The Economics of Religion in India

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The Economics of Religion in India is a compilation of some of the most relevant data and discussions regarding religion and economics in India. The first chapter of the book provides a helpful introduction for the economics of religion, since it is a relatively recent discipline. The author discusses the “club models” of religion and all the various questions of the field before going on to survey the major elements of religious life in India.

In Chapter 2, the author unfolds the basic demographics and survey data about Indian religion, including as the phenomenon of Hindu fundamentalism. This stream of thought and practice is not unlike religious fundamentalism in America:

Creating antagonists in the form of the British and the Mughals during the nineteenth century laid the basis of Hindu nationalism. Some scholars argue that Hindu radicalism cannot be described as fundamentalist, because of the absence of a single holy book such as the Quran or the Bible. Despite this fact, Hindu fundamentalism is similar to other types of fundamentalism, with its desire to return the world to a premodern era. (p. 50)

Iyer also addresses political conflict amidst this religious environment, noting that: “Politicians supply stories of past crimes, which transform nonhaters into haters, to maximize the number of votes received. Individuals in the majority group [act] based on the potential benefits they will receive from proposed policies as well as their dislike of the minority” (p. 57).

The third chapter looks at religious institutions and organizations, and at the author’s method and sources for the research project. The bulk of Iyer’s data comes from the India Religion Survey, which is the first large-scale economic survey of religious organizations. Iyer has a particular thesis about the supply of social services by religious organizations:
…some theologically strict religions argue that providing social services is only a means to attain spiritual ends, or to promote religious conversion. More liberal religions argue that providing social services is a moral imperative and thus an end in itself, regardless of whether those who are served convert to the religion. I argue that for other religions, the provision of social services may arise in response to economic inequality, or even as a means of survival in multireligious communities in which religions that do not provide these services may face declining numbers of adherents. (p. 76)

This is what the author’s research has shown: “as India’s economy has grown and the demand for basic services has risen with increasing inequality, the provision of services by religious organizations has become more widespread” (p. 243).

The remaining chapters of the book, which form the heart of her research, discuss religious services (Chapter 4), nonreligious services (Chapter 5), inequality, demography, and socioeconomic status (Chapter 6), religious education (Chapter 7), and religious competition and marketing (Chapter 8).

Some of her findings are: (a) “religious organizations provide religious services in an environment in which there is religious competition” (p. 239); (b) different religions provide different services (e.g., “Hindus are more likely to provide food distribution, and Muslims are more likely to provide education,” p. 240); (c) economic disparity between religious groups has two consequences: “religious organizations may differentiate themselves religiously” and “in the presence of inequality, all religious organizations will provide more nonreligious services” (p. 240); (d) “marketing communication is important for contemporary religious organizations, especially affecting how they use technology or other forms of communication” (p. 241). In the book’s conclusion, Iyer writes: The simple message of this book is that better state-provided public services can minimize religious conflicts in the future” (p. 243).

*The Economics of Religion in India* is an excellent work in the field and is rich in data that strongly drive the book’s flow and conclusions. While this makes the book sometimes number- and chart-heavy, and not always easy to read, it remains a solid resource and reference for current and future studies on this subject.
I was particularly struck by the central influence of religious fundamentalism in India, since, in the minds of many, “religious fundamentalism” almost always refers to American evangelicalism.¹ Like many scholars on this subject, Iyer is (rightly) concerned about how the spirit and ethos of fundamentalism creates the soil out of which violence comes into fruition.

Iyer’s research is also a wonderful reminder of the interdependence of societal institutions: it is not helpful in contexts such as these to focus simply on a narrow aspect — there are too many moving parts. Her approach also validates the value of surveys, which are unfortunately looked down upon by too many in the (neoclassical) economics profession; and the project could hardly be discredited for lacking data.

I had trouble aligning my understanding of social justice and rioting (“the voice of the unheard,” as Martin Luther King Jr remarked) to the model of Glaeser discussed on pages 57-58, where all rioting is inherently “hateful,” and “hate” is “modeled as a function of supply and demand in a political market” (p. 57). I understand the definition of hatred used here, but it would seem to require substantial qualification — given that slave revolts (harm paid against task masters) and the holocaust (harm paid against Jews) cannot simply, or at least meaningfully, be collapsed into the same category — “the willingness of members of one group to pay harm to members of another group” (p. 57).

Other than this and a few minor questions, the author’s approach was straightforward, critically informed, and logically presented. The Economics of Religion is an excellent work that not only shows how the economics of religion functions and why it matters, but also reveals vital data about India’s religious landscape that is useful for countless constituents. I look forward to similar books for other countries.

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