

CHAPTER-4

The Market as a Social Institution

2 MARKS QUESTIONS

1.What is meant by the phrase ‘invisible hand’?

Answer.

According to Adam Smith, every person looks for his own self-interest and in pursuit of this in-tum works for the self-interest of all . In this sense, there seems to be an unseen force at work that converts what is good for each individual into what is good for the society. This unseen force was called the “invisible hand’

2.What is ‘status symbol’?

Answer.

Max Weber, coined the term Status symbol’ to describe the relationship between the goods that people buy as per their social status, i.e., the goods they buy and use are closely related to their status in the society.

For example—Brand of cell phones or model of cars are important markers of socio-economic status.

3. What is meant by commodification ? Give an example.

Answer:

Commodification occurs when things that were earlier not traded in the market become commodities. For example, labour or skills become things that can be bought and sold.

4.What is marketisation?

Answer:

Marketisation is the use of markets or market-based processes rather than government regulations or policies to solve social, political, or economic problems.

These include relaxation or removal of economic controls (deregulation), privatisation of industries, and removing government controls over wages and prices.

5.What is a market as a social institution?

Answer:

In sociology, a market is a social institution that facilitates the exchange of goods, services, and resources between individuals and groups. It involves a complex web of relationships, norms, and behaviors that shape economic transactions.

6.How does the market influence social relationships?

Answer:

Markets influence social relationships by shaping patterns of cooperation, competition, and exchange. They create social structures, roles, and

expectations related to buying and selling, impacting individuals' identities and their connections with others in society.

7.What role do norms play in the market as a social institution?

Answer:

Norms in the market dictate acceptable behaviors, fair practices, and ethical standards. They guide interactions between buyers and sellers, contributing to the establishment of trust and the maintenance of social order within the economic system.

8.How does the market impact social stratification?

Answer:

The market can contribute to social stratification by influencing the distribution of resources and opportunities. Economic transactions within the market often reinforce or challenge existing social hierarchies, contributing to the formation of social classes and disparities.

9.Explain the concept of a market economy in sociology.

Answer:

In sociology, a market economy is an economic system where decisions regarding the production, distribution, and consumption of goods and services are driven by market forces such as supply and demand. It emphasizes individual choice and private ownership, shaping the broader social structure.

4 MARKS QUESTIONS

1.How does a sociological perspective on markets differ from an economic one?

Ans. Adam Smith and other thinkers developed the ideas of modern economics. It is based on the idea that the economy can be studied as a separate part of society that operates according to its own laws, leaving out the larger social or political context in which market functions.

On the other hand, sociologists have tried to develop an alternative way of studying economic institutions and processes within the larger social frameworks. In this way, ; sociologists consider markets as social institution which are made in culturally specific ways. Sociologists maintain that economies are socially 'embedded'.

2.Explain the meaning of 'commoditisation' with the help of examples.

Answers.

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

For example:

1. Labours or skills have become things that can be bought and sold.
2. Sale of human organs, such as kidneys by poor to cater to rich patients to earn money.
3. Traditionally, marriages were arranged by families but now professional marriage bureaus and websites help people to find brides and grooms and take a proper fees. Earlier rituals and ceremonies were planned out by elders in the family but now it is given as a contract to marriage planners to plan out the entire ceremony.

4. In earlier times, people could not have even thought that any one could sell drinking water or charge money for it. But today, we buy bottled water as a normal commodity i.e. a commodity we can buy and sell.

3. In what ways is a market—such as a weekly village market—a social institution?

Answers.

Though markets are places of economic interaction, since they are based on a particular social context and social environment, we can also regard them as social institutions where a specific kind of social interaction take place.

Periodic markets (or weekly markets) are a central feature of social and economic organization. They give a chance to surrounding villages to interact with each other while they sell their goods.

In villages, in tribal areas apart from regular markets, specialised markets are also organized where specific products are sold such as in the fair of Pushkar in Rajasthan. Thus, traders from outside come and also moneylenders, entertainers, astrologers and other specialists offering their services and product.

Therefore, these periodic markets just do not fulfil local needs, they link the villages with regional economies and sometimes national economies. Thus in tribal areas they help in maintaining interconnections, which makes these markets a social institution.

