

# Gods and Rupees

About: Sriya Iyer, *The Economics of Religion in India*,  
Harvard University Press, 2018

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**What can economics teach us about belief systems? As an institution, religion has implications for education, social cohesion, and politics, all of which are linked to economic growth and inequality. Sriya Iyer uses the tools of economics in an expansive study of one of the most religiously diverse countries in the world—India.**

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Since 2014, with the victory of the right-wing Bharatiya Janata Party (BJP) in India's national elections, and the appointment of Narendra Modi as the Prime Minister, there has been a growing pattern of normalizing Hindu nationalism.<sup>1</sup> This has played out in the form of appointments of extremist Hindu nationalists to positions of authority, attempts to rewrite Indian history with a focus on “Hindu first” and equating India with Hinduism, cow protection laws, and increased incidence of violence against Muslims and minorities. With religion appearing to be an even more divisive feature of the Indian economy—often in direct conflict with actions that promote economic growth—*The Economics of Religion in India* by Sriya Iyer is a timely book, focusing squarely on the state of economics of religion in India. It is also a valuable contribution to the broader field of economics of religion, a relatively new but rapidly expanding area of research in the social sciences (Iyer, 2016 provides a recent overview of the wider literature on the economics of religion).

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<sup>1</sup> The BJP is one of the two major political parties in India, alongside the Indian National Congress. It belongs to the Sangh Parivar, which is the broader family of Hindu nationalist organizations that envisions India as a Hindu majoritarian nation-state. Vaishnav (2019) provides a detailed overview of the origins of BJP and Hindu nationalism (commonly known as ‘Hindutva’) in India.

While academics have tended to focus on religion in developed countries, this is among the first works to study religion through an economic lens in India. Religion is an important institution that has implications for education, networks and social cohesion, and politics, all of which are linked to economic growth and inequality in India. This book shows that the ‘economics of religion’—that may seem arcane at first—is an interesting avenue for research and how the study of religion benefits from the rigour of economic analysis. The key themes the book tackles are related to service provision by religious organizations, religion competition, religious conflict, growth and politics, and I discuss these in more detail below.

## **A Survey of Religious Organizations**

The book relies on the *India Religion Survey*—described in Chapter 3—that was carried out by Iyer and her collaborators during 2006–2010 across seven Indian states with 568 Hindu, Muslim, Christian, Jain and Sikh religious organisations. The objective was to understand the provision of various religious and non-religious services. These organizations constituted a random sample of organizations within selected districts, and ranged from places of worship to religion-based NGOs, trusts and religious schools, with median numbers of adherents growing from about 7,000 in 1985 to 35,000 in 2007. The survey used semi-structured in-person interviews with approximately three individuals per organization (such as trustees, treasurers, administrative staff, employees).

This painstaking exercise bridges an important data gap and is a welcome addition to the systematic study of religion in India, where large-scale data on religion and religious beliefs is scarce, and evidence tends to be largely qualitative (e.g., Srinivas, 2018). The author is also forthright in her description of the survey and the challenges the team faced in gathering information from organizations on sensitive topics, such as religious donations and spending, allowing the reader to better interpret the findings given the ground realities.

## **Religious Organizations, Service Provision, and Religious Competition**

Why do religious organizations provide services? There is an important distinction between religious and non-religious services, and the motives for providing them. Religious services include propagation of faith, and religious education while non-religious services relate to education, health, food distribution, employment and childcare, with the first three being more popular. Muslim and Christian organizations reported religious education as the

main religious service while propagation and expansion of faith was the main service of Hindu organizations. There are also differences in the provision of non-religious services: while Hindu organizations engage more in food distribution, Muslim and Christian organizations are more likely to provide education.

A large segment of the book (Chapters 4, 5, 6 and 8) is devoted to understanding the role of religious institutions in the religiously pluralistic Indian society that has undergone major changes in its economic landscape. India liberalized its economy in the early 1990s, resulting in a surge in economic growth, reduction in poverty and increase in economic inequality. As in some other countries, the study finds that religious organizations are important non-state actors that supply non-religious services to fill a void due to under-provision of basic public goods and services by the state, in the presence of rising economic inequality. Organizations report greater provision of non-religious services post-liberalization. Over the same period, she finds that religious organizations have increased the numbers of followers. The religiosity of services also seems to have amplified with expansion of faith being the main religious service offered. Hindu organizations also report becoming more traditional over time in their offering of religious services (Figure 4.6 and Table 4.9) but it is not clear how the term ‘traditional’ is defined. While a theoretical model is briefly described to show that competition in the non-religious services market leads to organizations becoming more religious, this argument could perhaps have been developed further.

