

1. Details of Module and its structure

Module Detail	
Subject Name	Sociology
Course Name	Sociology 03 (Class XII, Semester - 1)
Module Name/Title	Market as a Social – Part 1
Module Id	lesy_10401
Pre-requisites	Concept of market as a social
Objectives	After going through this lesson, the learners will be able to understand the following: <ul style="list-style-type: none">• Meaning of market• Difference in the sociological and economic perspective to understand markets• The embeddedness of market in other social institutions• The transformation of markets from pre-colonial to the colonial period.
Keywords	Market, Haat, Tribe, Colonial, Pre-colonial, Economic, Sociological, Bastar, Chattisgarh, Dhorai, Alfred Gell

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We usually think of markets as places where things are bought and sold.

In this common everyday usage, the word '**market**' may refer to **particular markets** that we may know of, such as the market next to the railway station, the fruit market, or the wholesale market. **Sometimes we refer not to the physical place, but to the gathering of people – buyers and sellers – who constitute the market.** Thus, for example, a weekly vegetable market may be found in different places on different days of the week in neighbouring villages or urban neighbourhoods. In yet another sense, '**market**' **refers to an area or category of trade or business, such as the market for cars or the market for readymade clothes.** A related sense **refers to the demand for a particular product or service, such as the market for computer professionals.**

A market is defined as the sum total of all the buyers and sellers in the area or region under consideration. The area may be the earth, or countries, regions, states, or cities. The value, cost and price of items traded are as per forces of supply and demand in a market. The market may be a physical entity, or may be virtual.

Markets from the point of view of Economics

In mainstream economics, the concept of a **market** is any structure that allows buyers and sellers to exchange any type of goods, services and information. The exchange of goods or services, with or without money, is a transaction. Market participants consist of all the buyers and sellers of a good who influence its price, which is a major topic of study of economics and has given rise to several theories and models concerning the basic market forces of supply and demand.

The discipline of economics is aimed at understanding and explaining how markets function in modern capitalist economies-for instance how prices are determined, the probable impact of specific kinds of investment, or the factors that influence people to save or spend.

To understand demand, one has to understand that the consumer has to decide on how much of each of the different goods s/he would like to consume. The choice of the consumer

depends on the alternatives that are available to him/her and on his/her tastes and preferences regarding those alternatives.

It was observed that the amount of a good that the consumer chooses optimally, depends on the price of the good itself, the prices of other goods, the consumer's income and her tastes and preferences. Whenever one or more of these variables change, the quantity of the good chosen by the consumer is likely to change as well.

The determinants of supply are:

1. Production costs: how much a goods costs to be produced. Production costs are the cost of the inputs; primarily labor, capital, energy and materials. They depend on the technology used in production, and/or technological advances.
2. Firms' expectations about future prices
3. Number of suppliers

What does sociology have to contribute to the study of markets that goes beyond what economics can tell us?

To answer this question, we need to go back briefly to eighteenth century England and the beginnings of modern economics, which at that time was called 'political economy'. The most famous of the early political economists was **Adam Smith**, who in his book, *The Wealth of Nations*, attempted to understand the market economy that was just emerging at that time. Smith argued that the market economy is made up of a series of individual exchanges or transactions, which automatically create a functioning and ordered system. This happens even though none of the individuals involved in the millions of transactions had intended to create a system. Each person looks only to their own self-interest, but in the pursuit of this self-interest the interests of all – or of society – also seem to be looked after. In this sense, there seems to be some sort of an unseen force at work that converts what is good for each individual into what is good for society. This unseen force was called '**the invisible hand**' by Adam Smith. Thus, Smith argued that the capitalist economy is driven by individual self-interest, and works best when individual buyers and sellers make rational decisions that serve their own interests. Smith used the idea of the 'invisible hand' to argue that society overall benefits when individuals pursue their own self-interest in the market, because it stimulates the economy and creates more wealth. For this reason, Smith supported the idea of a 'free market', that is, a market free from all kinds of regulation whether by the state or

otherwise. This economic philosophy was also given the name **laissez-faire**, a French phrase that means ‘leave alone’ or ‘let it be’.

Difference in the economic and sociological perspective to understand markets

Modern economics developed from the ideas of early thinkers such as Adam Smith, and 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 markets operate.

In contrast to this approach, sociologists have attempted to develop an alternative way of studying economic institutions and processes within the larger social framework. Sociologists view markets as social institutions that are constructed in culturally specific ways. For example, markets are often controlled or organised by particular social groups or classes, and have specific connections to other institutions, social processes and structures. Sociologists often express this idea by saying that economies are socially ‘embedded’. This is illustrated by two examples, one of a weekly tribal haat, and the other of a ‘traditional business community’ and its trading networks in colonial India.

