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Religion and Entrepreneurship

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RELIGION AND ENTREPRENEURSHIP

June 2007

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Abstract

While considerable concern has emerged about the impact of religion on economic development, little is actually known about how religion impacts the decision making of individuals. This paper examines the influence of religion on the decision for people to become an entrepreneur. Based on a large-scale data set of nearly ninety thousand workers in India, this paper finds that religion shapes the entrepreneurial decision. In particular, some religions, such as Islam and Christianity, are found to be conducive to entrepreneurship, while others, such as Hinduism, inhibit entrepreneurship. In addition, the caste system is found to influence the propensity to become an entrepreneur. Individuals belonging to a backward caste exhibit a lower propensity to become an entrepreneur. Thus, the empirical evidence suggests that both religion and the tradition of the caste system influence entrepreneurship, suggesting a link between religion and economic behavior.

JEL-classification: L26, Z12

Keywords: entrepreneurship, religion, caste-system, India

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1 Introduction

Religion and economics have had a tenuous relationship. On the one hand, scholars dating back at least to Adam Smith and Max Weber have argued that religion plays a fundamental role in shaping economics.¹ On the other hand, only scant attention has recently been given as to how and why religion might influence economics. The omission of religion as a determinant of economic activity is startling, given the recent suggestion by Iannaccone (1998, pp. 1492) that “the economics of religion will eventually bury two myths - that of homo economicus as a cold creature with neither need nor capacity for piety, and that of homo religiosus as a benighted throwback to pre-rational times.” Moreover, as Edmund Phelps argues, “values and attitudes are as much a part of the economy as institutions and policies are. Some impede, others enable.”²

In India, for instance, Hinduism is strongly associated with the emergence of the caste system. Although some aspects of the caste system such as untouchability, were abolished by the government, it remains formidable and imposing in practice. There remains a heated public debate in India on the impact of the caste system on the economic status of what is widely referred to “*backward classes*”. For example, in an article announcing, “Indian College Quota Law Suspended”, *The New York Times* reports that, “Caste discrimination is outlawed but continues to persist in obvious and subtle ways, and the contest over the latest university admissions quotas revolve around how to best redress an entrenched and often

¹Anderson (1988, p. 1068) notes, “In Wealth, Smith was not interested in theological issues or even in the nature of religious belief. Rather, he was concerned with two basic problems: (1) the economic incentives involved in the individual’s decision to practice religion and (2) the economic effects of different systems of religious belief as reflected in individual behavior. He did not attempt to develop an economic theory of the emergence of religious beliefs... Smith attempted the more limited task of defining the logical economic consequences of certain kinds of religious beliefs.”

²“It’s All About Attitude,” *Newsweek International Edition*, 30 April, 2007.

ugly social bias.”³

Recent studies suggest the existence of a relationship between religion and economic performance (Barro and McCleary, 2003; McCleary and Barro, 2006; Guisa et al., 2006). For example, Barro and McCleary (2003) estimate the impact of adherence to religious beliefs on economic performance using international survey data on religiosity. They find that increases in church attendance tend to reduce economic growth while increases in the belief in hell and an afterlife increase economic growth. These empirical findings raise several important but unanswered questions: (1) What are the channels by which religion influences economic activity? and (2) Is the impact of religion on economic activity homogeneous across all religions?

The purpose of this paper is to shed light on these questions by examining whether religion has any impact on one particular channel of economic decision-making influencing economic growth – the decision to become an entrepreneur. Recent studies suggest that entrepreneurship may be a key factor generating growth and development (Baumol, 2002). As Lazear (2002, p. 1) concludes, “The Entrepreneur is the single most important player in a modern economy.” Lazear’s conclusion is supported by considerable theoretical and empirical literature linking entrepreneurship to economic growth.⁴

In particular, this paper links the decision of people in India to start a business to their religion as well as their caste status. What this paper does not at all address is whether India, or any other country for that matter, needs more or less entrepreneurship. Rather, the focus of this paper is on the impact of religion on the economic decision making process of individuals.

This paper consists of five sections. The following section discusses the link be-

³“India College Law Suspended,” *The New York Times*, 29 March, 2007.

⁴See for example the studies by Holtz-Eakin and Kao (2003) and Audretsch et al. (2006).

tween religion, culture and entrepreneurship in the Indian context and posits that both religion and culture will influence the decision to become an entrepreneur. The third section describes our data set, which consists of a large sample of individuals. The fourth section presents our empirical analysis testing the hypotheses that both religion and culture influence economic behavior. The final section provides a summary and conclusion. In particular, the empirical evidence suggests that both religion and the cultural tradition of the caste system influence economic behavior, and in particular the decision to become an entrepreneur.

