Understanding Markets

The Big Questions (Page 247).

1. What are markets and how do they function?

Ans. A market is a place (physical or online) where **buyers and sellers** come together to exchange **goods** and services for money.

Markets function through the interaction of **demand** (buyers) and **supply** (sellers).

Both sides **negotiate** and agree on a price. When both buyer and seller agree on the price, the transaction takes place.

Markets can be:

- Physical markets like haats, bazaars, shops, malls
- Online markets like apps and websites
- Goods reach consumers through a chain: Producer → Wholesaler → Distributor → Retailer →
 Consumer.

2. What is the role of markets in people's lives?

Ans. Markets play a very important role in people's lives. They help people:

- Buy goods and services which they cannot produce themselves
- Sell goods and earn a livelihood
- Create jobs and income for many people like farmers, shopkeepers, artisans, delivery workers, etc.
- Promote cultural exchange and social relationships (example: local vendors and loyal customers)
- Help consumers get variety and choice in products

Thus, markets support both **economic** and **social** life.

3. What role does the government play in markets?

Ans. The government plays an important role in making markets fair and safe for all. It does this by:

- Regulating prices
 - Sets minimum price for crops so that farmers do not suffer losses
 - Controls **maximum price** of essential medicines
- Ensuring quality and safety
 - Makes rules for safe packaging, measurement, expiry dates, etc.
- Protecting consumers
 - Stops cheating, fake goods and unfair practices
 - Checks weights and measurements
- Reducing environmental harm
 - Bans harmful products like single-use plastics
- Providing public goods
 - Builds roads, parks, transport, lighting etc. that support markets

4. How can consumers assess the quality of goods and services they purchase?

Ans. Consumers can check the quality of goods and services by:

- Looking at government certification marks, such as:
 - **FSSAI** for food items
 - ISI Mark for electrical & industrial goods
 - AGMARK for agricultural products
 - **BEE Star Rating** for electrical appliances (energy efficiency)
- Checking labels
 - Manufacturing date, expiry date, MRP, ingredients, nutrition info etc.
- Online reviews/ratings especially for online shopping
- Word of mouth advice from friends and family

Thus, these marks and information help consumers make safer and better choices.

LET'S EXPLORE (Page 251)

1. Can you imagine what this bazaar must have looked like during its peak?

Ans. During its peak, the Hampi Bazaar must have been very crowded and colourful. Merchants from different regions would bring grains, silk, jewellery, precious stones, animals and spices for sale. There would be beautifully decorated shops, people dressed in traditional clothes, and sounds of bargaining everywhere. The bazaar would be full of fragrance from flowers, incense, and fresh food. It must have been a lively and prosperous trading centre, attracting visitors from foreign countries too.

2. Do you know of any old markets from your state? How would they be similar or different from today's markets?

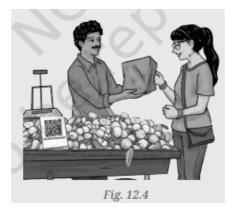
Ans. Yes, there are many old markets in our state. These traditional markets are usually built in the centre of the town, and they sell local items like spices, grains, clothes, handicrafts, and traditional food.

Old Markets	Modern Markets
Open-air / narrow streets	Big buildings / malls
 Prices are bargained 	Fixed prices
 Mostly local goods 	Goods from across the world
 Personal relationship with shopkeeper 	Anonymous / less personal
Traditional atmosphere	Modern facilities like AC, parking

In olden times, people visited these markets not only to buy and sell, but also to **meet, talk and share culture**. Today's markets are faster and more convenient, but they sometimes **lack the personal touch and cultural feel** of the old markets.

LET'S EXPLORE (Page 251)

1. Observe the illustration. What are these people discussing? Imagine you and your partner as a buyer and a seller of guavas. Prepare a set of dialogues between both of you and present it in your class as a skit.



Ans. They are discussing the price of guavas and are bargaining to decide a price that both the seller and the buyer agree on.

Sample Skit / Dialogue (Buyer & Seller)

- Buyer: Namaste! How much are the guavas for today?
- Seller: Namaste! They are ₹60 per kilogram. Very fresh, just picked from the farm this morning.
- Buyer: ₹60 seems too high. Can you give them for ₹45 per kilogram?
- Seller: ₹45 is very low, madam. I bought them at a high price from the farmer. Please pay ₹55.
- Buyer: Hmm... ₹55 is still a bit high. I will take 2 kg if you give them at ₹50 per kilogram.
- Seller: Okay madam, since you are buying 2 kg, I can give them for ₹50 per kilogram.
- **Buyer:** Great! Please weigh 2 kg.
- Seller: Sure, here you go. Thank you for buying.
- **Buyer:** Thank you!

