Does Homeownership Reflect Socio-Economic Insecurity?

Homeownership Patterns among Minority Religions and Backward Castes in India

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Abstract

Discrimination and affirmative action have contrasting impacts on household behavior. Indian society presents heterogeneity across two identities i.e., religion and caste that lead to discrimination, but affirmative action is mostly applicable to caste. Our empirical models affirm that economically less secure households have a higher homeownership propensity in India. Minority religions and backward castes also have a significantly higher propensity to own homes. This is in sharp contrast to findings in the US where minority households are associated with lower homeownership rates. Further, religious and caste-based identities in India lead to different household behavior in differing demographic mixes. Higher religious representation is associated with superior homeownership in minority religions, whereas it is the converse for backward castes.

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1 Introduction

Although the financial prudence of homeownership has been questioned in many contexts (Voigtländer, 2009; Beracha & Johnson, 2012), households perceive homeownership as a means of enhancing esteem and social status (Foye *et al.*, 2018; Rohe & Stegman, 1994). More importantly, policymakers and households have considered homeownership as a means of ensuring socioeconomic security and reducing "social inequality" (Goodman & Mayer, 2018). Numerous studies have offered evidence in support of these claims (Dietz & Haurin, 2003; Rossi & Weber, 1996; Aaronson, 2000; Coulson & Li, 2013; Rossi & Weber, 1996). Naturally, if a perception is that homeownership is the preferred housing tenure choice that promises socioeconomic security, social heterogeneity must play a significant role in determining homeownership patterns. Ethnically diverse societies are faced with numerous issues that render real estate and lending markets inefficient. The social dominance of an ethnic group leads to between-group frictions (Waring & Bell, 2013). As a result, homeownership patterns vary systematically with ethnic identity (e.g. race) (Goodman & Mayer, 2018).

The ill effects of ethnic diversity are more pronounced when the social division is clearly hierarchical (Waring & Bell, 2013). Few societies present heterogeneity along multiple dimensions of ethnic identities. In India, caste and religion are two different, but overlapping sets of social division: A person is identified by dual social identities marked both by caste and religion. The majority (68%) of the Indian population belongs to backward castes[1], and nearly 75% of the population is Hindu (i.e., minority religions such as Muslims and Christians represent less than 25% of the population). Thus a majority set of (backward) castes and a minority set of religions have been discriminated against.

Although the caste system originated from Hinduism, caste and religious identities overlap. Several minority religious communities have Hindu ancestry and, naturally, were orig-

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[1]This includes "other backward castes"

inally identified with castes. Minority religion persons, therefore, continue to be identified with castes even after converting to other religions. The constitution of India includes "schedules" (lists) of castes that were considered socioeconomically backward and have been a subject of discrimination. Scheduled castes (SC) are loosely tied to the *"Varna"* system in Hinduism that divides the society in caste subgroups (i.e., *"Jati"*). Some tribal communities primarily dwelt in hinterlands and forest lands but did not clearly belong to the *Varna* system. These communities are identified as scheduled tribes (ST). SC and ST are usually grouped together as "backward castes", or *"Dalits"* (literally meaning "oppressed"). Clearly, the caste system is hierarchical where the general caste stands at the top and Dalits at the bottom. The rest of the "forward" castes are termed as "general" castes [2]. Deshpande & Ramachandran (2019) notes that traditional caste hierarchies in India not only continue to persist, but in many cases, the caste gaps have rather widened.

Research also documents that some minority religions (Muslims and Christians, in particular) and all backward castes have been victims of discrimination. Few studies e.g., Thorat *et al.* (2015) and Das *et al.* (2019) hint towards discrimination in real estate markets against marginalized communities based on caste and religion, but are either regionally focused or do not address the fact that different parts of India exhibit varied ethnic mixes of population. As castes are hierarchical, but religious identities are not, we should expect these two identities to influence discrimination differently. More importantly, while backward castes are subject to affirmative action, minority religions mostly are not[3]. This study allows us to disentangle caste (i.e., hierarchical social division)-based discrimination from religion-based discrimination.

We analyze data on over 36,000 households spread across 620 districts from 36 states (or union territories) of India. Past literature associates larger households with more fe-

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[2]Later, a new mezzanine category of "other backward castes" (OBC) was introduced that stood between general and backward castes in the hierarchy.

[3]Some educational institutions give preferential treatment to specific minority religions.

male members with higher socioeconomic insecurity. Heads of relatively insecure households are also characterized as primary-sector workers, and retired, self-employed or wage-working individuals. Our baseline housing tenure choice models confirm that households characterized by lower socioeconomic security are associated with significantly higher homeownership propensity. Further, after controlling for gender, employment, and family structure-related factors, we observe significantly higher homeownership propensity in all marginalized classes including minority religions, and backward castes. Higher homeownership propensity in minority religions and backward castes generally persists even if we control for dominant religion (i.e. Hindu or Muslim) in localities. In general, the more economically advanced, Hindu-dominated districts have significantly lower homeownership propensity, but Muslim-dominated districts are characterized by significantly higher propensity. We also observe a significantly higher homeownership propensity among Muslims in districts where they are in the majority.