2 Religion, Entrepreneurship and the Indian Context

Scholars have generally framed the decision of an individual (*homo oeconomicus*) to become an entrepreneur in terms of the model of occupational choice, where the income generated from entrepreneurship is compared to the wage earned as an employee (Lucas, 1978; Kihlstrom and Laffont, 1979; Holmes and Schmitz, 1990; Parker, 2004; Jovanovic, 1994).

A broad spectrum of individual-specific characteristics, ranging from risk aversion (Kihlstrom and Laffont, 1979), to personality attributes (McCelland, 1964), to education and human capital (Zucker et al., 1998; Bates, 1990; Blanchflower and Meyer, 1994) and unemployment (Evans and Leighton, 1989a) are found to influence individuals' entrepreneurship choice. Thus, an important strand of research has emerged trying to identify why some individuals choose to start a new

business while others abstain from entrepreneurship.⁵

Why should religion influence the decision of an individual to become an entrepreneur? Iannaccone (1998, p. 1475) concludes that “At the level of individuals and households, economic behavior and outcomes do correlate with religion.” However, to our best knowledge there are no studies, with the exception of Minns and Rizov (2005), that have considered the role that religion plays in shaping the entrepreneurial decision.⁶ Yet, there are compelling reasons to posit that religion does influence an individual’s decision to become an entrepreneur.

Eisenstadt (1968, p. 10), for instance, emphasizes the importance of the “transformative potential” of a religion for economic motives and activities. By “transformative potential”, he means the “capacity to legitimize, in religious or ideological terms, the development of new motivations, activities, and institutions which were not encompassed in their original impulses and views.” Moreover, he postulates that “the transformative potential of a given religion is greater the stronger is the emphasis in it on transcendentalism, on individual responsibility and activism, on an open unmediated relationship between the individual and the sacred tradition with the concomitant possibility of its continuous redefinition and reformulation, and a high degree of social openness among the religiously active groups” (Eisenstadt, 1968, p. 20). Hence, it can be argued that religions with great transformative potential may facilitate entrepreneurial behav-

⁵As Parker (2004, p. 106) notes “The clearest influences on measures of entrepreneurship (usually the likelihood or extent of self employment) are age, labor market experience, marital status, having a self-employed parent and average rates of income tax (all with positive effects). Greater levels of risk and higher interest rates generally have negative effects, although to date only a handful of studies have satisfactorily investigated the former.” Lazear (2005) argues that entrepreneurs do not excel in one skill but are competent in many.

⁶Minns and Rizov (2005) use 1901 census of Canada to historically link religion and self employment at the beginning of the 20th century. They find that Canadian Jews were more entrepreneurial than Catholics. They also find that “Catholics were only somewhat less likely to be self-employed than Church Protestants, and no meaningful difference is apparent between mainstream Protestants and members of other sects.”[p. 275]

ior. Conversely, those religions with a low transformative potential may inhibit entrepreneurship.

There are also compelling reasons to posit that religion will influence economic behavior in the Indian context. The main religions of South Asia are Hinduism, Islam, Christianity, Buddhism, Jainism and Sikhism. Given that Buddhism and Sikhism have historical links with Hinduism and majority of South Asians are Hindus, the Hindu religion may influence the choice to become an entrepreneur in India. Compared to the other main religions of India, Hinduism provides little encouragement or value to change one's situation in terms of material well being (Singer, 1966). According to Uppal (2001, p. 20), "The people of South Asia are deeply religious and all facets of their lives including their endeavors to achieve material advancement are affected greatly by religious beliefs and values."⁷

According to Hinduism every human being is *Amrutasya Putraha*, a child of immortality and a spark of divinity. The purpose of life is to attain liberation which essentially is freedom from re-birth and the chain of cause and effect. One should live to understand reality and not for transitory material pursuits.

Dharma Righteousness, *Artha* Earnings, *Kama* Desire, *Moksha* Liberation are supposed to guide the lives of Hindus. The scriptures ordain individuals to follow righteousness, perform duties and earn their livelihood, satisfy their desires and finally seek liberation. *Dharma*, *Artha*, *Kama*, *Moksha* can also be interpreted differently: one should righteously earn his livelihood and desire only for liberation (also referred to as self-realization). An individual has to do his duty as dictated by the scriptures and should not loose himself in material pursuits.

Varna refers to classification of individuals into different classes, categories or castes. Historically Hindus were classified into four major castes. Initially their

⁷Uppal (2001) also provides an excellent overview of the philosophy of Hinduism.

occupation determined their caste and caste affiliation akin to the religious identity was passed on to their progeny. Brahmins were scholars, priests, advisors to kings, intelligentsia of the community. *Kshatriyas* were kings and noblemen. Their duties involved protection of the community from enemies and administration. Traders, businessmen and entrepreneurs were *Vyshyas* and people of all other occupations were classified as *Shudras*. Thus the *Varna* System that initially categorized individuals into different classes persisted across generations and later determined the occupations of Hindus to a great extent.

