

Q1.What is meant by the phrase 'invisible hand'?

Ans. According to Adam Smith, every person looks for his own self-interest and in pursuit of this in-turn 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"

Q2. 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'.

Q3. In what ways is a market—such as a weekly village market—a social institution?

Ans. 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.

Q4. How do caste and kin networks contribute to the success of a business?

Ans. In the precolonial period on wards, 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 (new Sri Lanka) in the 19th century and operate 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 its idea that Indians had their indigenous version of capitalism, when they ran business for profit, which was centres around caste and kinship.

Q5. In what ways did the Indian economy change after the coming of colonialism?

Ans. 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.

Q6. Explain the meaning of 'commoditisation' with the help of examples.

Ans. 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 earii 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.

Q7.What is 'status symbol'?

Ans. 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. .

Q8.What are some of the processes included under the label 'globalisation'?

Ans. 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.

Q9.What is meant by 'liberalisation'?

Ans. Liberalisation is the process whereby state control over economic activities are minimised and left to the market forces to decide. In general, it is process of making laws more liberal and loosening of government rules and regulation on capital labour and trade; privatisation of public sector enterprises selling government around companies to private companies, a reduction in tariffs and import duties so that foreign goods can be imported more easily.

- It includes privatisation of public sector enterprises.
- It allows easier access for foreign companies to set up industries in India.
- This is also known as marketisation or market based process to solve economic, social or political problems.

Q10. In your opinion, will the long term benefits of liberalisation exceed its costs? Give reasons for your answers.

Ans. 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.