12th Standard-Sociology

The Market as a Social Institution

• Market is a place of interaction between the buyers and sellers, producers and consumers in respect to goods and services.

Social Aspect of Market
• Interchange and interaction among people.

• It is a place where there is exchange of information and building of relationship.

Economic Perspective
• Distribution, production, consumption of goods and services, as well as investments.

Adam Smith
1. Self-interest
— Every individual is interested/works for his own self-interest.
— When every individual thinks in this way, it contributes to the profit and growth of the country.

2. Invisible Hand
— The government hand is less, we have more hand (role over the economy)
— The individuals decide the supply and demand economy.
— Laissez Faire leave us alone let it be' the government should not interfere in the private sector.

Sociological Perspective
• Social and cultural aspect of the market (a lot of social activity takes place in the market).

• It is controlled by social groups, caste and class.

(1) Weekly Market (2) Traditional Communities
e.g. Dhorai village in Bastar district, Chhattisgarh, the tribal and non-tribals come from nearby villages and towns to buy and sell items (food, honey, salt, baskets, tools, beads, jewellery)
— Besides buyers and sellers, there are entertainers (performers, magicians, games, rides etc.).
— Moneylenders also come.
— This kind of market is typical of villages, cities and towns.
— In tribal and hilly areas, weekly market is a huge occasion for them to interact with their friends and kins (Social meeting place).

— There is economic as well as social interaction.

Changes in the tribal market

• In the colonial period many developments took place.

• Forests were cleared for laying down of roads, railways and industries.

• They were displaced and were not given alternative homes, their occupation had to change.

• Non-tribals (dzlws)-moneylenders and traders exploited them.

• The local economy integrated regional market integrated national market.

• The British took tribal products and sold them in cities.

• Tribals were isolated and hence exploited.

Seating arrangement in the weekly arrangement

• Given by anthropologist Alfred Gell the centre portion is occupied by the non-tribals.

• Rich dikus selling semi precious stones to tribals but non-middle class, Second level- middles class, Periphery tribals and lower castes.

Even the interaction between tribals and non-tribals traders are different:
• Tribals and non tribals purely business their position in society is different so they have nothing in common except the market.

Exchange of items
• Tribals are not only sellers but buyers as well.

• Common items are not available on every day basis.

• They wait for the weekly market to buy goods.

Caste Based markets

Precolonial Period

1. Market system was quite well developed.

2. Non-market exchange money is not directly involved and barter system (exchange of goods) was in practice.

3. **Jajmani system**
   • A very solid system based on heredity.
   Jajmans-landlords.
   Prajans-service class (goldsmith, barber, tailors).

4. • Jajmans paid them in kind or cash.
   • The son of Prajans would serve the son of the Jajman.

5. • Bartar system was well developed and efficient and slow.
   • Pre colonial spices, cotton (handloom), jute (exported to other countries)
   • India had its own manufacturing units, very good trading

networks and an extensive banking system (very different from own banking system today)

Colonial period

• Nakarattars (now called chettiars) from Tamil Nadu provide an interesting illustration of how these indigenous trading networks were organised and worked in colonial period.

• Hundi-Credit note which is given to a person from a reliable source (of three communities)
1. Trust within the kins
2. Strengthen their community, the person is given money, starts their business and repays the money
3. Caste to become well known

• Nakarattars also went to Sri Lanka and the North-East countries.

Nakarattars	Western Banking
1. Personal	1. Impersonal
2. Based on trust	2. Based on need for collateral
3. Restricted to their own community	3. Credit is available to everyone, not much consideration to caste

Social Organisation of market Traditional Business communities
• Vaishyas were the merchants, traders and the businessmen.
• When the British came, industries were set up and it led to 'industrialisation'
• The British didn't allow Indians to be the heads of the industries, but they let the merchants help them.
• After independence, the merchants took over since they were trained by the British (For example, Parsis, Bohras, Jains, Sindhis)
• The Marwaris in North areas, could be very rich or middle class or local traders.
• Everything is a business, they live very meagrely and put the rest into the business.

• Birlas, Bajaj, Dalmia
• Different communities monopolize business like salt, since they wanted only their community to prosper and to be known for a particular ownership e.g. there was more trust involved and it was heredity e.g. screwala (business of screws)

Colonialism and the Emergence of New Markets
1. Jute, Cotton, silk and spices were available before the colonial period.

— British took cotton from India, sent it to Manchester where the finished product was sent back to India.

— People began buying this cloth since it was cheaper and so the handloom industry in India collapsed.
— The machines were more productive than the manual labour.

2. India was only a manufacturer earlier, but later it became a supplier of raw material.
— Also they became consumers since goods came from Britain too.

— During colonialisation, the Marwaris utilized the opportunities to train themselves and after independence they took our livelihood since they knew the tricks and trade.

— During colonial rule, they acted as bankers for the Britishers with finances.

— Even today they own various business since it is hereditary (father to son).'

Understanding Capitalism as a social system
• Given by Karl Marx 'the haves' i.e. the industrialists, businessmen and the "havenots' i.e. the labourers, workers formed the social system in market.

• He was against a capitalistic society, the "haves' have everything in society.

• It is the "havenots' who work for the "haves' and are paid wages.

• He felt that the labourers were commodities (could pay for them).

• Market is not only the exchange of services which is important, but because of the inter-relationship among the people which is more important.

• According to Karl Marx, the labourers are not paid as much as they should be paid.

• There is a simple value (Profit) which is the extra value in terms of the wages paid to the labourers in proportion to the work.