While organizations report providing services as it is their moral obligation to do so, another motivation that appears relevant is to remain competitive in terms of numbers of followers and donations, and to respond to the needs of the area. Arguably, it is difficult to elicit whether organizations provide a service simply because their competitors do so. Recognizing the sensitivity of such questions, Iyer tries to assess the salience of religious competition through alternative questions. While the evidence is not conclusive, it is clear that organizations are highly aware of the presence and size of other religious institutions operating in their area and make efforts to differentiate themselves. They ‘innovate’ by providing newer services, and updating the use of communication channels.

## **Religious Conflict, Economic Growth and Politics**

Another theme the book draws upon is that of religious conflict in India and how it is deeply intertwined with growth and politics (Chapter 2). Religious conflict in India—pertaining to the incidence of communal violence between the Hindu majority and the Muslim minority—has been studied by social scientists with great interest. Iyer has an exhaustive discussion on the origins and growth of Hindu fundamentalism and right-wing groups—such as the Rashtriya Swayamsewak Sangh (RSS), Vishwa Hindu Parishad (VHP),

and BJP—which are key players in Indian politics. The following is a succinct description of commonality among Hindu fundamentalist groups in India:

“Hindu fundamentalism has all of the most important characteristics of religious fundamentalism. It is a reaction to secularization (by the British Empire and the Congress movement). It is also a reaction to threat from other religions such as Islam and Christianity, and to Western values represented mostly by the British Empire. It has a dualistic worldview in which Muslims and Christians are seen as enemies, and this leads to separation and isolation and unwillingness to compromise. It selects only some Hindu beliefs and does not include other beliefs as part of its doctrine... It also encourages militancy in that these organizations reach out to people from outside... Hindu fundamentalism adapts to circumstances, for example by appealing to lower-caste members and using its political influence to gain power in Parliament.” (p. 52-53)

She also elaborates on the history and incidence of Hindu-Muslim riots in colonial and post-colonial India. While previous studies have found a two-way relationship between the riots and economic growth (e.g., Collier, 1999; Bohlken and Sergenti, 2010), an undeniably essential factor that drives communal violence is politics and electoral incentives. Playing up inter-group differences between Hindus and Muslims to instigate violence during key points in political cycles is correlated with election results. In her survey too, Iyer finds that religious organizations believe that political reasons are the main drivers of communal riots (p.138).

There also exists a complex, multifaceted relationship between religious organizations, inequality and non-religious services, and politics in India, as exemplified in the following quote from the book:

“We observed that temples maintained about nine hundred cows. In times of economic distress, these cows were loaned to farmers in the local area whose crops had been affected. There was no charge for the loan... Once the farmer had borrowed a cow, he would keep it as long as he needed it, but when times improved, he was expected to return the cow to the temple... What was interesting about this service was that in the next local election, the temple would declare its support for a particular candidate and farmers who had borrowed cows would usually be influenced to vote for that person.” (p.139)

## **Economics of Religion: A Rich Arena for Further Work**

The book is an interesting starting point for a number of contemporary questions in the study of religion in India from an economic perspective. The concluding chapter raises an important point about financial regulation of religious organizations. Given the role that these

organizations play in the daily life of Indians, in politics, and in providing financial support to governments, their finances need to be better understood. The tax breaks to religious bodies and their donors have potential implications for public finance and policy.

The book also leaves some questions unanswered. While it does refer sparingly to the caste system and untouchability, this is worthy of further investigation, especially as these practices are rooted in Hindu tradition (and have then made their way into other religions over time). Evidence shows that outcomes of historically marginalized low castes (Dalits) often vary by religion, and the way that these groups experience religion and life tends to be laced with inequality and exclusion (e.g., Shah et al., 2006; Thorat, 2010).

Overall, Iyer's book is a valuable and opportune contribution to our understanding of religion and religious beliefs in a democratic, pluralistic society undergoing economic and social transformation. It makes for a meaningful introduction to the state of the religion in India and the complicated relationships between religion, economic growth, and politics.

Reviewed: Sriya Iyer, *The Economics of Religion in India*, Harvard University Press, 2018

#### Further reading:

- Bohlken, A.T., and Sergenti, E.J., "Economic growth and ethnic violence: An empirical investigation of Hindu-Muslim riots in India", *Journal of Peace Research*, 47(5), 2010, pp. 589-600
- Collier, P. "On the economic consequences of civil war", *Oxford Economic Papers*, 51(1), 1999, pp. 168-183
- Iyer, S., "The new economics of religion", *Journal of Economic Literature*, 54(2), 2016, pp. 395-441.
- Shah, G., Mandar, H., Thorat, S., Deshpande, S., and Baviskar, A.. *Untouchability in Rural India*, 2006, Sage Publications, New Delhi
- Srinivas, T., *The Cow in the Elevator: An Anthropology of Wonder*, Duke University Press, 2018
- Thorat, A., "Ethnicity, caste and religion: Implications for poverty outcomes", *Economic and Political Weekly*, XLV(51), 2010, 47-53
- Vaishnav, M., *The BJP in Power: Indian Democracy and Religious Nationalism*, Carnegie Endowment for International Peace, 2019