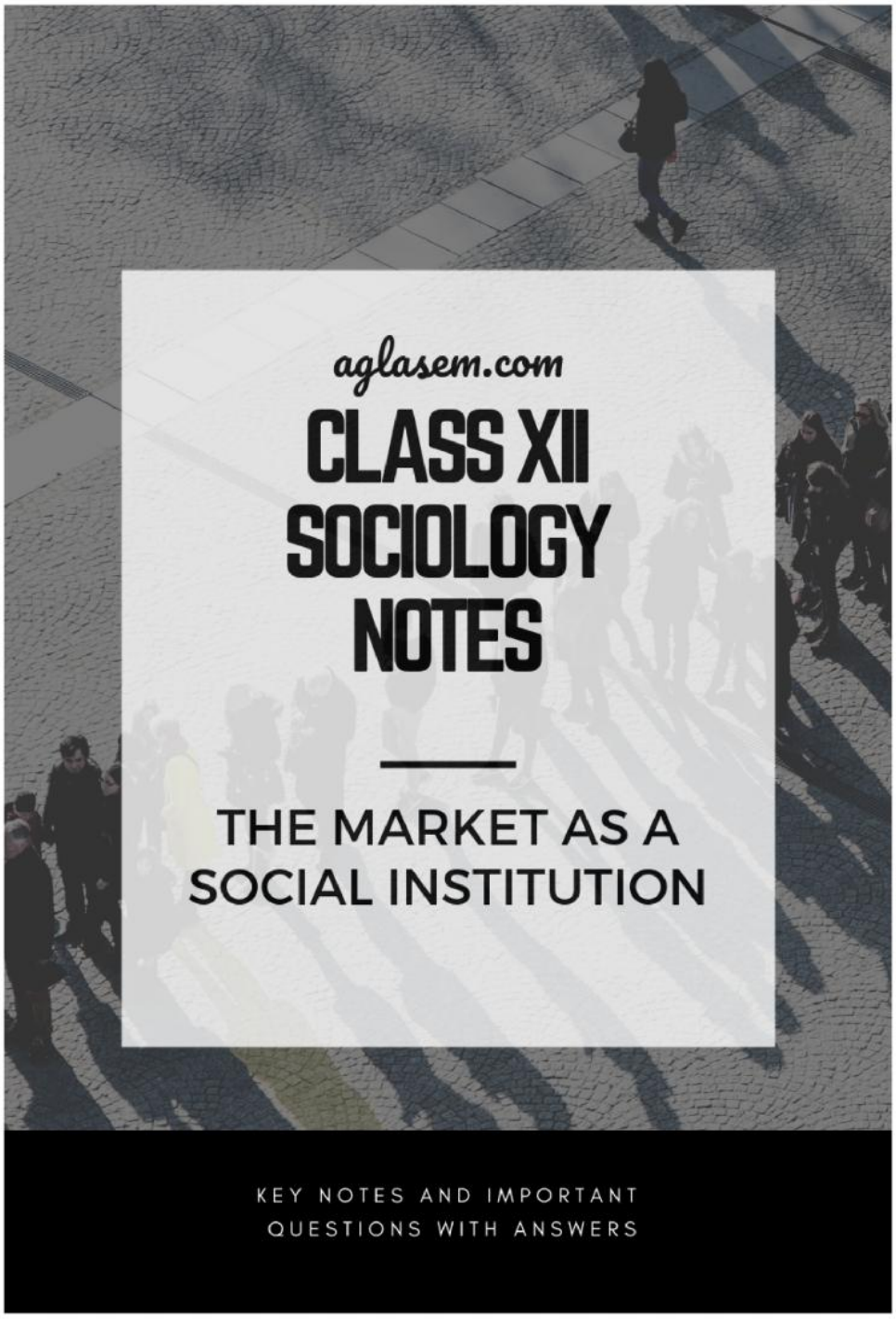

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CLASS XII
SOCIOLOGY
NOTES
THE MARKET AS A
SOCIAL INSTITUTION
KEY NOTES AND IMPORTANT
QUESTIONS WITH ANSWERS

CHAPTER 4

THE MARKET AS A SOCIAL INSTITUTION

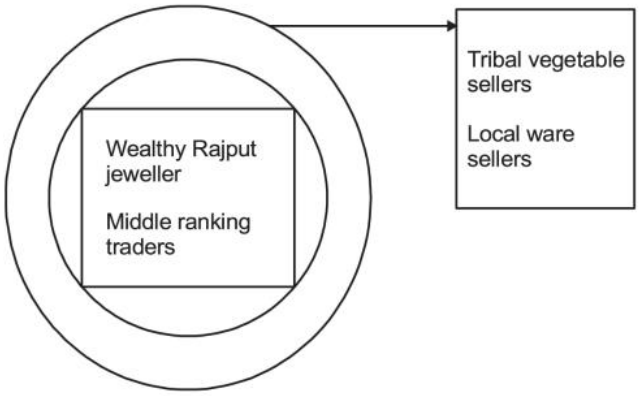
1. **Market** refers to a place where things are bought and sold, gathering of buyers and sellers (weekly vegetable market) or a category of trade or business (market for Cars / readymade clothes).