In his third major work on the sociology of religion, Weber (1958, pp. 103-104) states that “If the stability of the caste order could not hinder property differentiation it could at least block technological change and occupational mobility, which from the point of view of caste were objectionable and ritually dangerous.” In summary, he claims that the impact of caste system on the economy is essentially negative (Medhora, 1965).

In one of the few studies analyzing the effects of the caste system, Munshi and Rosenzweig (2006) examine the influence of the caste within the context of an educational choice model in Bombay. They find that lower caste boys are more likely to study in schools where the medium of instruction is the local language and not English. This is very likely to lead them into traditional occupations as defined by the caste structure. Munshi and Rosenzweig (2006, p. 1230) note, “caste networks might place tacit restrictions on the occupational mobility of their members to preserve the integrity of the network” and “although these restrictions might have been welfare enhancing and indeed equalizing when they were first put in place, such restrictions could result in dynamic inefficiencies when the structure of the economy changes.”

The clear demarcation of occupations based on castes, the persistence of oc-

cupation decisions across generations and the other tenets that entail Hindus not to live a life of material pursuits, lead us to hypothesize that these factors might continue to influence the occupational choices of Hindus, and in particular inhibit the propensity to become an entrepreneur. We have no strong predictions how other religions in India, like Islam or Christianity, might influence an individual's entrepreneurial decision. It is likely, however, that the impact of the caste system on economic behaviors is stronger for Hindus as compared to non-Hindus.

In the following sections we will analyze whether Hinduism, as well as belonging to a lower caste, will influence the propensity to become an entrepreneur.

3 Data Issues

The main source of data to link religion and caste affiliation to entrepreneurship is the National Sample Survey Organization (NSSO) of India. We use the NSSO's 60th round Employment-Unemployment Survey. This household level survey was conducted in 2004. Almost three hundred thousand individuals in sixty thousand households were questioned about their economic status, religious affiliation and personal background. The households were selected based on a stratified sampling methodology. Since the focus of this paper is on economically active individuals, we only consider those who have reported to be: self employed (includes own account workers and employers), salaried employees, casual laborers and unemployed. For similar reasons, we restrict our sample to those who are older than 15 years but younger than 70 years. We thus exclude from our analysis family members who assist household enterprises, such as children and the elderly, as well as people classified into other miscellaneous occupational categories. These individuals can also be located according to their region. The final sample consists

of 87,181 individuals.

Table 1 provides the means and standard deviations of the independent variables. 79% of the final sample are Hindus, 11.2% are Muslims, 5.6% are Christians, 1.4% are Sikhs, 0.3% are Jains, 1% are Buddhists and 1.1% are individuals of other religions or without religion. This roughly corresponds to the distribution of religion within the overall population of India.⁸ 66.5% of Jains in the sample are self-employed, 50.4% of Christians and 48.6% of Muslims, 41% of Hindus and Sikhs and 38% of Buddhists. (Figure 1 and Table 2).

Individuals included in the database are also classified according to class affiliation. They belong to either one of the three backward classes (Schedule Castes, Schedule Tribes, Other Backward Classes) or to the forward castes. 12.5% of the sample belong to schedule castes, 18% to schedule tribes, 36.8% to other backward classes. These three classes combine to account for 67.5% of the entire sample. It should be emphasized that although the caste system is a distinct feature of Hinduism and the Constitution of India (Schedule Castes) Order, 1950 notes that, “no person who professes a religion different from the Hindu, the Sikh or the Buddhist religion shall be deemed to be a member of a Scheduled Caste”, almost 66% of Christians are classified in the Schedule Caste.⁹ When we examine class based occupational behavior specifically in Hinduism, we find that there is a lower representation of schedule caste and schedule tribe individuals in the self employed category and a far higher representation in the casual laborer category (Figure 2).

⁸According to the 2001 Census, the religious composition of population in India is as follows: 80.9% are Hindus, 12.9% are Muslims, 2.4% are Christians, 1.9% are Sikhs, 0.4% are Jains, 0.8% are Buddhists, and 0.7% are others. See Premi (2004, p. 4294).

⁹The presence of caste system, a characteristic of Hinduism, is also reflected in other religions in India. Within Islam certain sects are considered to be nobler than others. In Christianity, converts from lower castes of Hindu society are treated as lower caste members of Christianity. We cannot rule out conversions into Christianity giving rise to this phenomena. Also, we cannot rule out the possibility of the caste system diffusing into other religions in India.

4 Empirical Analysis

In order to test the hypotheses that both religion, and in particular Hinduism, as well as membership in a lower caste, have a negative impact on entrepreneurship, we estimate multinomial probit models of occupational choice.¹⁰ Individuals are either self employed, or salaried, or casual laborer or unemployed.