✓ What does this show?

- The buyer and seller negotiate before deciding the final price.
- Both sides must agree for a transaction to take place.
- This is how markets function in real life.

THINK ABOUT IT (Page 252)

1. Can you think of a type of market where negotiation is less common and why?

Ans. Negotiation is less common in markets such as malls, supermarkets, or branded retail stores.

Reason:

Because these markets follow a fixed price system. The price is already printed on the product (MRP), and the shopkeepers usually do not bargain. The goods are barcoded and billed through a machine, so there is no scope for changing the price during purchase. These stores focus on convenience, standard quality, and brand reputation, not bargaining.

Example

Big Bazaar

D-Mart

Branded clothing stores

Reliance Fresh

Shopping malls

These places display fixed prices, so customers simply choose and pay.

Prices and Markets (Page 252-253)

1. What happens in case the seller fixes the price very high?

Ans. If the seller fixes the price very high (like ₹80 per kg), buyers will not be willing to buy the guavas because they will find them too expensive.

As a result, the seller will not be able to sell his stock and may suffer a loss.

So, when prices are too high, demand decreases.

2. What happens in case the seller fixes the price very low?

Ans. If the seller fixes the price very low (like ₹20 per kg), buyers will want to buy more, but the seller will not make enough profit or may even face a loss.

At such a low price, the seller may not be able to cover his cost of buying or transporting the guavas.

3. Over time the price of guavas is fixed at one that is just right, not very high for the buyer, not too low for the seller.

Ans. Over time, by observing demand and supply, both the buyer and seller agree on a fair price—for example, ₹40 per kg.

This price is reasonable for the buyer and profitable for the seller.

Such a balanced price helps in completing smooth transactions and keeps the market stable.

In short:

Situation	Result	
Very high price	Buyers refuse to buy	
Very low price	 Seller faces loss 	
Fair/Right price	 Both agree → Trade happens successfully 	

THINK ABOUT IT (Page 254)

1. Why are vegetables sold cheaper late at night at the weekly market?

Ans. Vegetables are sold cheaper late at night because sellers want to sell off all their remaining stock before the market closes.

If they take the vegetables back home, they may spoil easily since they are perishable.

So, to avoid wastage and reduce loss, sellers lower the prices to attract more buyers.

2. Why do garment stores offer heavy discounts on woollen clothing at the end of the winter season?

Ans. At the end of the winter season, the demand for woollen clothes decreases.

Shopkeepers offer heavy discounts to clear old stock and make space for new seasonal goods (like summer clothes).

Discounts help them sell remaining products quickly and recover part of their investment.

THINK ABOUT IT (Page 255)

1. What do you think are the pros and cons of online and physical shopping respectively?

Ans. From the point of view of both buyers and sellers

Туре	Buyers – Advantages (Pros)	Buyers – Disadvantages (Cons)	Sellers – Advantages (Pros)	Sellers – Disadvantages (Cons)
Online Shopping	 Convenient and time-saving Can shop anytime, anywhere Greater variety and price comparison Home delivery available 	 Cannot touch or check the product before buying Delivery may take time or be delayed Risk of fraud or wrong product 	 Can reach customers across the country/world Lower cost of maintaining shops 	 Must handle delivery, returns, and online complaints Requires internet setup and online marketing
Physical Shopping	 Can see, touch, and check quality Get the product immediately Personal interaction with seller 	Time-consumingLimited varietyPrices may be higher	 Direct contact builds trust with buyers Easy to display and explain products 	 Limited to local customers Need to pay for rent, staff, and maintenance

2. Some services require in-person contact like tailoring and cannot be provided online. Can you suggest other services where physical markets are needed?

Ans. Yes, there are many services that need physical presence because they involve personal touch or manual work.