Interestingly, higher representation of backward castes or minority religions moderates the homeownership propensity of these marginalized classes differently. Minority religions exhibit significantly enhanced propensity, whereas backward castes exhibit significantly reduced propensity towards homeownership with an increased population share of their respective identities locally (i.e., in respective districts). Overall, our study affirms a view that socioeconomic insecurity enhances the homeownership propensity. Our study presents a sharply contrasting behavior among households in India compared to those in the US. In the US, minority races are associated with lower homeownership (Anderson *et al.*, 2021) and higher rents (Ewens *et al.*, 2014; Early *et al.*, 2019; Bayer *et al.*, 2017).

The remainder of the paper is organized as follows. Section 2 presents a literature synthesis on which we base our empirical models. Section 3 Describes a commentary on the data. We present our empirical models in Section 4, and discuss them. Finally, section 5 offers conclusions and limitations of the study, and offers suggestions for future work.

2 Background

2.1 Discrimination

Ethnic diversity, in general, is detrimental to social equity, as cooperation tends to be limited within ethnic groups (Waring & Bell, 2013). Risky economic decisions are impacted by mistrust within ethnically diverse cohorts (Malul *et al.*, 2010). Ethnicity-based socioeconomic discrimination is a widely documented phenomenon (Kubota *et al.*, 2013). In real estate markets, significantly different homeownership or rental rates based on race, ethnicity, caste and religion are signs of discrimination, especially when other economic characteristics of a household are controlled for.

In the US, the majority (White) renters are more likely to turn into homeowners compared to minority (Black) renters (Anderson *et al.*, 2021), and landlords prefer white tenants against black (Ewens *et al.*, 2014). Early *et al.* (2019) reports that compared to Whites, black tenants pay higher rents for identical houses in similar neighborhoods. Similarly, Bayer *et al.* (2017) documents premium (i.e., 2% higher) rents paid by minority (Hispanic and Black) tenants compared to White tenants. However, discrimination is less in locations with superior economic activity (e.g. younger, more educated population) (Ihlanfeldt & Mayock, 2009) and in burgeoning urban environments (Adukia *et al.*, 2019).

Past literature (Fox *et al.*, 2018; Desai & Kulkarni, 2008; Munshi, 2019) establishes a widespread presence of caste-based discrimination in India both in employment (Munshi, 2019) and real estate markets (Thorat *et al.*, 2015; Das *et al.*, 2019). Munshi (2019) also argues that discrimination may not be against any specific caste, but due to differences in social status. Therefore, econometric models must adequately control for confounds. Historically, SC's shared residential localities with the other, "general" caste population, but in segregated quarters, whereas the source of discrimination against ST's stemmed from their "separation" in habitation (Xaxa, 2001). Studies (Banerjee *et al.*, 2009; Emerick, 2018;

Stroope, 2012; Chandrasekhar & Mitra, 2019; Singh *et al.*, 2019; Das *et al.*, 2019) have also highlighted religion-based discrimination, particularly against Muslims and Christians in India. On the other hand, many like (Susewind, 2017) argue that mere segregation in Indian cities does not indicate ghettoization, a phenomenon that indicates states' neglect of religious minorities and an outcome of communal violence.

2.2   Segregation and Clustering

Ethnically conscious societies may breed segregation (Waring & Bell, 2013). For example, minority households in the US are more likely to live in localities with poor-quality housing (Friedman & Rosenbaum, 2004). SC, ST, and minority religions (e.g. Muslims) are concentrated in poorer cities of India (Adukia *et al.*, 2019). In the US, minority communities have been reported to discriminate against other minority communities in the rental markets (Ihlanfeldt & Mayock, 2009). In India, while caste-based conflicts are not uncommon, religious riots are particularly salient wherein even backward caste Hindus joined with upper castes" to participate in riots against Muslims (Brass, 2011). Therefore, beyond responding to discrimination by privileged groups, segregation is also a defensive mechanism adopted by minority communities who -with a feeling of insecurity"- prefer living in clusters (Susewind, 2017). According to a large sample survey report by the Pew Research Center, Indians on one hand express religious tolerance and on the other prefer to live in separate spheres "they live together separately" [4].

The difference in population breakup across ethnic identities, too, plays a role in differential discrimination between caste and religious identities: The single largest minority religion represents less than 20% of the population whereas backward castes are in the majority. Further, religion-based riots are politically beneficial to some parties (Iyer & Shrivastava, 2018). As a result, although the literature documents discrimination against many minority reli-

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[4]https://www.pewresearch.org/religion/2021/06/29/religion-in-india-tolerance-and-segregation/

gions and all backward castes, it has particularly documented widespread segregation based on religious identity (Xaxa, 2016; Field *et al.*, 2008).