In most agrarian or ‘peasant’ societies around the world, periodic markets are a central feature of social and economic organisation.

Functions of weekly market-

1. Weekly markets bring together people from surrounding villages, who come to sell their agricultural or other produce and to buy manufactured goods and other items that are not available in their villages.
2. They attract traders from outside the local area, as well as moneylenders, entertainers, astrologers, and a host of other specialists offering their services and wares.
3. In rural India there are also specialised markets that take place at less frequent intervals, for instance, cattle markets.
4. These periodic markets link different regional and local economies together, and link them to the wider national economy and to towns and metropolitan centres. The weekly haat is a common sight in rural and even urban India.
5. In hilly and forested areas (especially those inhabited by adivasis), where settlements are far-flung, roads and communications poor, and the economy relatively

undeveloped, the weekly market is the major institution for the exchange of goods as well as for social intercourse.

6. Local people come to the market to sell their agricultural or forest produce to traders, who carry it to the towns for resale, and they buy essentials such as salt and agricultural implements, and consumption items such as bangles and jewellery. But for many visitors, the primary reason to come to the market is social – to meet kin, to arrange marriages, exchange gossip, and so on.

To exemplify a periodic market, we will be studying the **weekly haat of Dhorai in Bastar in Chattisgarh**.

“Dhorai is the name of a market village located deep in the hinterland of North Bastar district, Chattisgarh ... On non-market days Dhorai is a sleepy, tree-shaded hamlet straddling an unscaled road which winds its way through the forest ... Social life in Dhorai revolves around two primitive tea-shops with a clientele of low-ranking employees of the State Forest service, whose misfortune it has been to be stationed in such a distant and insignificant spot ... Dhorai on non-market days – every day except Friday, that is – hardly exists at all; but Dhorai on a market day might be a totally different place. Parked trucks jam the road ... The lowly Forest Guards bustle about in smart, newly-pressed uniforms, while the more important officials of the Forest service, down for the day, oversee operations from the verandah of the Forest Rest House. They disburse payments to the tribal labourers ... While the officials hold court in the Rest House, files of tribals continue to pour in from all directions, laden with the produce of the forest, of their fields, and of their own manufacture. They are joined by Hindu vegetable sellers, and by specialised craftsmen, potters, weavers and blacksmiths. The general impression is one of richness and confusion, compounded by the fact that a religious ceremony, as well as a market, is in process ... The whole world, it seems, is at the market, men and their Divinities alike. The marketplace is a roughly quadrangular patch of ground, about 100 yards square, at the centre of which there grows a magnificent banyan tree. The thatched market stalls are arranged in a concentric pattern, and are divided by narrow streets or defiles, along which customers manoeuvre themselves as best they can in the crush, trying to avoid treading on the goods of less established traders, who make use of every nook and cranny between the permanent stalls to display their wares.”

Gell argues that for the participants, the market gives concrete representation of the ground-plan or structure of society, its hierarchical organisation and the scheme of values which sustain it. The market is a secular event, but it is also part of the ritual of social relations.

Tribals are the main customers for all categories of goods. The tribals' cash is derived from the exploitation of their relatively rich resource base. Wealth derived from the sale of cash crops, forest products and from wages also circulates inside the village, where there is a thriving cash economy.

The intra-village economy is rather different in character from the market place economy. The 'village economy' is embedded, personalistic, geared to the struggle for internal prestige between individuals who are equals in terms of the value system of the wider society, while the 'market economy' is hierarchical, anonymous, and geared to the values implicit in the state, the widest framework of social relations.

Markets are a symbol of the social order because they are its product. Along with battles, ceremonies, political assemblies, they fall into the class of public occasions.

Market symbolises hierarchical inter-group social relations

In abstract terms, the market can be imagined as a wheel; at the hub of the wheel sit the Rajput jeweller and on the outermost rim of the wheel are the basket-makers, potters and smiths. The central zone is occupied by the richest, sophisticated and best educated traders in the market. The quality of social relations is expressed in the kinds of goods that are bought and sold, and the way in which transactions are carried out. For instance, interactions between tribals and non-tribal traders are very different than those between Hindus of the same community: they express hierarchy and social distance rather than social equality.

Thus, this reflects clear hierarchical relations.

CHANGE IN THE CHARACTER OF MARKET FROM PRE-COLONIAL TO COLONIAL TIMES

Characteristics of the Pre-Colonial Economy

India in the pre-colonial period had a stable economy. Many kinds of non-market exchange systems existed in many villages and regions through which agricultural products, open

goods & services were circulated. The most popular of this was Jajmani system. It refers to social, economic & cultural ties between jajmans and kamins. Under the jajmani system, each caste group within a village is expected to give certain standardised services to the other castes. Jajmans were the land owning castes and kamins service providers such as washermen, carpenter, barber, priest etc. On ceremonial occasions the services are particularly important for which they are paid both in cash and kind.