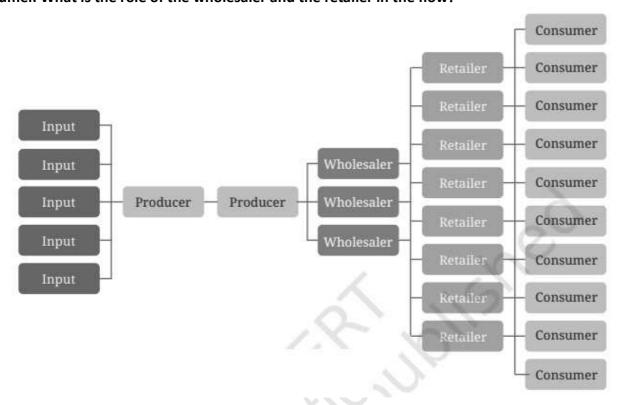
Some examples are:

- Haircut and beauty salons
- Medical check-ups and hospitals
- Restaurants and food stalls
- Mechanic or repair shops
- Dry cleaning and laundry services
- Coaching centres or music/dance classes

These services need **direct contact** between the customer and the service provider, so they work best in **physical markets**.

LET'S EXPLORE (Page 257)

1. Observe the diagram and describe the flow of goods from the manufacturer/producer to the consumer. What is the role of the wholesaler and the retailer in the flow?



Ans. The diagram shows how goods move step-by-step from the producer to the consumer through different market participants.

Flow of goods:

 \bigcirc Inputs \rightarrow Producer / Manufacturer \rightarrow Wholesaler \rightarrow Retailer \rightarrow Consumer

Role of each participant:

- Producer / Manufacturer:
 - Uses raw materials (inputs) to make finished goods.
- Wholesaler:
 - Buys goods in large quantities directly from producers or manufacturers.
 - Stores them in warehouses or godowns.
 - Sells them in **smaller lots** to retailers.
 - Acts as a **link** between producers and retailers.
- Retailer:
 - Buys goods from wholesalers.
 - Sells them in small quantities directly to consumers.
 - Helps consumers easily access products in nearby shops.
- Consumer:
 - The final buyer who uses or consumes the goods.

In short:

Producers make \rightarrow Wholesalers buy in bulk \rightarrow Retailers sell in small quantities \rightarrow Consumers use. Each plays an important role in making goods easily available to everyone.

LET'S EXPLORE (Page 262)

1. Ask your nearest retailer about a product, its place of origin, and the chain of suppliers in the process of the product reaching the shop. Trace this using a flow chart like Fig. 12.11.

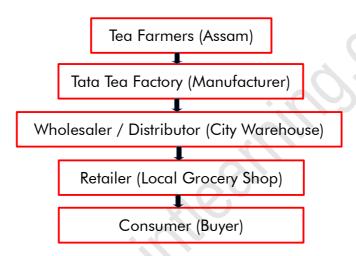
Ans. Sample Product Chosen: Tata Tea (Packaged Tea)

Place of Origin: Assam, India

Chain of Suppliers:

- Tea Farmers (Growers) Tea leaves are grown and plucked from tea gardens in Assam.
- Manufacturer (Tata Tea Factory) The leaves are processed, dried, and packed in factories.
- Wholesaler / Distributor The packaged tea is sent in bulk to city distributors.
- Retailer (Local Grocery Shop) The distributor supplies the tea packets to the nearby shop.
- Consumer (You/Me) Finally, we buy the tea packet from the retailer.

Flow Chart:



Explanation:

This flow shows how a product passes through many hands before reaching us.

Each participant — producer, wholesaler, and retailer — plays a vital role in making goods available, accessible, and affordable to consumers.

THINK ABOUT IT (Page 263)

1. We have discussed different dimensions of markets. Can we imagine what life might be like without markets? What would happen if farmers did not bring rice, wheat, dal, vegetables and fruits to the market? What would happen if the producers of cloth in Surat could not procure inputs like cotton from markets?

Ans. Life without markets would be **very difficult**. Markets help us get all the goods and services we need — food, clothes, medicines, and many other things. Without markets, **buying and selling** would stop, and people would struggle to meet their daily needs.

- If farmers did not bring rice, wheat, dal, vegetables, and fruits to the market, people in cities and towns would not get food to eat. Farmers too would not earn any income from their produce.
- If the cloth producers in Surat could not get cotton and other raw materials from the market, they would not be able to make clothes. Many workers would lose their jobs, and shops would not have clothes to sell.

Thus, without markets, economic life would come to a standstill.

Markets are essential because they connect producers and consumers, ensure the flow of goods and money, and keep our daily lives running smoothly.

LET'S EXPLORE (Page 263)

1. Consumers prefer to buy refrigerators that use less electricity. When a large number of consumers begin to ask for refrigerators that use less electricity, what do you think happens in the network you saw in Fig. 12.11?