- Sociologist view market as social institutions that are constructed in culturally specific ways and are socially 'Embedded' eg weekly tribal haat and traditional bussiness commuity.
- Weekly market bring together people from surrounding villages, sell their agricultural produce, buy manufactured goods, attract traders, money lenders, astrologers and other specialist and to meet kin, arrange marriages etc. These **periodic markets** link different regional and local economies together, and link them to the wider national economy, towns and metropolitan centres.
- **'Virtual Market'** — A market that exists only electronically, and conducts transactions via computers and telecommunication media.
- The market does not exist in a physical sense, but only in terms of data that are stored electronically.

2. Adam Smith in his book "The Wealth of Nation" talked of an "unseen force" (invisible hand) at work, in the market economy, that converts what is good for each invididual into what is good for society. This stimulates the economy and more wealth is created. This can be brought forth through the economic philosophy of laissez faire, a French Phrase, meaning 'leave alone' or 'let it be'.

3. Alfred Gells' Dhorai market (adivasi village market in Bastar) layout symbolizes the hierarchical inter group social relations, going beyong to economic function.

Market Layout at Dhorai



4. Caste and kin networks contribute to the success of a business

A. Pre colonial India had extensive trading network, (India major exporter of handloom cloth, spices etc.) merchant group and banking credit systems (Hundi) or bill of exchange existed eg Nattu Kottai Chettars (Nakarattars) of Tamil Nadu.

B. Among, the Nattukottai Chettiars (or caste such as Nakarattars), of Tamil Nadu, banking and trade activities were deeply embedded in the social organisation of the community.

- The structures of caste, kinship and family were oriented towards commercial activity and business activity was carried out within these social structures.
- Nakarattar banks were basically *joint family* firms, so that the structure of the business firm was the same as that of the family.
- Their extensive caste-based social networks allowed Chettair merchants to expand their activities into Southeast Asia and Ceylon.

C. The Traditional business communities in India are the Vaisyas, Parsis, Sindhis, Bohras and Jains.

5. A Concept of Colonialism —

- The ideology by which, a country seeks to conquer and colonise (forcibly settle, rule over) another.

- The colony becomes a subordinate part of the coloniser's country, and is exploited in various ways for the colonising country's gain.

B. The Advent of colonial rule in India led to the demise of the handloom industry. India became a source of raw material, agricultural products and consumers of manufactured goods.

- It led to the flooding of the market with cheap manufactured textiles from England.
- In the colonial era India began to be more fully linked to the world capitalist economy.
- New groups (especially the Europeans) entered into trade and business, sometimes in alliance with existing merchant communities and in some cases by forcing them out.
- In some cases, new communities emerged to take advantage of the economic power even after Independence.

C. The expansion of market economy brought in new communities taking advantage of available opportunities to control/hold economic power even after independence eg. Marwaris.

- The Marwaris became a successful business community only during the colonial period, when they took advantage of new opportunities in colonial cities such as Calcutta and settled throughout the country to carry out trade and also involve in money lending.
- Like the Nakarattars, the success of the Marwaris rested on their extensive social networks which created the relations of trust necessary to operate their banking system.
- In the late colonial period and after Independence, some Marwari families transformed themselves into modern indistrialists, and even today Marwaris control more of India's industry than any other community.

6. Jajmani is an economic system where lower castes performed various functions for upper castes and received gains in return. It is also characterised by an unbroken hereditary relationship-wherein the kameen remains obliged to render services throughout his life to a particular jajman. Due to the permanency of relationship both the jajman and kameen families become mutually dependent on each other.

7. (A) Concept of **Capitalism** (Karl Marx)

- Is a system of commodity production for the market, through the use of wage labour.
- private property and the market have penetrated in all sectors, converting everything including labour power into a saleable commodity;
- Two main classes exist - a mass of wage labourers who own nothing but their labour power (their capacity to perform labour) and a class of capitalists who, in order to servive as capitalists, must invest their capital and earn increasing profits in a competitive market economy.

(B) Mode of production → relation of production → class structure

(C) Capitalism → Capitalists + Workers → Surplus Value



8. A Commodity: A good or service that may be bought or sold in the market.

B. Commoditisation / Commodification : Transformation of a non-commodity into a commodity Eg. Sale of kidney, Labor, Skills, marriage bureau etc.

Commodification occurs when things that were earlier not traded in the market become commodities.