The jajmani system has now weakened due to the governmental efforts to raise the status of the lower castes and due to the impact of modernisation and globalisation. Self-sufficient agriculture, flourishing trade and rich handicraft industries-these were some of the other features of the Indian economy.

Agriculture

- Agricultural operations were carried on in India by subsistence farmers, organised in small village communities. Village was more or less a self-sufficient economic unit and its business contacts with the outside world were limited to payment of land revenue (generally in kind) and the purchase of a few necessary things from the town nearby.
- The farmer raised only those crops which he needed for his own use and shared the same with the village artisan who supplied him with simple manufacture that he needed for his domestic consumption.
- However, towards the end of the 18th century the village communities began to break up, under pressure from new forces which imparted dynamism to the Indian rural economy.
- This happened mainly because of two factors, (1) The change in the property relations brought by the introduction of new forms of land tenure and (2) the development of an active export trade in agricultural produce of India. The contact with the west through the establishment of the British rule was responsible for both these developments.

Trade

- In spite of the fact that the Indian villages were largely self-sufficient units and the means of communication were primitive, India enjoyed extensive trade both within

the country and with other countries of Asia and Europe. A balance of the imports and exports was maintained.

- The items imported into India were pearls, wool, dates, dried fruits and rosewater from the Persian gulf; coffee, gold, drugs and honey from Arabia; tea, sugar and silk from China; gold, musk and woollen cloth; metals like copper, iron and lead, and paper from Europe. The main items exported from India were cotton textiles. Besides cotton textiles which were famous the world over, India also exported raw silk, indigo, opium, rice, wheat, sugar, pepper and other spices, precious stones and drugs.
- The major features of Indian trade in pre-colonial times were (i) a favourable balance of trade and (ii) a foreign trade most suitable to the level of manufacturing in India. A favourable balance of trade meant an excess of exports over imports, i.e., India exported more than it needed to import. Since the economy was on the whole self-sufficient in handicrafts and agricultural products, India did not need foreign imports on a large scale and continued to enjoy a healthy trade. Secondly, India's foreign trade suited its requirements very well. In other words, the commodity pattern, so important to any country's foreign trade, was in India's favour. India exported the items it specialised in; and imported the ones it needed.
- One major change that occurred in India's foreign trade from pre-colonial to colonial times was in its commodity pattern. Although India continued to have an export surplus, the pattern of foreign trade turned up side down. For instance, from an exporter of cotton textiles, India was converted into an importer of cotton textiles, thereby ruining India's rich traditional handicrafts.

Handicraft Industries

- India indulged in a large scale manufacture of cotton and silk fabrics, sugar, jute, dyestuffs, mineral and metallic products like arms, metal-wares and oil. Towns like Dacca and Murshidabad in Bengal; Patna in Bihar; Surat and Ahmedabad in Gujarat; Chanderi in Madhya Pradesh; Burhanpur in Maharashtra; Jaunpur, Varanasi, Lucknow and Agra in U.P.; Multan and Lahore in the Punjab; Masulipatnam, Aurangabad and Visakhapatnam in Andhra; Bangalore in Mysore and Coimbatore and Madurai in Madras were flourishing centres of textile industry. Kashmir specialised in woollen

manufactures. Maharashtra, Andhra and Bengal were prominent centres of ship building industry. India's ships were bought by many European companies for their use.

- India, towards the end of the 18th century was, undoubtedly one of the main centres of world trade and industry. This status of India was completely destroyed under colonial times. Its beginnings can be traced to the after-math of the industrial Revolution in England. The machine made cloth of England began to replace the indigenous manufactures. India's artisans were forced out of production. It was this pressure from the British goods which led to the decline of the traditional India's centres of economic activity listed above. The number of weavers also declined.

Indigenous Trading Communities

- Recent historical research has also highlighted the extensive and sophisticated trading networks that existed in pre-colonial India. It is not surprising that pre-colonial India had well-organised manufacturing centres as well as indigenous merchant groups, trading networks, and banking systems that enabled trade to take place within India, and between India and the rest of the world. These traditional trading communities or castes had their own systems of banking and credit. For instance, an important instrument of exchange and credit was the hundi, or bill of exchange (like a credit note), which allowed merchants to engage in long-distance trade. Because trade took place primarily within the caste and kinship networks of these communities, a merchant in one part of the country could issue a hundi that would be honoured by a merchant in another place. The Nattukottai Chettiars (or Nakarattars) of Tamil Nadu, provide an interesting illustration of how these indigenous trading networks were organised and worked. A study of this community during the colonial period shows how its 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. As in most 'traditional' merchant communities, Nakarattar banks were basically joint family firms, so that the structure of the business firm was the same as that of the family. Similarly, trading and banking activities were organised through caste and kinship relationships. For instance, their extensive caste-based social

networks allowed Chettiar merchants to expand their activities into Southeast Asia and Ceylon. In one view, the economic activities of the Nakarattars represented a kind of indigenous capitalism. This interpretation raises the question of whether there are, or were, forms of 'capitalism' apart from those that arose in Europe (Rudner 1994).