Ans. When many consumers start demanding **energy-efficient refrigerators**, the entire market network — from **manufacturers to retailers** — adjusts to meet this new demand.

- Manufacturers / Producers begin to design and produce refrigerators that use less electricity.
- Wholesalers and distributors start buying and stocking more of these energy-saving models.
- Retailers display and promote such refrigerators in their shops because customers prefer them.
- Consumers get better, power-saving products that help reduce electricity bills.
- In short:

The change in **consumer demand** influences the **whole supply chain** — encouraging innovation, improving product quality, and benefiting society by saving energy and protecting the environment.

LET'S EXPLORE (Page 265)

1. Have you observed any such practices in your community or neighbourhood? Describe the practice as a drawing or in a short paragraph.

Ans. Yes, in my neighbourhood, some small shopkeepers and vegetable sellers follow traditional customs while selling goods.

For example, during festivals like **Diwali or Navratri**, the shopkeepers give a **small packet of sugar**, **rice**, **or haldi-kumkum** free of cost to their customers as a **mark of goodwill and blessings**.

It is believed to bring prosperity and good luck to both the seller and the buyer.

Such practices keep cultural traditions alive and create a **bond of trust and respect** between people in the market.

If you draw (optional idea for classwork):

You can draw a **small shop scene** showing:

- A shopkeeper giving a packet of turmeric or sweets to a smiling customer
- A "Happy Diwali" or "Thank You" banner on the shop

LET'S EXPLORE (Page 266)

1. What do you think happens to the price of onions when the supply comes down in the market?

Ans. When the supply of onions decreases, but the demand remains the same, the price of onions increases.

This happens because there are **fewer onions available** for many buyers.

As a result, buyers are willing to pay more money to get them, and sellers can charge higher prices.

2. What will happen if the people supplying onions do not bring the required quantities to the market? What do you think the government should do in this situation?

Ans. If the suppliers do not bring enough onions to the market:

- There will be a shortage of onions.
- Prices will rise sharply.
- Poor people may not be able to afford onions.
- Some traders may start hoarding onions to sell later at higher prices.

In this situation, the **government should take steps** such as:

- Releasing stored onions from government warehouses.
- Importing onions from other states or countries.
- Stopping hoarding by strict checking and punishment.
- Fixing a maximum price to protect consumers.
- In short:

Situation	Result	Government Action
Low supply of	Prices rise	Supply more onions, stop hoarding,
onions	FIICES TISE	control prices

THINK ABOUT IT (Page 267)

1. The practice of rulers protecting consumers is not a phenomenon of modern India. Kauṭilya's Arthashastra includes instructions for the traders trading in clarified butter (ghee). It mentions that buyers shall be given 1 / 50 part more as mānasrāva to compensate for the reduction in quantity owing to (the ghee)...sticking to the measuring can.

Ans. This example from **Kautilya's Arthashastra** shows that even in **ancient India**, rulers and governments cared about **protecting consumers** and ensuring **fair trade practices**.

In the case of **ghee** (clarified butter), it was known that a small amount would stick to the measuring container. So, traders were instructed to give a little extra (1/50 part more) to the buyer to make sure they received the **correct quantity** they paid for.

This rule ensured:

- Honesty in trade,
- Fairness for consumers, and
- Trust between buyers and sellers.

It shows that the idea of **consumer protection and fair measurement** has existed in India since ancient times, not just in modern markets.

THINK ABOUT IT (Page 267)

1. What are the other areas where you can see the government being involved in the markets?

Ans. The government is involved in many areas of the market to ensure fair prices, good quality, and public welfare.

Some examples are:

- **Food and Agriculture:** Fixing Minimum Support Price (MSP) for crops like wheat and rice to protect farmers.
- **Public Distribution System (PDS):** Supplying food grains, sugar, and kerosene to poor families through ration shops at lower prices.
- **Transport and Communication:** Running public services like railways, buses, post offices, and telecommunication networks.
- **Health and Medicine:** Checking the quality of medicines, fixing prices of essential drugs, and running government hospitals.

- Education: Providing free or affordable schooling and textbooks.
- Energy and Fuel: Controlling prices of petrol, LPG, and electricity to make them affordable.

2. Are there areas where government intervention needs to be reduced?

Ans. Yes, in some areas, too much government control can make markets slow or less efficient.

For example:

- When there are too many rules or paperwork, it becomes difficult for small businesses to grow.
- In some industries, **private companies** can provide faster and better services (like online delivery, mobile networks, etc.).

