# ECONOMY AND SOCIETY
## Tutor Marked Assignments

**Programme Code : BAG**
**Course Code: BSOG –176**
**Assignment Code: ASST /TMA /2025-26**
**Total Marks: 100**

### Section I

**Answer the following Descriptive Category questions in about 400 words each.**

1. Discuss the sociological concept of rationality and economic behaviour. 20

2. Discuss the contributions of Simmel and Veblen on economic sociology. 20

### Section II

**Answer the following Middle Category questions in about 250 words each.**

3. Discuss the economic mode of peasant societies. 10

4. Distinguish between development from the top and development from the bottom. 10

5. Describe the pre-requisites of socialism. 10

### Section III

**Answer the following Short Category questions in about 100 words each.**

6. What is the medium of exchange in agricultural societies? 6

7. What is formalism in economic sociology? 6

8. What is a peasant? 6

9. What is mixed capitalism? 6

10. What is generalised reciprocity? 6

## 1. Discuss the sociological concept of rationality and economic behaviour. 20

### Answer

Economic behaviour includes producing goods, earning a livelihood, buying and selling, saving, borrowing and distributing resources. At first, these activities may appear to be matters of individual calculation. Sociology, however, studies them in relation to social values, institutions and power. The concept of rationality is especially useful because it asks how people choose their means and ends, and why a choice that appears sensible in one setting may seem unreasonable in another.

### Meaning of rationality

In the narrow economic sense, a rational person is often imagined as someone who compares the costs and benefits of available options and chooses the alternative that provides maximum satisfaction. Such reasoning involves clear preferences, knowledge of opportunities and the efficient use of limited resources. In actual society, choices are also influenced by moral obligations, religion, customs, family responsibilities, social honour and unequal access to information. Therefore, rationality cannot be separated from the situation in which an individual acts.

Max Weber made an important contribution by distinguishing different orientations of social action. *Instrumentally rational action* involves selecting suitable means to achieve a calculated goal. A shopkeeper who changes suppliers to reduce costs acts in this way. *Value-rational action* follows a deeply held principle, even when doing so has an economic cost. For example, a trader may refuse to sell a product believed to be harmful. Weber also described *traditional action*, guided by established habits, and *affective action*, arising from feelings such as anger, attachment or sympathy. Real economic decisions often combine these orientations.

### Economic behaviour is socially embedded

An important sociological argument is that the economy does not operate independently of society. Families decide who should work, what occupation is respectable, who can inherit property and how income should be shared. A household may invest in a relative's education even when the financial return is uncertain. This decision may express care, duty and the hope of family advancement. Similarly, farmers may cooperate during harvesting because long-standing mutual obligations matter more than immediate payment.

Karl Polanyi questioned the idea that market calculation exists in the same form everywhere. He explained that economic activities may be organised through reciprocity, redistribution and market exchange. In communities where mutual assistance is central, giving something without immediate payment can be