2.3 Affirmative Action

In 1950, the Constitution of India introduced affirmative action policies for backward castes. The Kelkar Commission (1953) identified other backward castes (OBC) beyond SC and ST. OBC's were considered to fall between the general and backward castes in terms of socioeconomic development. Affirmative action for the OBC was, proposed nearly three decades later in 1980 by Mandal Commission which has attracted much controversy (Chattopadhyay & Duflo, 2004; Deshpande & Sundar, 1998).

Affirmative action has helped improve the conditions of several castesboth on employment and education fronts (Deshpande & Ramachandran, 2019). Also, urban India has witnessed a fall in caste-based discrimination, although religion-based discrimination still persists (Adukia *et al.*, 2019). According to Deshpande (2017): Minority religious groups are not only the targets of hate campaigns and systematic violence but also have worse social and economic outcomes." Despite discrimination, minority religions have not been granted affirmative action (Desai & Kulkarni, 2008; Basant & Sen, 2010). As a result, while the disparities against caste are gradually vanishing, it is not true of minority religions (Deshpande, 2017).

2.4 Determinants of Homeownership

Age, Education and Income: Research in psychology has shown a heterogeneous sense of socioeconomic security across persons of different ages. The younger population (below 20) pursues "status", but older persons focus more on stability and threat-avoidance (Lavenda *et al.*, 2017). Older persons are associated with a stronger need for social security (Gopal, 2006). As a result, homeownership increases even after the age of 60 (Goodman & Mayer,

2018). Goodman & Mayer (2018) shows that homeownership propensity has a non-linear association with educational level, but it increases among people with college degree or higher education. Blaauboer (2010) posits education level as a measure of future income which is a significant indicator of housing tenure (homeownership) more pronounced in the male partner in comparison to the female.

Gender and Household Structure: First-time homeownership is related to family dynamics, events, lifecycle stages and gender. Gandelman (2009) shows that although females have a lower probability of being a homeowner, single female household heads have a higher probability of achieving homeownership. There is evidence suggesting a more pronounced need for social security among women in India (Gopal, 2006). Das *et al.* (2019) argues that households that are large, have more women, or are headed by women have a stronger propensity towards homeownership. The study explains this behavior by a stronger motivation in such households towards pursuing socioeconomic security. Blaauboer (2010) documents that single men are more likely to be homeowners in comparison to single women. Bayrakdar *et al.* (2019) reports that first-time homeownership transition in Britain is related to the partnership formulation, whereas in Germany it occurs later in life around the arrival of the children. Smits & Mulder (2008) documents that singles and co-habiters are more likely to be homeowners in comparison to married couples without children. Also, there is a higher probability of homeownership for never married; however, this varies based on race, gender and education (Mundra & Uwaifo Oyelere, 2019).

Caste, Race, and Ethnicity: Discrimination based on caste, race and ethnicity is a global phenomenon affecting developed and developing economies alike. Studies in the US (Bayer *et al.*, 2017; Ihlanfeldt & Mayock, 2009; Early *et al.*, 2019; Ewens *et al.*, 2014) have documented discrimination based on race. Race is a significant factor impacting the transition of

renters to homeownership (Anderson *et al.*, 2021). Aratani (2011) shows inter-generational housing inequality as the offspring of socio-economically disadvantaged groups are unable to take advantage of their parental homeownership. Anderson *et al.* (2021) finds ethnic identity to be a significant factor in housing tenure choice decisions. Aratani (2011) observes intergenerational housing inequality in disadvantaged groups. Indeed, due to their unique socioeconomic realities, different castes in India have exhibited different behavior in economic settings (Luke & Munshi, 2007; Munshi & Rosenzweig, 2006; Das *et al.*, 2019). Further, systematic ethnic gaps in homeownership can also be due to differences across groups in real estate market knowledge (Haurin & Morrow-Jones, 2006).

Religion: Numerous past studies (Adhikari & Agrawal, 2016; Baxamusa & Jalal, 2014; Baele *et al.*, 2014) have shown differences across religion based on socioeconomic behavior. In India, Misra *et al.* (2019) documents that religious faiths shape a person's intuitive and analytical skills that determine their investment decision-making. Differential economic behavior leads to differences in housing tenure choice preferences across religions (Das *et al.*, 2019). Thorat et. al. (2015) reports discrimination and prejudices in the urban rental market in India against Muslims and Dalits. Religion-based segregation of Muslims is not just an Indian urban phenomenon, the same is a matter of concern in Europe, North America and other regions of the Global South, though the reasons may be different (Susewind, 2017).