In the first model (Table 4), the effect of religion on self employment is isolated by controlling for a number of variables that are likely to influence the probability of self employment such as age, gender, marital status, educational background, land possessed, rural or urban location. The results show that Hindus are less likely to be self employed compared to individuals of other religions. In particular, the probability of becoming self employed is 8.6% less for Hindus.

The control variables are generally consistent with results already well established in the literature. As has been commonly found, the evidence suggests a quadratic relationship between age and the probability to become an entrepreneur.¹¹ In addition, both married and divorced people are more likely to be entrepreneurs compared to unmarried individuals.¹² There is not much consensus on the effect of education in the literature.¹³ These results for India

¹⁰We do not make use of the multinomial logit model since a Hausman-test suggests that its basic assumption, independence from irrelevant alternatives, is violated.

¹¹This is consistent with the findings of empirical literature on developed countries that older individuals are more likely to be self employed. Evans and Leighton (1989a); Blanchflower and Meyer (1994); Blanchflower (2000) and many other studies find a positive and quadratic effect of age on the probability of becoming self-employed; however Blau (1987); Evans and Leighton (1989b); Evans and Jovanovic (1989) do not find significant effects of age on self-employment.

¹²Consistent with Taylor (1996); Fairlie and Meyer (1996) and others who find positive effects of marital status on self-employment.

¹³Education expands the knowledge base of an individual and makes him alert to new opportunities. Rees and Shaw (1986); Taylor (1996); Evans and Leighton (1989a); Blanchflower and Meyer (1994); Blanchflower (2000) find positive effects of education on self employment. However, education also increases the opportunity cost of being self employed. Educated individuals may not be willing to take the risks associated with entrepreneurship. For instance, Evans and Leighton (1989b); Evans and Jovanovic (1989) find no significant effects and Blanchflower et al. (2001); Georgellis and Wall (2000) find negative effects of education on the probability of selecting self employment.

suggest that increases in education reduce the probability of self employment in the Indian context.

The negative coefficients on the variable Hinduism suggest that religion does, in fact, influence the decision to become an entrepreneur; however these results do not shed much light on the channels through which such inhibition might take place. Thus in [Table 5](#), we include a dummy variable reflecting membership in backward class along with personal characteristics, educational background and regional factors. As explained earlier, the class structures of Hinduism have had considerable influence on the formation of class structures in other religions in India. The results presented in [Table 5](#) suggest that individuals in the backward classes of all the religions are less likely to be entrepreneurs. Further, as the negative coefficient on the variable reflecting the Hindu religion, Hindus are still less likely to be entrepreneurs compared to individuals of other religions even after controlling for the class structure.¹⁴

The strong presence of class structures within Hinduism leads us to posit that Hindus of all classes, forward as well as backward, might have a lower propensity to become an entrepreneur than do individuals of other religions. As mentioned earlier, amongst Hindus, only the *Vyshyas* are expected to do business. Thus, the impact of being both a Hindu and a member of different classes on the decision to become an entrepreneur was estimated and the results are presented in [Table 6](#). The evidence suggests that an individual who is both a Hindu as well as a member of the backward class *scheduled caste* is almost 14% and backward class *scheduled tribe* is 19% less likely to be self employed. Hindus belonging to the

¹⁴The result holds even when the self-employed are separated between employers and only self-employed people ([Table 9](#)). An important qualification of the results is that the self-employed includes both agricultural and non-agricultural self-employed people. However, when the sample is restricted to non-agriculture ([Table 10](#)), the results shown in the Appendix confirm that there is virtually no difference.

other backward classes are 5.7% and forward castes as well are 2.2% less likely to be entrepreneurs relative to the individuals of the other religions. This confirms our hypothesis that the class structures of Hindusim are binding and continue to influence their occupational choice, particularly with respect to becoming an entrepreneur.

In contrast, the probability of being a salaried employee is higher for Hindus, irrespective of the class as compared to non Hindus. The positive effect of being a member of a backward class might be explained by the reservation system established in India by the government that supports Hindus belonging to backward class but not members of other religions. One might therefore argue that the reservation system forces Hindu backward class to favor salaried employment instead of self employment whereas members of other religions choose self employment. However, the values of estimated marginal effects suggest that the positive coefficients for salaried employment category are negligible compared to the negative coefficients in the self-employment category. This suggests that the effect of caste system in inhibiting Hindus from selecting self-employment is significant. In fact, the backward class Hindus have a higher propensity to be casual laborers.

In order to focus on the impact of caste system we estimate the model based on the sample of Hindus only. The strong presence of class structures within Hinduism leads us to posit that Hindu individuals belonging to the backward class might have a lower propensity to become an entrepreneur than Hindus belonging to the forward class. Thus, the impact of both religion and caste system, by being both a Hindu and a member of the backward class on the decision to become an entrepreneur was estimated and the results are presented in [Table 7](#). The evidence suggests that a Hindu who is a member of the backward class *scheduled caste* is

almost 14.6% and backward class *scheduled tribe* is 18% less likely to be self employed than a forward class Hindu.