- For instant, labour or skills
- the sale of human body organs like kidney by the poor to cater to rich
- In contemporary India, things or processes that earlier were not part of market exchange have become commodified.
- Traditionally, marriages were arranged by families, but now there are professional marriage bureaus and websites that help poeple to find brides and grooms for a fee.

- In earlier times, social skills such as good manners and etiquettes were imparted mainly through the family. Now, there are many private institutes that offers courses in 'personality development', spoken English, and so on, that teach students (mostly middle class youth) the cultural and social skills required to succeed).
- There are also a growing member of privately owned schools and colleges and coaching classes as a process of commodification of education.

Pushkar Mela

- The growing market for international tourism also suggests how culture itself may become a commodity. An example is the famous annual fair in Pushkar, Rajasthan, to which pastoralists and traders come from distant places to buy and sell camels and other livestock.
- While the Pushkar fair continues to be a major social and economic event for local people, it is also marketed internationally as a major tourist attraction.
- The fair is attractive to tourists because it comes just before a major Hindu religious festive of the Poornima, when pilgrims come to bathe in the holy Pushkar Lake.

C. Consumption : final use of goods and services by people (consumers), means by which social distinctions are created and communicated (eg. Advertisements).

D. Labour power : Capacity of the labour. The mental and physical capabilities of human beings, that are used in the process of production. (As different from labour, which is work performed).

9. Status symbol (Max Weber) goods bought are related to people' status in society (eg. Cell phone, brand of car etc.).

- For example, among the middle class in India today, the brand of cell phone or the model of car that one owns is important markers of socio-economic status.
- Consumption is one aspect of lifestyle, but it also includes the way you decorate your home and the way you dress, your leisure activities, and may other aspects of daily life.

10. Globalization : a complex series of economic, social, technological, cultural and political changes that have increased after independence, integration and inter action among people and economic actors (companies) in different location (eg. BPO, Yoga, Pushkar).

World is increasingly getting connected.

- The software services industries and business process outsourcing (BPO) industries (such as call centres) are some of the major avenues through which India is getting connected to the global economy.
- Companies based in India provide low-cost services and labour to customers located in the developed countries of the West. There is now a global market for Indian software labour and other services.

Marketisation use of market or market based processes to solve social political or economic problems.

Liberalization : The process whereby state controls over economic activity are relaxed and left to the market forces to decide.

Advantages

- Liberalisation stimulates economic growth and opens up the Indian markets to foreign companies. Thus, many foreign branded goods are now sold, which were not previously available.
- Increasing foreign investment is supposed to help economic growth and employment.

Disadvantages

- Some sectors of Indian industry (like software and information technology) or agriculture (like fish or fruit) may benefit from access to a global market.
- Other sectors (like automobiles, electronics or oilseeds) will lose because they cannot compete with foreign producers.
- For example, Indian farmers are now exposed to competition from farmers in other countries because import of agricultural products is allowed.
- Many farmers are not able to make a decent living from agriculture

because of Liberalisation when support prices and subsidies are reduced or withdrawn.

- Small manufactures also have been exposed to global competition, as foreign goods and brands have entered the market, and some have not been able to compete.
- The privatisation or closing of public sector industries has led to loss of employment in some sectors. There has been a growth of unorganised, sector employment at the expense of the organised sector. This is not good for workers because the unorganised sector does not generally offer better pay and regular permanent jobs.

14. Support price : Price at which government agree to buy agricultural, Commodities, ensure minimum income for farmers.

Subsidies : Government pays part of the price charged for inputs, lowers cost of farming.

2 MARKS QUESTIONS

1. Define Capitalism.
2. What is Consumption?
3. Define Laissez faire.
4. What is Marketisation?
5. What is Virtual Market?
6. Define Colonialism.
7. Mention the ways in which the World is increasing by getting connected.
8. Differentiate between subsidy and support prices.
9. What is meant by the phrase invisible hand'?
10. What is Surplus value.
11. What is a hundi?
12. What is Globalisation?
13. Distinguish between Liberalisation and Globalisation.
14. What do you understand by 'Class'?

4 MARKS QUESTIONS

1. Explain Commodification with examples.
2. Explain jajmani system.
3. How do caste & kin networks contribute to the success of a business?
4. How did the advent of colonialism in India produce a major upheaval in the economy?
5. Explain status symbol.
6. How does a sociological, perspective on market differ from an economic one?
7. What are some of the processes included under the label 'globalistion'?
8. What is a Sociologist's view on markets as social institutions?

6 MARKS QUESTIONS

1. In agrarian societies periodic market are a central feature of social & economic organization. Explain.
2. What are the arguments for & against globalization? Explain.

In your opinion, will long term benefits of globalization exceed its costs? Give reasons for your answer.