3 Data and Methodology

3.1 Descriptive Statistics

The main source of data for this study is the 76th Round (2018) National Sample Survey (NSS) socioeconomic Survey, Schedule 1.2 titled "Drinking Water, Sanitation, Hygiene, and Water Condition." The Government of India has been conducting the surveys since 1950,

and The NSS data has been used extensively in the past by economists (Banerjee *et al.*, 2020; Das *et al.*, 2019; Deshpande, 2000). The previous survey on a similar theme was conducted in 2012. The survey collects information on the type of the dwelling unit, tenurial status, condition of the house, specifications of the housing unit (size, age, etc.), and facilities available (e.g., drinking water, bathroom, latrine, etc.) among other items. Thorat *et al.* (2015) reports discrimination and prejudices in the urban rental market in India against Muslims and Dalits. Religion-based segregation of Muslims has also been reported in Europe, North America and other regions of the Global South, though the reasons may be different (Susewind, 2017)). According to a report by the Pew Research Centre based on a large sample survey Indians on one hand express religious tolerance and on the other "they live together separately".

The 76th survey covered 118,152 households of which 37,148 were in urban areas. Our study focuses on urban households. **Tables 1 and ??** describe the data used in this study. **Table 1** provides the summary of 36,404 urban households (out of 37,148, after data cleaning). 68% of the households are owners. An average household has a size of 4 with two female members. The average age of the household head is 47 years, and 14% of the households are headed by female members. The proportions of all-male, all-female, single-member (male), and single-member (female) stand nearly at 8%, 4%, 7%, and 3% respectively. Most (80%) households are headed by married members, and 13% by widowed members. A majority (54%) of household heads have a high-school education. Salaried and self-employed heads represent the largest share of professions (at 32% each). 47% of the heads work in the tertiary (Services) sectors followed by 24% in secondary (manufacturing) sectors, and only 6% in primary (agriculture, etc.) sectors. Unemployed heads represent the largest (23%) group in terms of occupation followed by government employees(16%). Service workers, informal workers, and craftsmen represent nearly a third of the occupations with 12% representation each. 75% of the sample is represented by Hindu households. Muslims and Christians

represent 14% and 6% of the sample respectively. The sample closely mimics the population, although slightly under-representing Muslims and over-representing Christians.[5]. The distribution castes in the sample follow the same order by representation in the population i.e., General Caste: 39%, followed by Other Backward Castes, i.e., (OBC): 40%, Scheduled Castes (SC): 13%, and Scheduled Tribes: 8% (ST).[6]

3.2   Empirical Models

Our empirical framework focuses on determining a household's housing tenure choice between owning and renting. Therefore, the dependent variable is binary, assuming a value of 1 if a household owns a home, and zero otherwise. Households compare the rental cost to the cost of ownership (i.e. rent-to-price ratio RP) across localities. A higher RP ratio is intuitively associated with higher homeownership as a higher rent discourages rental tenure (Coulson, 1999; Das *et al.*, 2019). Earlier studies have also shown a significant association between a household's earning capacity, occupation, ethnic identity (e.g. caste, race, ethnicity, religion) and gender in determining the housing tenure choice (Megbolugbe & Cho, 1996; Hilber & Liu, 2008; Gabriel & Painter, 2008; Das *et al.*, 2019).

$$Pr(Own) = \alpha + \beta_1.RP + \beta_2.D + \beta_3.E + \beta_4.O + \beta_5.P + \beta_6.S + \beta_7.H + \beta_8.L + \varepsilon \quad (1)$$

Here α is the intercept, β_i is a vector of coefficients for the ith set of variables and ε is the estimation error. RP is the rent-price ratio corresponding to a household's district. D, E, O, P, and S are matrices of the household head's characteristics: Demographics (age, gender, disability, etc.), Education, Occupation, Profession, and Industry Sector, respectively. H is a matrix of household characteristics (e.g. size, gender mix, etc.). L is a control for location

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[5]According to the 2011 Census, Hindus, Muslims and Christians represented approx. 75%, 18%, and 3% of the urban population respectively.

[6]According to the Pew Research Center, in 2020, these shares in the Indian population were 30%, 35%, 25%, and 9% respectively.

(i.e. state dummies). For notational brevity, we abstract Eq 1 as $Own = f(B)$ (where B stands for baseline factors). We further examine enhanced models as follows:

$$Own = f(B, Caste_{HH}, Religion_{HH}, Caste_{HH}.Rep_D, Religion_{HH}.Rep_D, Dom.Religion_D)$$

$$(2)$$

HH indexes households. $Religion_{HH}.Rep_D$ denotes the representation of the household's religion (by population) in its district. $Caste_{HH}.Rep_D$ is a similar variable for a household's caste. $Dom.Religion_D$ is the dominant religion (i.e. religion claiming $>50\%$ population) in a district. We examine numerous variations of Eq 2.