The four estimated models confirm our hypotheses that Hindus are less likely to be entrepreneurs than are individuals of other religions. This leads us to the last question. How does the propensity to enter into entrepreneurship compare between the non-Hindu and the Hindu religions? Thus, the results included in [Table 8](#) take Hinduism as the base class and show the marginal effect on the probability to be self employed for individuals of other religions. The results suggest that Muslims are 7.9%, Christians 2.9%, and Jains 27% more likely to be self employed compared to Hindus. By contrast, individuals of other minor religions and those without religion are almost 13.4% more likely to be entrepreneurs compared to Hindus. Buddhists and followers of Sikhism are pretty much in the same boat as Hindus.

5 Conclusion

Religion is rarely attributed to shaping economic phenomena. So it is with the decision to become an entrepreneur. While a rich and robust literature has emerged identifying a number of important characteristics and factors alternatively conducive to or impeding entrepreneurship, religion has been noticeably absent.

The results of this paper suggest that religion matters. While India is rich with diverse religions, some of them, such as Islam and Christianity, are conducive to entrepreneurship. By contrast, others, and in particular Hinduism, inhibit entrepreneurship.

Similarly, the caste system is found to influence the propensity to become an entrepreneur. In particular, belonging to a backward caste inhibits entrepreneur-

ship. The least entrepreneurial people tend to be Hindus in the lower class. One reason for this might be the long shadow of caste system that persists and limits the freedom of occupational choice to some extent not only to all individuals of backward classes but to Hindus in particular.

Hence, the results of this paper suggest that elements of religion and the caste system need to be explicitly considered in understanding what influences important economic phenomena, such as entrepreneurship. Just as religion plays a major role in influencing entrepreneurial activity, so too does the caste system. At least in the case of India, Max Weber's insight is found to hold - religion is an important influence on economic behavior.

It may be fruitful for future research to consider not just the impact of religion on economic activity, such as entrepreneurship, but also the conditioning effect of the particular locational context. One clue about the importance of location is provided by the results of studies showing that Indian and other Asian immigrants in the United Kingdom and North America actually exhibit a greater propensity for entrepreneurship ([Clark and Drinkwater, 1998](#)). While the specific religion of the immigrants is not explicitly identified, the inhibiting impact of a specific religion and particular caste may, in fact, disappear along with the change in location and institutional context. Without the painstaking future research, however, such a conjecture will remain simply that, a conjecture.

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Figure 1: Entrepreneurship and Religion

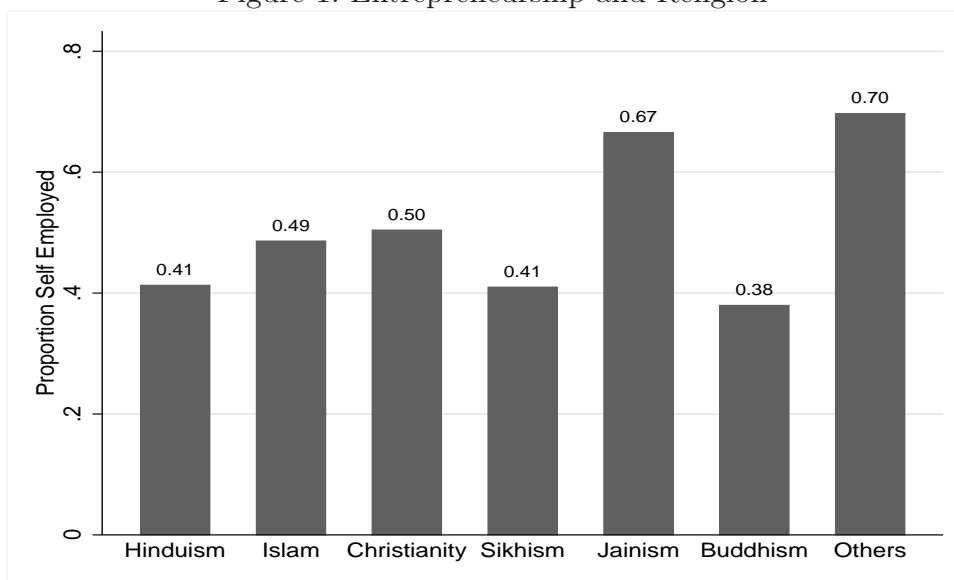
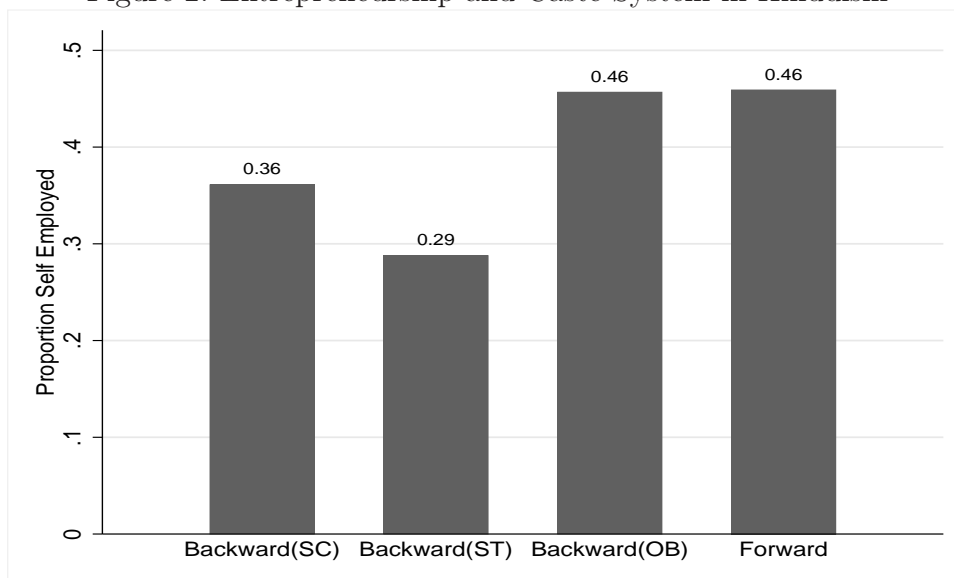


