Short-answer questions:**

1. A market is a place that brings together buyers and sellers to exchange goods or services at a fixed or flexible price that is agreeable to both. Markets are the places of trade.
2. A supply chain involves the movement of a product from producer or manufacturer to transporter to wholesaler or retailer and ultimately to the consumer.
3. Buyers consider many factors before buying a product — availability, convenience, quality, price, credit etc.
4. Online shopping is convenient as it is easy to purchase products from the comfort of home or office. Thus this is becoming quite popular.
5. The choice of market reflects the prevailing inequality in the society. People who have low income prefer to make purchases by cash or debit card at local markets. People of high income group do not bother before spending money on high-end brands and use credit card or cash at malls. Also they do regular online shopping.

D. **Long-answer questions:**

1. An entire network of entities is involved directly or indirectly in serving a product to the consumer or customer. It comprises a supplier who supplies raw material to the manufacturer as producer, a producer who converts the material into products, a warehouse that stores the products, a wholesaler who delivers the product to the retailer and a retailer who brings the product to the ultimate user. This is called the supply chain.
2. Retail markets include weekly markets, neighbourhood markets, super markets and shopping malls.

   Neighbourhood markets are very useful and commonly found in every area. These markets are small family-run shops from where people buy everyday needs such as groceries, stationery and toiletries. All neighbourhood markets have hawkers selling ice cream and vegetables on carts and also cobblers, barbers and bicycle repairers, etc.

   Supermarkets are a form of self-service grocery store including food, vegetables, fruits and beverages — all under one roof. Usually products are available here at low prices. Example — Big Bazaar and Spencers.

   Shopping malls are carefully landscaped complex of shops and showrooms which include restaurants, food courts and leading merchandisers. Mostly shopping malls

have franchises like Lifestyle, Shoppers Stop etc. These places are very convenient shopping areas with ample parking and often have multiplexes where buyers can also watch movies. Malls encourage cashless shopping where consumers buy goods with debit or credit cards.

3. A wholesaler or distributer takes goods from a manufacturer in large amounts and sells them to a retailer. A wholesaler has large amounts and sells them to a retailer. A wholesaler has large warehouses for storing goods. Whereas, the retailer purchases the goods in smaller quantities from the wholesaler. Wholesaler sells products directly to the ultimate consumer.

9 A Shirt in the Market

LEARNING OBJECTIVES

The student will:

- examine the role of an observable wholesale market such as grain, fruit, or vegetable
- understand the chain of activities, the role of intermediaries and its impact on farmer-producers.

LESSON DEVELOPMENT

TOPIC: Story of a Shirt

RESOURCES: Class debate

TIME: 4 Periods/ 140–160 Minutes

ACTIVITY

- Discuss the different types of markets.
- Ask the students about the ones they have visited for purchase of different types of goods.
- Compare them.
- Ask the students of the kinds of roles that they have seen people play in the market industry as workers.
- Role-play the situations given in the chapter.

CHECK FOR UNDERSTANDING

(*a*) Use a flow chart to show how cotton from the farm reaches a retail store as a shirt.
(*b*) What are cooperatives?
(*c*) How can we ensure equality in a market?

WEBLINK

1. http://www.supplychainbrain.com/content/world-regions/asia-pacific/single-article-page/article/indias-supply-chain-is-improving-but-still-has-a-long-way-to-go/

ANSWERS TO EXERCISES

A. Choose the right option:

1. (*b*) intermediaries 2. (*c*) wholesaler 3. (*a*) weaver 4. (*a*) wholesaler
5. (*c*) retailer

B. Match the following:

1. (*d*) 2. (*c*) 3. (*e*) 4. (*a*) 5. (*b*)

C. **Write True or False:**

1. T 2. F 3. F 4. T 5. F

D. **Short-answer questions:**

1. A supply chain is a network of people and activities involved in moving a product or service from supplier to customer.
2. There is evident inequality in the market chain of supply. People involved in the supply chain earn money at their level. As the product or service moves in the chain of supply towards the consumer, the rate of the product or service increases. Thus the distribution of profit is not equal or fair.
3. Putting out system is generally used by merchants for getting their work done. Putting out system is where people work in homes using their own tools such as looms and spinning wheels, using the raw materials provided to them by merchants. Thus they earn from their skills without making any investment.
4. There are many intermediaries between the farmers and the consumers like local collectors, wholesalers, retailers and processors. Each person at his level seek to maximize the revenue. Greater the number of people involved in the supply chain, the higher becomes the price of the service or product. Thus lesser number of intermediaries are always preferred in selling a product.

E. **Long-answer questions:**

1. Cotton is produced at a farm and undergoes various stages of spinning, weaving, dyeing, tailoring etc. before it becomes a shirt. The wholesalers and retailers who earn the major chunk of profit are merely agents in the chain of sale.
   The following flow chart will explain the supply chain for a cotton shirt:

Cotton farmer (Producer)
(say income ₹ 10,000)
↓
Wholesaler (intermediary)
(Income ₹ 50,000)
↓
Cotton gin owner (intermediary)
(Income ₹ 70,000)
↓
Trader (Intermediary)
(Income ₹ 80,000)
↓
Knitwear (shirt) manufacturers (intermediary)
↓
Retail stores (sell products at highest price)
↓
Consumer (buys products at a high price given on the tag)

2. Selling a product through intermediaries have some advantages also. For instance, if a weaver wants to sell his product directly to the consumers, he faces heavy losses and debts. So it is better to depend on manufacturers, exporters and retail chain stores as intermediaries. The entire process thus finally makes the most profit with more people involved in the supply chain.
3. There is evident inequality in the market chain of supply. The people involved in various activities at their levels have limited access to the information about the product or service in the chain. Persons at each level seek to maximize the revenue for those that are in the beginning of the supply chain. Thus, all people are not adequately compensated for their role in the supply chain.

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