4   Results and Discussion

4.1   Baseline Tenure Choice Models

Table 2 presents the results of probit models presented in Eq 1. As expected from earlier studies (Das *et al.*, 2019; Coulson, 1999), the rent-price ratio (RP) is positively associated with ownership. As homeownership is perceived as a means of ensuring socioeconomic security, it should be more pronounced in households characterized by aging (Gopal, 2006; Lavenda *et al.*, 2017), female members (Das *et al.*, 2019; Gopal, 2006), and larger households. In line with these expectations, we observe significantly positive coefficients of Age, $HouseholdSize$, and Number of Female ($\#Females$) members. Unlike Das *et al.* (2019), we find the coefficient of $HeadFemale$ (i.e., households headed by female members) to be insignificant. Housing tenure is associated with a household's income. The income, in turn, is associated with education, occupation, profession, industry sector, and location of the household head. We include all these variables in our models. Compared to illiterate persons, literate ones (i.e., those with elementary education) exhibit a significantly lower propensity to own homes. However, ownership is significantly higher among people with

college-level, or higher education. This finding is similar to Goodman & Mayer (2018). We observe that while $Occupation$ categories, in general, do not have a significant association with home ownership, $Profession$ has a significant association. Professions associated with uncertain ($SelfEmployed$, $WageWorker$), or limited ($Retired$) cash flow streams are associated with significantly higher home ownership. Home-ownership is also associated with a higher degree of feeling "settled". This is another explanation for a significantly higher (lower) propensity in $Retired(Student)$. Significantly low ownership among students is also expected due to their constrained income streams. Similarly, we find that compared to the tertiary (Service) sector, persons working in the primary (agriculture, etc.) sectors are associated with a significantly higher propensity to own homes. Compared to the services sector, agricultural sector income is relatively lower, and uncertain due to its dependence on numerous exogenous factors (e.g. weather, and volatility is supply).

In the second model, we also introduce household structure. We do not observe any significant difference among disabled household heads in their homeownership propensity. However, Single-Man or All-Men households have significantly negative coefficients. Compared to females, male persons, in general, are endowed with superior socioeconomic security in India (Gopal, 2006). Overall, findings from Table 2 suggest that a higher sense of socioeconomic insecurity is associated with a more pronounced propensity to own homes.

4.2   Caste and Religious Identities

In the following sets of models, we examine the marginal association of social (caste or religion) identities with homeownership. These models control for all the baseline determinants of homeownership as presented in Table 2. As their coefficients are qualitatively the same across the following models, we do not report them for brevity. From Table 3, it is clear that compared to the general caste, all backward castes are associated with a higher homeownership propensity; and compared to Hindus, all minority religions are associated

with a higher homeownership propensity. In general, the backward or minority groups associated with potential discrimination exhibit a superior propensity towards homeownership. However, note that the difference in OBC is only marginally (although significantly) higher. Some other religions (e.g. Jains) that are socioeconomically better off are clubbed in the "Other" religious groups. Therefore, the coefficient of "Other" religions must be interpreted with caution. A significantly higher homeownership propensity among Muslims (2018 survey) is in sharp contrast to the significantly negative propensity reported in Das *et al.* (2019) that was based on a similar survey conducted a decade earlier (in 2008).

While Table 3 offers a baseline homeownership propensity varying across religion and caste identities controlling for location (district) level heterogeneity in RP, one should expect the ethnic behavior to change depending on the level of urbanization and the local population strength of the ethnic identity of a household. Therefore, in Table 4 we report the findings from our models that examine these additional variables. In general, we find that more urbanized districts are associated with reduced homeownership propensity. As rural India has witnessed a decline in employment opportunities (Chowdhury, 2011) in recent decades, higher urbanization implies superior employment opportunities and, thus, a relatively muted need for seeking socioeconomic security.

In Model (2) and Model (3), we examine how a household head's ethnic identity (Caste and/or Religion) interacts with its overall strength (in terms of representation in the local population) in the district. As predicted in Waring & Bell (2013), *Religion* and *Caste* lead to different results. Households of all minority religions enhance their propensity to own homes in districts where their representation is higher. On the other hand, higher representation of a household's caste in the district has a negative association with its homeownership propensity. This finding is not surprising. Religious minorities perceive their higher representation in the local population as a tool against adverse social events such as riots that are frequent. Thus, increased religious representation leads to superior homeownership, al-

though in segregated communities (Xaxa, 2016; Field *et al.*, 2008). On the other hand, an increase in caste-based representation in the local population assures that affirmative action policies would be more effective. Limited risk of discrimination leads to a reduced propensity towards homeownership.

Religious, or caste representation in a district is a continuous measure ranging between 0% and 100%. Some districts in our sample have only Muslims while some others have only Hindus. We should expect the homeownership patterns to be different across such districts. To examine if the dominance of Hindus or Muslims in a locality is associated with differences in homeownership propensity across religions, we analyze the next set of models whose results are presented in Table 5. We have few districts in our sample, however, that are dominated (in terms of representation in population) by Christians or backward communities. However, our sample does not reflect religious diversity in these districts. Therefore, we focus our analysis on districts dominated by Hindus and Muslims.