Figure 2: Entrepreneurship and Caste System in Hinduism



For explanation on SC, ST, OB see notes of [Table 1](#)

Table 1: Means and Standard Deviations

Variable	Mean	Standard Deviation
Self Employed	0.43	0.50
Salaried	0.24	0.43
Casual Labor	0.27	0.45
Unemployed	0.06	0.23
Hinduism	0.79	0.41
Islam	0.11	0.32
Christianity	0.06	0.23
Sikhism	0.01	0.12
Jainism	0	0.05
Buddhism	0.01	0.10
Other Religions	0.01	0.11
Backward Caste (SC)	0.13	0.33
Backward Tribe (ST)	0.18	0.39
Backward Others (OB)	0.37	0.48
Backward Class	0.68	0.47
Forward Caste	0.32	0.47
Age	37.13	12.88
Male	0.81	0.39
Female	0.19	0.39
Unmarried	0.21	0.41
Married	0.74	0.44
Divorced	0.04	0.21
No Education	0.26	0.44
Informal Education	0.09	0.28
Primary	0.31	0.46
High School	0.23	0.42
University Diploma/Degree	0.12	0.33
No Technical Education	0.95	0.22
Technical Degree	0.01	0.09
Technical Diploma	0.04	0.20
Rural	0.65	0.48
Urban	0.35	0.48
Land (>0.4 & < 2 Hectares)	0.24	0.42
Land (> 2 Hectares)	0.08	0.27

Notes: Individuals of backward classes belong to one of the three categories: Scheduled Castes(SC), Scheduled Tribes(ST) and Other Backward Classes(OB). The variable 'Backward' is all the three categories together.

Table 2: Religion and Occupational Choice

Religion	Self Employed	Salaried Employee	Casual Labor	Unemployed	Total
Hinduism	41.30	23.90	28.99	5.81	100
Islam	48.62	20.92	24.28	6.17	100
Christianity	50.43	30.01	13.58	5.98	100
Sikhism	41.00	30.53	22.2	6.26	100
Jainism	66.54	28.08	4.23	1.15	100
Buddhism	37.97	26.00	32.15	3.88	100
Others	69.69	16.45	9.70	4.16	100
Total	43.01	23.95	27.23	5.81	100

Table 3: Descriptive Statistics : Caste System -Occupation in Hinduism

Social Group	Self Employed	Salaried Employee	Casual Labor	Unemployed	Total
Backward Caste(SC)	36.10	13.72	45.70	4.48	100
Backward Tribe(ST)	28.78	18.29	47.45	5.47	100
Backward Other(OB)	45.67	21.44	27.84	5.05	100
Forward Caste	45.90	34.23	12.43	7.44	100
Total	41.3	23.9	29	5.8	100

For explanation on SC, ST, OB see notes of [Table 1](#)

Table 4: Hinduism and Entrepreneurship
(Marginal Effects after Multinomial Probit Estimation)