So, the government should focus on **regulation and fairness**, while allowing **healthy competition and innovation** by private businesses.

THINK ABOUT IT (Page 268)

1. There is a marbles competition in your neighbourhood with the team in the next street. You want to buy new marbles for the competition. You have ₹150 saved up. You go to a shop to buy the marbles. What are the qualities you would look for in the marbles so that you can win the competition?

Ans. If I were buying marbles for a competition, I would look for the following qualities to make sure I can play well and win:

- Good Quality Material: The marbles should be made of strong glass that does not break or crack easily.
- **Perfect Round Shape:** The marbles should be smooth and evenly round so that they roll properly during the game.
- **Proper Size and Weight:** The marbles should be of a comfortable size and medium weight—neither too light nor too heavy—to aim and shoot accurately.
- Attractive Colours and Design: I would choose brightly coloured marbles that are easy to see while
 playing.
- Fair Price: Since I have ₹150, I would compare prices in the shop and choose marbles that give good quality at a reasonable cost.

LET'S EXPLORE (Page 269)

1. Check out the BEE Star labels on the electronic devices in your home and make a chart of all the devices in an increasing order of their energy efficiency.

Ans. Sample Observation Table

S. No.	Electronic Device	BEE Star Rating	Energy Efficiency Level
1	Tube Light (old model)	*	Very Low
2	Refrigerator	**	Low
3	Washing Machine	***	Moderate
4	Air Conditioner	***	High
5	LED Television	****	Very High

Explanation:

- The BEE Star Rating (given by the Bureau of Energy Efficiency) shows how much electricity a device saves.
- More stars = more energy efficient = less electricity bill and better for the environment.
- For example, a 5-star refrigerator uses less electricity than a 2-star one.

In short:

Higher star-rated devices help in saving energy, reducing costs, and protecting the environment.

Consumers should always prefer products with 4 or 5 stars whenever possible.

Questions and activities (271-272)

1. What are the main features of a market? Recall a recent visit to a market to purchase a product. What are the different features of a market that you observed during this visit?

Ans. Main features of a market:

- There are buyers and sellers.
- Goods and services are exchanged for money.
- A price is decided through negotiation or fixed rates.
- It can be a physical place or online platform.
- There is interaction between people and exchange of ideas.

Example (personal experience):

When I visited a **weekly vegetable market**, I saw many buyers and sellers. Prices were not fixed—people were **bargaining** for better rates. The market was crowded, colourful, and full of different items like vegetables, fruits, and spices. There were both **small vendors and regular customers**, showing the lively nature of a physical market.

2. Remember the epigraph from a famous economist at the beginning of the chapter? Discuss its relevance in the context of the chapter you have read.

Epigraph:

"Prosperity emanates from the market that develops when people need goods and services that they can't create themselves."

- Adam Smith

Ans. This quote means that **markets help people become prosperous** because they allow the exchange of goods and services that individuals cannot produce on their own.

In the chapter, we learned how markets connect **producers**, **sellers**, **and consumers**, helping everyone get what they need.

Without markets, people would struggle to meet their daily needs.

Thus, markets are the **foundation of economic growth and cooperation** in society — exactly what Adam Smith meant.

3. In the example of buying and selling of guavas, imagine that the seller is getting a good price and is able to make a profit. He will try to get more guavas from farmers to be able to sell them at the same price and increase his earnings. What is the farmer likely to do in this kind of a situation? Do you think he will start thinking about the demand for guavas in the next season? What is likely to be his response?

Ans. If the seller is making a good profit and demands more guavas, the **farmer** will notice that there is **high demand** for guavas in the market.

The farmer is likely to:

- Grow more guavas next season to earn more profit.
- Plan his production based on market demand.
- Use better seeds or farming methods to increase yield.

Thus, both the seller and the farmer **benefit** from market signals — the seller earns from sales, and the farmer earns by producing what people want.

4. Match the following types of markets with their characteristics:

S.No.	Markets	Characteristics (Correct Matching)	
1	Physical market	Goods and services flow outside the nation's boundaries	
2	Online market	Deals in bulk quantities	
3	Domestic market	Serves the final consumers with goods and services	
4	International market	Requires physical presence of buyers and sellers	
5	Wholesale market	Buyers and sellers meet virtually and can transact at any time	
6	Retail market	Lies within the boundaries of a nation	

Ans.