In our data, 490 (out of 620) districts are dominated by Hindus.There are 23 districts in our sample dominated by Muslims spread across specific states: (erstwhile) Jammu & Kashmir (9 districts), Uttar Pradesh (6), Assam (5), West Bengal (1), Laskhadeep (1) and Kerala (1). None of these districts is home to a major metropolitan city of India. We observe that Hindu-dominated districts are associated with significantly lower, and Muslim-dominated districts by significantly higher homeownership rates, in general. Given that higher-tier cities are Hindu-dominated, this finding is not surprising, and in in line with studies such as Ihlanfeldt & Mayock (2009) and Adukia *et al.* (2019). Further, We do not observe religion-based heterogeneity in homeownership propensity across districts dominated by Hindus or Muslims except that Muslim-dominated districts are characterized by significantly higher homeownership among Muslims (i.e., the dominant group). In these districts, the Muslim population ranges between 50.2% and 98.8% with an average of 69%. Among Hindu-dominated districts, too, the range of Hindu (i.e., the dominant group) representation

falls in a similar range [50,1%, 98.4%], although with a slightly higher average (78%). Given a similar distribution of dominant versus non-dominant religions in Hindu- and Muslim-dominated districts, the difference in finding (that the dominant community has a higher homeownership propensity in Muslim-dominated districts) is in line with Susewind (2017) which characterizes insecure communities to live in ethnically homogeneous clusters. However, there are two possible explanations that we leave for future studies to validate: (1) Muslim-dominated districts are friendlier to Muslims in terms of access to assets and financing, or (2) Muslims perceive a higher degree of marginalization at a national level and secure homeownership against social odds in districts where they are dominant.

5   Conclusions

Discrimination is an obvious, and undesirable outcome of diversity. Ethnically mixed societies lead to social friction when some communities are clearly more dominant than others. Deshpande & Ramachandran (2019) shows that traditional caste hierarchies in India not only continue to persist, but in many cases, the caste gaps have rather widened. Indian society is dominated by the Hindu religion which represents 75% of the population. There is no clear social hierarchy in religious identities. The society is also divided along caste lines that are clearly hierarchical. Past literature suggests that discrimination manifests differently in household behavior across hierarchical and non-hierarchical divisions. India presents an interesting laboratory to test discrimination when social divisions are multi-dimensional and hierarchical in one dimension. Few past studies have shown discrimination based on caste and religion in the real estate markets of India.

We emphasize that the ethnic mix of the population in India is diverse. Not only do the (caste and religion-based) ethnic mixes change drastically across localities, several localities are characterized by minority religions representing a dominant share of the population. The data from India is particularly of interest, as the provisions of the constitution include

16

affirmative action to address caste-based discrimination, but no such provisions exist for religion-based discrimination. Therefore, although dually identified by two independent categories (religion and case), households would respond differently to discrimination against each identity.

We study a sample of over 36,000 households provided by the 76th National Sample Survey (2018) on Housing Conditions. We examine the determinants of housing tenure choice by households using Probit models. The determinants of baseline housing tenure choice include household characteristics and the attributes of the household heads (e.g. gender, age, occupation, education level, etc.). All models control for the location (state) of the subject households to address geographical heterogeneity. Further, we sequentially enhance the models by including the social identities of households. After the fundamental determinants of the dependent variables are adequately controlled for, significant differences based on social identities reflect the presence of discrimination. Discrimination is a source of socioeconomic insecurity. Past studies suggest that households that feel more insecure will have a stronger propensity to own homes. We use this argument to detect social discrimination in the housing markets of India.

Our baseline models for tenure choice affirm a view that households associated with higher socioeconomic insecurity have a significantly higher propensity to own homes (versus renting them). After controlling for the baseline determinants of housing tenure choice, we observe that all backward castes and minority religions are associated with significantly higher homeownership propensity. Districts dominated by Hindus exhibit significantly lower, but those dominated by Muslims exhibit significantly higher homeownership propensities. In particular, Muslims residing in Muslim-dominated districts exhibit an even higher propensity to be homeowners. These findings affirm a superior sense of insecurity among backward castes and minority religions across the nation.

From a related analysis, we observe that increased representation in the local population

diminishes backward castes' propensity towards homeownership. However, with increased population share in local districts, minority-religion households significantly enhance their homeownership. This finding reflects a higher sense of insecurity among minority religions who treat clustering homeownership with households of the same ethicity as a means of earning security.