Independent	Self Employed	Salaried Employee	Casual Labor	Unemployed
Religion:				
Hinduism	-0.0861*** (0.0052)	0.0293*** (0.0044)	0.0534*** (0.0042)	0.00346*** (0.00088)
Personal Characteristics:				
Age	0.0123*** (0.0011)	0.00758*** (0.0010)	-0.0160*** (0.00093)	-0.00397*** (0.00031)
Agesq/100	-0.00424*** (0.0013)	-0.00834*** (0.0012)	0.00939*** (0.0011)	0.00318*** (0.00040)
Female	-0.133*** (0.0055)	0.0630*** (0.0052)	0.0425*** (0.0048)	0.0272*** (0.0019)
Married	0.0883*** (0.0066)	-0.0445*** (0.0058)	0.000897 (0.0056)	-0.0447*** (0.0026)
Divorced	0.106*** (0.012)	-0.0540*** (0.0096)	-0.0375*** (0.0089)	-0.0149*** (0.0011)
General Education:				
Informal Education	0.0308*** (0.0084)	0.0721*** (0.0087)	-0.102*** (0.0045)	-0.000700 (0.0026)
Primary School	0.0148** (0.0060)	0.170*** (0.0060)	-0.202*** (0.0035)	0.0171*** (0.0022)
High School	-0.0763*** (0.0065)	0.312*** (0.0066)	-0.286*** (0.0029)	0.0499*** (0.0037)
University	-0.226*** (0.0070)	0.426*** (0.0081)	-0.297*** (0.0022)	0.0958*** (0.0066)
Technical Education:				
Technical Degree	0.0139 (0.025)	0.0930*** (0.021)	-0.107*** (0.027)	0.000122 (0.0033)
Technical Diploma	-0.00744 (0.010)	0.105*** (0.0090)	-0.111*** (0.0084)	0.0134*** (0.0021)
Household Characteristics:				
Urban	0.0439*** (0.0047)	0.171*** (0.0042)	-0.218*** (0.0033)	0.00384*** (0.00088)
0.2<Land<0.4	0.0730*** (0.0054)	-0.0762*** (0.0044)	0.00339 (0.0045)	-0.000272 (0.0010)
0.4< Land < 2 Hectares	0.325*** (0.0055)	-0.146*** (0.0045)	-0.176*** (0.0039)	-0.00309*** (0.0011)
Land > 2 Hectares	0.397*** (0.0053)	-0.154*** (0.0047)	-0.237*** (0.0026)	-0.00606*** (0.0012)
Observations	87181			

Notes: *Signifies $p < 0.05$; ** Signifies $p < 0.01$; *** Signifies $p < 0.001$. Standard errors are reported in parentheses. Dependent variable is primary occupation of the individual. Base categories for marital status, general education, technical education, land dummies are unmarried, no general or technical education and less than 0.2 hectares of land respectively. Full set of state level regional dummies are also included in the regression.

Table 5: Hinduism, Backwardness and Entrepreneurship
(Marginal Effects after Multinomial Probit Estimation)

Independent	Self Employed	Salaried Employee	Casual Labor	Unemployed
Religion and Class:				
Hinduism	-0.0669*** (0.0053)	0.0323*** (0.0045)	0.0309*** (0.0044)	0.00373*** (0.00089)
Backward Class	-0.0817*** (0.0046)	-0.0114*** (0.0040)	0.0942*** (0.0038)	-0.00106 (0.00086)
Controls:				
Personal Characteristics	YES			
General Education	YES			
Technical Education	YES			
Household Characteristics	YES			
Regional Dummies	YES			
Observations	87175			

Notes: *Signifies $p < 0.05$; ** Signifies $p < 0.01$; *** Signifies $p < 0.001$. Standard errors are reported in parentheses. Dependent variable is primary occupation of the individual. Base category for religion is non-Hindu and for caste is non-backward class.

Table 6: Hinduism, Caste System and Entrepreneurship
(Marginal Effects after Multinomial Probit Estimation)

Independent	Self Employed	Salaried Employee	Casual Labor	Unemployed
Religion and Class:				
Hindu SC	-0.141*** (0.0090)	0.0332*** (0.0093)	0.108*** (0.0088)	0.000583 (0.0020)
Hindu ST	-0.191*** (0.0065)	0.0219*** (0.0063)	0.162*** (0.0066)	0.00727*** (0.0016)
Hindu OB	-0.0571*** (0.0060)	0.0203*** (0.0054)	0.0356*** (0.0052)	0.00122 (0.0012)
Hindu Forward	-0.0223*** (0.0063)	0.0491*** (0.0057)	-0.0326*** (0.0055)	0.00574*** (0.0013)
Controls:				
Personal Characteristics	YES			
General Education	YES			
Technical Education	YES			
Household Characteristics	YES			
Regional Dummies	YES			
Observations	87181			

Notes: *Signifies $p < 0.05$; ** Signifies $p < 0.01$; *** Signifies $p < 0.001$. Standard errors are reported in parentheses. Dependent variable is primary occupation of the individual. Base category for “Religion and Class” variables is Nonhindu. Individuals of backward classes belong to one of the three categories: Scheduled Castes(SC), Scheduled Tribes(ST) and Other Backward Classes(OB).