4.How does the market contribute to the construction of social identity?

Answer:

The market plays a crucial role in shaping social identity by influencing consumption patterns. Individuals often define themselves and others based on their purchasing choices, creating consumer identities. For example, products and brands become symbolic resources that people use to express their social status, values, and affiliations. This process contributes to the formation of distinct social groups and subcultures within society.

5.Discuss the role of power dynamics in the market as a social institution.

Answer:

Power dynamics in the market are evident through unequal access to resources and opportunities. Certain groups or individuals may possess more economic power, influencing market structures and outcomes. This economic power translates into social influence, allowing dominant actors to shape norms, set prices, and control market mechanisms. Consequently, these power dynamics contribute to social stratification and reinforce existing inequalities within society.

6.How does globalization impact local markets as social institutions?

Answer:

Globalization transforms local markets into interconnected nodes within a broader global economic system. It introduces new cultural influences, products, and ideas, altering local consumption patterns and social practices. While globalization can create opportunities for economic growth, it also poses challenges, such as the homogenization of cultures and the

marginalization of local businesses. The interplay between global and local forces within the market as a social institution is complex and can lead to both integration and resistance.

7.Explain the concept of the commodification of social life in the market.

Answer:

The commodification of social life refers to the process by which aspects of social relationships and experiences become treated as commodities that can be bought and sold. In the market, even intimate and personal aspects of life, such as emotions, relationships, and identities, can be commodified. This process can have profound effects on societal values, transforming social interactions into economic transactions and potentially eroding traditional social bonds.

7 MARKS QUESTIONS

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Therefore, these periodic markets just do not fulfil local needs, they link the villages with regional economies and sometimes national economies. Thus in tribal areas they help in maintaining interconnections, which makes these markets a social institution.

2. How do caste and kin networks contribute to the success of a business?

Answer.

In the precolonial period onwards, India had an extensive trading connection, not only within the country but also outside.

These trading connections were made by merchant groups who did extensive internal and external trades and mostly they were organized as a community based on their same caste or kinship and they did business on the basis of trust, loyalty and understanding that prevailed within their community.

An interesting illustration of the use of traditional joint family structure and kinship and caste networks to build their business can be seen in banking and trading activities of Chettiars of Tamil Nadu. They controlled trade and banking all over south-east Asia and Ceylon (now Sri Lanka) in the 19th century and operated as joint family business. This is typical patriarchal structure of joint family but they used trust, unity and goodwill of kinship to build their connection. This gives the idea that Indians had their indigenous version of capitalism, when they ran business for profit, which was centred around caste and kinship.

3. In what ways did the Indian economy change after the coming of colonialism?

Answer.

The advent of colonialism in India produced major upheavals in the economy, causing disruptions in production, trade and agriculture. Cheap manufactured textiles from England completely destroyed the handloom industry and made the weavers jobless. In the colonial era, India began to be more fully linked to the world capitalist economy. Before being colonised by the British, India was a major supplier of manufactured goods to the world market. After colonialism, India became a source of raw materials

and agriculture products and a consumer of manufactured goods, both largely for the benefit of industrialising England.

But rather than completely overturning the existing economic institutions, the expansion of the market economy in India provided new opportunities to some merchant communities, which were able to improve their position by re-orienting themselves to changing economic circumstances.

In some cases, new communities emerged to take advantage of the economic . opportunities provided by colonialism.

A good example of this process is provided by Marwaris, probably the most widespread and best—known business community in India.

4. Explain the meaning of ‘commoditisation’ with the help of examples.

Answer.

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

For example:

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5.What are some of the processes included under the label ‘globalisation’?

Answers.

In the era of globalisation the world is becoming increasingly interconnected. Their interconnections are not only economic but also cultural and political.

The process of globalisation involves a number of trends, especially the increase in international movement of commodities money, information, people and development in technology.

The main feature of globalisation is the increasing extension and integrations of markets around the globe. It means that changes in a market in one part of the globe may have a profound impact somewhere else far away.

For example—India’s booming software industry may face a slump if the U.S. economy does badly as happened after the 9/11 attacks on the World Trade Centre in New York leading to a loss of business and jobs there.