On the other hand, backward caste persons perceive an increase in the representation of their community in the local population as a signal of reduced discrimination, and more effective outcomes of affirmative action policies. In other words, minority religions consider increased population share as a means of enhancing security via homeownership; whereas backward castes capitalize on increased representation via other means that affirmative action can afford them. The disparity in affirmative action across these two social identities is a plausible explanation.

Future studies could further analyze rental market discrimination. Lower-quality homes among backward castes and some minority religions could also be a result of self-selection that points towards a more serious, systemic discrimination that either compromises their esteem and aspirations, or their disposable income. Studying local case studies on seller or landlord behavior towards patrons of other communities, especially when the characters of the dominant communities are drastically different, will offer further insights on housing market discrimination.

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6 Tables and Figures

Table 1: Data Summary

Variable	Mean	StDev	Min	Max
Tenure: Own	68%			
Household Characteristics				
Household Size	4	2	1	38
Number of Females	2	1	0	18
(Household Head)Age	47	14	6	100
Single Man	6.90%			
Single Woman	2.90%			
All Male	8.20%			
All Female	4.30%			
Head-Female	14.00%			

Household Head Characteristics (Dummy Variables)				
Gender		*Industry*		
Female	14%	Primary	5.80%	
Male	86%	Secondary	24.00%	
Marital Status		Tertiary	47.00%	
Married	80.00%	*Occupation*		
Separated	0.70%	None	23.00%	
Unmarried	6.80%	Agri Worker	3.80%	
Widowed	13.00%	Clerk	3.80%	
Education level		Craftsmen	12.00%	
Illiterate	14.00%	Informal Worker	12.00%	
College	17.00%	Legislator/Bureaucrat	16.00%	
Diploma	2.50%	Machine Operator	6.80%	
Higher Education	4.90%	Professional	6.70%	
High School	54.00%	Service Worker	12.00%	
Literate	7.40%	Technician	4.70%	
Disabled	0.30%	*Religion*		
Profession		Hindu	75.00%	
Unemployed	0.50%	Christian	5.60%	
Domestic Worker	6.80%	Muslim	14.00%	
Others	2.70%	Other	4.50%	
Retired	11.00%	*Caste*		
Salaried	32.00%	General	39.00%	
Self Employed	32.00%	OBC	40.00%	
Student	2.50%	SC	13.00%	
Wage worker	13.00%	ST	8.00%	

Notes: Table 1 presents presents the summary of household level data used in the study. The data source is National Sample Survey Organization (NSSO) 76th Round Survey, Schedule 1.2 conducted between July 2018 and December 2018 titled "Drinking Water, Sanitation, Hygiene, and Housing Conditions." The statistics presented are from 36,098 observations included in the study after data cleaning.

Table 2: Tenure Choice — Homeownership

	Dependent variable: Tenure = Own	
	Baseline	Household Type
RP	0.160***	0.137***
Age	0.027***	0.026***
HeadFemale	0.032	−0.037
Household Size	0.081***	0.050***
#Females	0.084***	0.032***
Education (Ref = Illiterate)		
Literate	−0.079**	−0.095***
HighSchool	0.028	−0.002
Diploma	0.051	0.019
College	0.126***	0.083**
HigherEd	0.133***	0.076*
Occupation (Ref = Unemployed)		
AgriWorker	0.001	−0.072
Clerk	−0.023	−0.124
Craftsmen	−0.216	−0.309*
InformalWorker	−0.176	−0.252
Legislator/Bureaucrat	−0.119	−0.217
MachineOperator	−0.249	−0.341*
Professional	−0.069	−0.150
ServiceWorker	−0.195	−0.274
Technician	−0.158	−0.247
Profession (Ref = None)		
DomesticWorker	0.324***	0.141
Retired	0.521***	0.346***
Salaried	0.101	−0.019
SelfEmployed	0.676***	0.534**
Student	−1.293***	−1.200***
WageWorker	0.620***	0.485**
Others	0.415***	0.297**
Industry Sector (Ref = Tertiary)		
Primary	0.257***	0.251***
Secondary	−0.027	−0.011
Disabled		−0.218
SingleMan		−0.165**
SingleWoman		−0.096
AllMale		−0.786***
AllFemale		−0.075
Constant	−1.224***	−0.536***
State Dummies	Yes	Yes
Observations	36,404	36,404
Log Likelihood	−17,257.120	−16,942.140
Akaike Inf. Crit.	34,642.240	34,022.270

Notes: Table 2 presents the results of probit models with homeownership (versus rental) housing tenure choice as the dependent variable. Quantities in parentheses reflect standard errors. The data source is National Sample Survey Organization (NSSO) 76th Round Survey, Schedule 1.2 conducted between July 2018 and

December 2018 titled "Drinking Water, Sanitation, Hygiene, and Housing Conditions." Most variables are self explanatory. RP is the district-level average of the rent and home price collected from the NSSO and a major lender respectively. Unless stated otherwise, all variables characterize the household-head.
*p<0.1; **p<0.05; ***p<0.01