Table 7: Backward Classes and Entrepreneurship (Only Hindus)
(Marginal Effects after Multinomial Probit Estimation)

Independent	Self Employed	Salaried Employee	Casual Labor	Unemployed
Religion and Class:				
Hindu SC	-0.146*** (0.0084)	-0.0331*** (0.0078)	0.183*** (0.0090)	-0.00331** (0.0016)
Hindu ST	-0.181*** (0.0063)	-0.0415*** (0.0054)	0.222*** (0.0067)	0.000495 (0.0012)
Hindu OBC	-0.0446*** (0.0057)	-0.0425*** (0.0048)	0.0926*** (0.0055)	-0.00547*** (0.0010)
Controls:				
Personal Characteristics	YES			
General Education	YES			
Technical Education	YES			
Household Characteristics	YES			
Regional Dummies	YES			
Observations	69705			

Notes: *Signifies $p < 0.05$; ** Signifies $p < 0.01$; *** Signifies $p < 0.001$. Standard errors are reported in parentheses. Dependent variable is primary occupation of the individual. Base category for the Hindu caste is Hindu Forward. Set of state level regional dummies that have nonzero observations in all the four categories are included in the regression.

Table 8: Religion and Entrepreneurship
(Marginal Effects after Multinomial Probit Estimation)

Independent	Self Employed	Salaried Employee	Casual Labor	Unemployed
Religion and Class:				
Muslim	0.0792*** (0.0063)	-0.0475*** (0.0052)	-0.0271*** (0.0052)	-0.00462*** (0.00098)
Christian	0.0290** (0.012)	0.0200** (0.010)	-0.0490*** (0.0090)	-0.0000146 (0.0020)
Sikh	0.00315 (0.021)	-0.0224 (0.016)	0.0145 (0.020)	0.00476 (0.0048)
Jain	0.271*** (0.029)	-0.132*** (0.018)	-0.124*** (0.027)	-0.0155*** (0.00094)
Buddhist	-0.0194 (0.021)	0.0350* (0.018)	-0.0111 (0.016)	-0.00444 (0.0031)
Others	0.134*** (0.022)	-0.0493** (0.019)	-0.0827*** (0.017)	-0.00196 (0.0044)
Backward Class	-0.0778*** (0.0047)	-0.0150*** (0.0041)	0.0941*** (0.0039)	-0.00126 (0.00087)
Controls:				
Personal Characteristics	YES			
General Education	YES			
Technical Education	YES			
Household Characteristics	YES			
Regional Variables	YES			
Observations	87175			

Notes: *Signifies $p < 0.05$; ** Signifies $p < 0.01$; *** Signifies $p < 0.001$. Standard errors are reported in parentheses. Dependent variable is primary occupation of the individual. Base category for religion is Hindu.

Table 9: Self-employed and Employers
(*Marginal Effects after Multinomial Probit Estimation*)

Independent	Self Employed	Employer	Salaried Employee	Casual Labor	Unemployed
Religion and Class: Hinduism	-0.0720*** (0.0048)	-0.00161** (0.00072)	0.0109*** (0.0042)	0.0588*** (0.0039)	0.00386*** (0.00087)
Backward Class	-0.0727*** (0.0044)	-0.00731*** (0.00083)	-0.0182*** (0.0038)	0.1000*** (0.0037)	-0.00168* (0.00088)
Controls:					
Personal Characteristics	YES				
General Education	YES				
Technical Education	YES				
Household Characteristics	YES				
Regional Dummies	YES				
Observations	87175				

Notes: Employers are treated as a separate class here. *Signifies $p < 0.05$; ** Signifies $p < 0.01$; *** Signifies $p < 0.001$. Standard errors are reported in parentheses. Dependent variable is primary occupation of the individual. Base category for religion is non-Hindu and for caste is non-backward class. Set of state level regional dummies that have nonzero observations in all the five categories are included in the regression.

Table 10: Entrepreneurship in Nonagriculture
(Marginal Effects after Multinomial Probit Estimation)

Independent	Self Employed	Salaried Employee	Casual Labor	Unemployed
Religion and Class:				
Hinduism	-0.0721*** (0.0061)	0.0548*** (0.0061)	0.00949** (0.0040)	0.00776*** (0.0020)
Backward Class	-0.0552*** (0.0054)	-0.00502 (0.0055)	0.0581*** (0.0035)	0.00207 (0.0019)
Controls:				
Personal Characteristics	YES			
General Education	YES			
Technical Education	YES			
Household Characteristics	YES			
Regional Dummies	YES			
Observations	52484			

Notes: *Signifies $p < 0.05$; ** Signifies $p < 0.01$; *** Signifies $p < 0.001$. Standard errors are reported in parentheses. Dependent variable is primary occupation of the individual. Base category for religion is non-Hindu and for caste is non-backward class. Full set of state level regional dummies are also included in the regression.