Aspects of Colonial Rule

Two aspects of the gradual expansion of British occupation of India deserve attention.

- The experiences gained by the British in one region of India were either extended or modified in other regions and this learning through practice made them quite powerful in dealing with the problems of a large colony like India.
- The changes in British society demanded different approach to satisfy the interests of emerging social groups in Britain.
- The essence of British colonial policies in India was determined by the dynamics of society which witnessed many changes in Britain. The modern British society progressed through stages like mercantile capitalism to industrial capitalism and from competitive industrial capitalism to monopoly industrial capitalism. The interests of mercantile British capitalism lay in trade with India. The interests of industrial capitalism were, on the other hand, market oriented, in which the Indian colony was to provide raw material and buy manufactured goods from Britain. Thus social and economic changes in Britain directly influenced British colonial policies in India.

Thus the industrialization of England was accompanied by the decline and destruction of Indian cotton manufacturer. As a result, India witnessed, from the early 19th century onwards, a steady decline in population dependent on indigenous industries and a consequent over-burdening of agriculture. This proved injurious to both. Its political ramifications have been summed up by Sumit Sarkar: The sufferings of artisans have to be kept in mind as a significant factor in the understanding of many movements of our period: both in the way in which de-industrialization stimulated patriotic sentiments among intellectuals alike in the Moderate, Extremist and Gandhian eras, as well as more directly, in occasional urban and rural explosions of various types. The decay of Dacca, Surat, Murshidabad and many other flourishing towns bears testimony to de-industrialization of India. Sir Charles Trevelyan

observed in 1840: The population of the town of Dacca has fallen from 1,50,00 to 30,000 or 40,000 and the jungle and malaria are fast encroaching upon the town... Dacca, which was the Manchester of India, has fallen off from a very flourishing town to a very poor and small one; the distress there has been very great indeed.

While the weekly market in tribal areas may be a very old institution, its character has changed over time. After these remote areas were brought under the control of the colonial state, they were gradually incorporated into the wider regional and national economies. Tribal areas were 'opened up' by building roads and 'pacifying' the local people (many of whom resisted colonial rule through their so-called 'tribal rebellions'), so that the rich forest and mineral resources of these areas could be exploited. This led to the influx of traders, moneylenders, and other non-tribal people from the plains into these areas. The local tribal economy was transformed as forest produce was sold to outsiders, and money and new kinds of goods entered the system. Tribals were also recruited as labourers to work on plantations and mines that were established under colonialism. A 'market' for tribal labour developed during the colonial period. Due to all these changes, local tribal economies became linked into wider markets, usually with very negative consequences for local people. For example, the entry of traders and moneylenders from outside the local area led to the impoverishment of adivasis, many of whom lost their land to outsiders.

Characteristics of Colonial Economy

- The advent of colonialism in India produced major upheavals in the economy, causing disruptions in production, trade, and agriculture.
- A well-known example is the **demise of the handloom industry** due to the flooding of the market with cheap manufactured textiles from England. Although pre-colonial India already had a complex monetised economy, most historians consider the colonial period to be the turning point.
- 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 colonisation, she became a source of raw materials and agricultural products and a consumer of manufactured goods, both largely for the benefit of industrialising England.

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- At the same time, **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. But rather than completely overturning 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**, and continued to hold economic power even after Independence.
 - A good example of this process is provided by the **Marwaris**, probably the most widespread and best-known business community in India. Represented by leading industrial families such as the Birlas, the community also includes shopkeepers and small traders in the bazaars of towns throughout the country. 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 moneylending. 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. Many Marwari families accumulated enough wealth to become moneylenders, and by acting as bankers also helped the commercial expansion of the British in India (Hardgrove 2004). In the late colonial period and after Independence, some Marwari families transformed themselves into modern industrialists, and even today Marwaris control more of India's industry than any other community. This story of the emergence of a new business community under colonialism, and its transformation from small migrant traders to merchant bankers to industrialists, illustrates the importance of the social context to economic processes.

Thus, in this module we have discussed the meaning of market and the difference in its understanding as per the economic and sociological perspective. As per Sociology, market is not just an economic concept. It is a social institution that is embedded in other social institutions. Further, we looked at the transformation in the nature of market from the pre-colonial to the colonial period.