6. In your opinion, will the long term benefits of liberalisation exceed its costs? Give reasons for your answers.

Answers.

The changes that have been made under the liberalisation programme have stimulated economic growth and opened up Indian markets to foreign companies. Increasing foreign investment is supposed to help economic growth and employment. The privatisation of public companies is supposed to increase their efficiency and reduce the governments burden of running these companies.

However, the impact of liberalisation has been mixed. Many people argue that liberalisation have had or will have, a negative net impact on India.

As I think, the costs and disadvantages will be more than the advantages and benefits, so as some sectors of Indian industry like software and information technology or agriculture like fish or fruit may benefit from access to a global market, but other sectors like automobiles, electronics or oilseeds will lose because they cannot compete with foreign products and producers.

MULTIPLE CHOICE QUESTIONS

1.What is the primary function of the market as a social institution?

- A) Cultural preservation
- B) Economic exchange
- C) Political governance
- D) Educational development

Answer: B) Economic exchange

2.In sociology, the market contributes to the construction of social identity through:

- A) Political affiliations
- B) Consumption patterns
- C) Religious practices
- D) Educational achievements

Answer: B) Consumption patterns

3.How do norms in the market impact social interactions?

- A) They have no effect on social interactions
- B) They create chaos in the market
- C) They guide acceptable behaviors and practices
- D) They only apply to sellers, not buyers

Answer: C) They guide acceptable behaviors and practices

4.Power dynamics in the market often lead to:

- A) Equality among all participants
- B) Social stratification
- C) Cultural homogeneity
- D) Economic isolation

Answer: B) Social stratification

5.Globalization transforms local markets by:

- A) Encouraging cultural isolation
- B) Reducing economic interdependence
- C) Integrating them into a global economic system
- D) Eliminating local businesses

Answer: C) Integrating them into a global economic system

6.What does the commodification of social life in the market refer to?

- A) The elimination of social interactions
- B) Treating social aspects as commodities for buying and selling
- C) The expansion of social welfare programs
- D) Cultural preservation efforts

Answer: B) Treating social aspects as commodities for buying and selling

7.Which economic system emphasizes individual choice and private ownership, influencing the broader social structure?

- A) Planned economy
- B) Market economy
- C) Command economy
- D) Mixed economy

Answer: B) Market economy

8.The target market in business and marketing refers to:

- A) The location of a marketplace
- B) The overall economy
- C) A specific group of consumers
- D) The stock market

Answer: C) A specific group of consumers

9.How does the market impact social relationships?

- A) It has no influence on social relationships
- B) By promoting uniformity in relationships
- C) By shaping patterns of cooperation, competition, and exchange
- D) Only by affecting romantic relationships

Answer: C) By shaping patterns of cooperation, competition, and exchange

10.What role do cultural influences play in the market as a social institution?

- A) No role at all
- B) They create chaos in the market
- C) They can shape consumption patterns and market behaviors
- D) They only affect local markets, not global ones

Answer: C) They can shape consumption patterns and market behaviors

FILL IN THE BLANKS

1. Norms in the market dictate acceptable behaviors, fostering _____ and maintaining social order within the economic system.

Answer: trust

2. The commodification of social life involves treating aspects such as emotions, relationships, and identities as _____ for buying and selling.

Answer: commodities

3. Power dynamics in the market can result in the reinforcement of existing social _____ and disparities.

Answer: hierarchies

4. Globalization transforms local markets into interconnected nodes within a broader global _____ system.

Answer: economic

5. The market as a social institution contributes to the formation of distinct social groups and subcultures based on individuals' _____ choices.

Answer: consumption

6. In a market economy, decisions regarding the production, distribution, and consumption of goods and services are driven by _____ forces such as supply and demand.

Answer: market

7. The target market in business and marketing is a specific group of _____ that a company aims to reach with its products and marketing efforts.

Answer: consumers

8. The market can influence social relationships by shaping patterns of _____, competition, and exchange among individuals and groups.

Answer: cooperation

9. Cultural influences in the market can impact not only consumption patterns but also _____ behaviors and social practices.

Answer: market

10. The market transforms social interactions into economic transactions, a process known as the _____ of social life.

Answer: commodification