Commodification
• Any item which did not have monetary value before and is being sold e.g. organs, water, finishing school, wedding planner, agents.

Globalisation
• Interlinking local economy with global economy.

• Local —» regional —» National -» global.

• Been existing since pre-colonial times but it was very limited (trade with very few countries).

• Now the amount of trade has increased to other countries and making it a global village.

• Started in 1980's but in 1991, India began interlinking economically with the global market through the policy of liberalisation (eco aspect of globalisation).
• Globalisation comes from all aspects (economic, social, Political, cultural, ecological, technological).

• Liberalisation is when trade barriers, tariff (tax or imports) were reduced.

• Movement of capital, people, services.

• Privatisation of PSU’s

1. Call centres-Providing services to different companies all over the world due to cheap labour and infrastructure is available (India).

2. BPO-Business Process Outsourcing.

   . Outsourcing.
   • When you outsource your work to another company where infrastructure, labourer is available for being a support system.

   • Other aspects of a company drat are important (security, aesthetic, housekeeping) to reduce the problem of formation of trade unions and avoid headaches.

   – Production, distribution, sales, marketing of various products.

   – Beneficial for both, company gets work done and the people become well known
   and then attain jobs from other greater companies.

   • Nasdaq is the stock exchange in Wall Street, New York

   • Virtual market

   • You can buy/sell stocks using the internet.

   • No use of paper currency.

   • Also called electronic economy.

   • Satyam was the first Indian company to register with Nasdaq.

• New, York, London, Tokyo are the financial capitals.

• Pushkar Fair is the biggest casual market in India.

• Buffalo, cow, cattle are sold and bought near Ajmer, Rajasthan.

• Pushkar lake-auspicious and considered sacred, during the Karthik Purnima month of the Hindu calendar; a dip in the lake for washing away of heads and fulfilment of wishes.

• Many international tourists visit the place.

• Has a symbolic value (exchange and intermingling of culture around the world).

Liberalisation (Marketisation in free market)

• Reduction of trade barriers, tariffs.

• Movement of people, capital, services from one place to another (technology, goods).

• Economic aspect of globalisation.

• Privatisation of the PSU's (Laissez Faire).

• Marketisation shows low produces and consumers (derived and supply) control the market forces.

• Markets are controlling the social, economic and political problems of the country.

• Making it more globalised.

• The member of disadvantages are more than the advantages but globalisation is here to stay for the development of the country.

• More efficiency, more competition helps to reach maximum potential and improve quality.

• Some industries get benefit from this (fruits, automobiles).

• Support price and subsidies should not be given.

Disadvantages of Liberalisation
1. There are some sectors which have (IT, seafood, fruits) increased in exports.
Electronic goods and automobiles have come down since foreign goods are of better quality.

3. In rural areas one family faces a lot of competition from the foreign families.
-» Variety of fruits, support price, subsidies

Advantages of liberalisation
1. Commodities which were not available to us earlier are available now.

2. Privatisation-better efficiency and quality, due to competition.

3. Foreign investment and foreign exchange coming into the country, therefore, there is prosperity, growth-and development.

4. Increased employment for skilled labourers.

• Support Price: The government gives to the families at a certain price which is much less than the normal price.

• Subsidies: When the government reduces the price and gives it to people at a low price e.g. Kerosene oil, rice, water, electricity.

-> The deficit or difference in the price is paid by the government.
In rural society, support price means the government fixes a particular rate by which they buy the products from the farmers e.g. if 1 kg wheat is for Rs. 40 and it goes up to Rs.70, the government will still buy it for Rs. 40.

—> Liberalisation says subsidies and support price should not be given by the government. Especially hybrid seeds, fertilizers and insecticides. Why?

—> Unemployment has gone up for the unskilled labourers, increases in the unorganized sector in India 70% are in the unorganized sector.

Words That Matter:
1. Capital: An accumulated fund of invertible resources capital such as to grow, to add to itself this in the process of accumulation.

2. Capitalism: A system of commodity production, or production for the market, through the use of wage labour.

3. Class: An economic grouping based on common or similar position in the social relation of production, levels of income and wealth, lifestyle and political preferences.

4. Commodification: The transformation of a non-commodity (i.e., something that is not bought and sold for money in a market) into a commodity.

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

6. Commodity fetishism: A condition under which social relation become expressed as relations being things.

7. Consumption: Final use of goods and services by people who have purchased them (consumers).

8. Economic anthropology: A subfield of socio-cultural anthropology that studies the entire range of economics and cultures found in the prehistoric, historic and ethnographic records, especially non-market economic systems.

9. Globalisation: A complex process of economic, social, technological, cultural and political changes that have increased the interdependence, integration and interaction among people and economic actors (companies) in desperate locations.

10. Jajmani System: Non-market exchange of produce, goods and services within the (North) Indian village without the use of money, based on the caste system and customary practices.

11. Labour power: Capacity for 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).

12. Laissez Faire: An economic philosophy that advocates free market system and minimal government intervention in economic matters.

13. Liberalisation: The process whereby state controls over economic activity are relaxed
and left to the market forces to decide the general process of making laws more liberal or permissive.

14. Marketisation: The use of market based solution to solve social, political or economic problems.

15. Market: A situation where through the medium of money transactions of buying and selling of things are decided between the buyers and sellers.

16. Stock Market: A market for stocks or shares in companies. It is the place or mechanism for buying and selling of such shares.

17. Surplus values: Increase in the value of investment or return of capital.

18. Virtual market: A market that exists electronically and conducts transactions via computers Telecommunication media. It is also known as paperless market.