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6	Retail market	Serves the final consumers with goods and services		

5. Prices are generally determined by the interaction between demand from buyers and supply by sellers. Can you think of products where prices are high despite lesser number of buyers demanding the product? What could be the reasons for that?

Ans. Yes, there are some products where prices remain high even though there are fewer buyers.

Examples:

- Gold and silver jewellery
- Luxury cars and branded clothes
- Medicines for rare diseases
- Antique or handmade items

Reasons:

- These items are rare or costly to produce.
- They have high production or material costs.
- Some are status symbols—bought for prestige, not daily need.
- In case of medicines, limited availability or high research costs make them expensive.

So, even with fewer buyers, their high value or limited supply keeps prices high.

6. Look at the real-life situation of the vegetable seller and the family. What are the reasons that the family does this? Are there factors that affect buying and selling which are not directly connected to price?

Ans. The family bought vegetables from the super bazaar even though the price there was higher because of several **non-price factors**, such as:

- Clean and hygienic environment The vegetables were neatly packed and handled properly.
- Convenience The supermarket offers all items in one place, saving time.
- Trust in quality The family may believe that packed goods are fresher or better quality.
- Comfort Air-conditioned stores and modern facilities attract many buyers.
- Status and experience Some people enjoy shopping in modern shops even at higher prices.

So, buying and selling are not always based on price—they are also affected by quality, cleanliness, convenience, and consumer trust.

7. Why do you think farmers throw away tomatoes when there is a large harvest? What role can wholesalers play in such situations? What are the possible ways of ensuring that the tomatoes are not wasted, and the farmers are also not at a loss?

Ans.

Reasons why farmers throw away tomatoes:

- When there is a bumper harvest, the supply becomes higher than demand, causing prices to fall sharply.
- Farmers cannot cover their costs of transport or storage, so selling becomes a loss.
- Tomatoes are **perishable**, and if not sold quickly, they rot.

Role of wholesalers:

- Wholesalers can buy the extra produce from farmers and store it in cold storage.
- They can help by distributing tomatoes to other cities or processing industries.

Ways to avoid waste and loss:

- Setting up food processing units to make tomato sauce, ketchup, or puree.
- Government support to stabilize prices and buy excess stock.
- Improving transport and cold storage facilities.
- Encouraging farmer cooperatives to sell directly to cities.

This way, both **farmers and consumers benefit**, and the produce is not wasted.

8. Have you heard about or visited a school carnival or fair? Discuss the kind of activities organized there. How do students conduct selling and negotiation with the buyers?

Ans. Yes, during our **school carnival**, students set up stalls selling food, handmade crafts, and games.

They displayed **colourful posters** and decorated their stalls to attract buyers.

Students fixed prices for items like cakes, greeting cards, and keychains but also **offered discounts** to encourage more sales.

They learned how to **negotiate politely, manage money,** and **convince customers** to buy their products.

Such activities help students understand how **real markets work** and the importance of **teamwork and communication.**

9. Choose any 5 products and check out the label with the certification signs discussed in the chapter. Did you find products that did not have a logo? Why do you think this is so?

Ans.

Product	Certification Mark	Purpose
Milk Packet	FSSAI	Ensures food safety
Electric Iron	ISI	Confirms product quality and safety
Packaged Honey	AGMARK	Certifies agricultural quality
Refrigerator	BEE 🖈 🖈 🖈	Shows energy efficiency
LED Bulb	ISI / BEE	Safe and energy-saving

Some local or small-scale products do **not have logos** because:

- They are not registered with government agencies.
- They are handmade or locally produced in small quantities.
- The producer may **not be aware** of certification rules.
- 10. You and your classmates have manufactured a soap bar. Design a label for its packaging. What should be mentioned on the label for the consumer to know the product better?

Ans. Here's what should be written on the soap label:

Label for Soap Bar – "FreshGlow Soap"

Brand Name: FreshGlow

• Weight: 100 g

• Ingredients: Coconut oil, Glycerin, Aloe Vera, Fragrance, Natural Colour

Manufactured by: CleanCare Industries Pvt. Ltd.

Date of Manufacture: 15 October 2025

• Expiry Date: 15 October 2027

Batch No.: FG1025A

MRP: ₹45 (incl. of all taxes)

• Skin Type: Suitable for all skin types

Certification Mark: ISI

Contact: care@freshglow.com

Explanation:

Such information helps the consumer know about the **product quality, safety, quantity, and price**—building trust between the buyer and the seller.