Table 3: Housing Tenure Choice by Caste and Religion

	Dependent variable: Own=1		
	Caste	Religion	Caste + Religion
	(1)	(2)	(3)
RP	0.139***	0.143***	0.145***
Household Caste (Ref=General)			
OBC	0.070***		0.069***
SC	0.186***		0.204***
ST	0.229***		0.178***
Household Religion (Ref=Hindu)			
Christian		0.313***	0.277***
Muslim		0.115***	0.148***
Other		0.233***	0.206***
Household Characteristics	Yes	Yes	Yes
Head Characteristics	Yes	Yes	Yes
State Dummies	Yes	Yes	Yes
Education Dummies	Yes	Yes	Yes
Occupation Dummies	Yes	Yes	Yes
Profession Dummies	Yes	Yes	Yes
Sector Dummies	Yes	Yes	Yes
Observations	36,404	36,404	36,404
Log Likelihood	−16,906.140	−16,898.500	−16,864.690
Akaike Inf. Crit.	33,956.290	33,940.990	33,879.380

Notes: Table 3 presents the results of probit models with homeownership (versus rental) housing tenure choice as the dependent variable. Quantities in parentheses reflect standard errors. The data source is National Sample Survey Organization (NSSO) 76th Round Survey, Schedule 1.2 conducted between July 2018 and December 2018 titled "Drinking Water, Sanitation, Hygiene, and Housing Conditions." Most variables are self explanatory. RP is the district-level average of the rent and home price collected from the NSSO and a major lender respectively. Unless stated otherwise, all variables characterize the household-head. The coefficient of the intercept is significant in all the models, but not reported for brevity.
*p<0.1; **p<0.05; ***p<0.01

Table 4: Tenure Choice by District Demographics

	Dependent variable: Own = 1		
	(1)	(2)	(3)
District Characteristics			
RP	0.119***	0.108***	0.119***
Religion.Rep		−0.222**	−0.257***
Caste.Rep			0.920***
Urbanization	−0.509***	−0.459***	−0.556***
Household Caste (Ref= General)			
OBC		0.046**	0.505***
SC		0.199***	0.747***
ST		0.092**	0.762***
Household Religion (Ref= Hindu)			
Christian		−0.134	−0.147
Muslim		−0.378***	−0.387***
Other		−0.057	−0.070
Christian x Religion.Rep		1.472***	1.220***
Muslim x Religion.Rep		1.746***	1.683***
Other x Religion.Rep		1.076***	0.965***
OBC x Caste.Rep			−0.601***
SC x Caste.Rep			−0.047
ST x Caste.Rep			−0.966***
Household Characteristics	Yes	Yes	Yes
Head Characteristics	Yes	Yes	Yes
State Dummies	Yes	Yes	Yes
Education Dummies	Yes	Yes	Yes
Occupation Dummies	Yes	Yes	Yes
Profession Dummies	Yes	Yes	Yes
Sector Dummies	Yes	Yes	Yes
Observations	35,881	35,881	35,881
Log Likelihood	−16,622.190	−16,458.800	−16,424.670
Akaike Inf. Crit.	33,384.370	33,077.600	33,017.350

Notes: Table 4 presents the results of probit models with homeownership (versus rental) housing tenure choice as the dependent variable. Quantities in parentheses reflect standard errors. The data source is National Sample Survey Organization (NSSO) 76th Round Survey, Schedule 1.2 conducted between July 2018 and December 2018 titled "Drinking Water, Sanitation, Hygiene, and Housing Conditions." Most variables are self explanatory. *RP* is the district-level average of the rent and home price collected from the NSSO and a major lender respectively. *Urbanization* refers to the percent of population in urban areas per district. Hirf.Caste is the Hirfindahl Index per district of population distribution across General and Backward Castes. A larger value implies higher caste concentration. Unless stated otherwise, all variables characterize the household-head. Household Characteristics include household size, gender mix, etc. *Religion.Rep* is the percent representation (by population) of a household's religion in its district. *Caste.Rep* is the percent representation (by population) of a household's caste in its district. The coefficient of the intercept is significant in all the models, but not reported for brevity.
*p<0.1; **p<0.05; ***p<0.01

Table 5: Housing Tenure Choice by Religious Dominance in Districts

| | Dependent variable: Tenure = Own | | |
	Dominance	Identity	Dominance x Religion
RP	0.124***	0.129***	0.129***
Religion (Ref = Hindu)			
Christian		0.085	0.277*
Muslim		0.128***	0.035
Other		0.180***	−0.064
Dominant Religion (District)			
Dom.Hindu	−0.170***	−0.161***	−0.182***
Dom.Muslim	0.221***	0.202***	0.041
Christian x Dom.Hindu			−0.222
Muslim x Dom.Hindu			0.084
Other x Dom.Hindu			0.268*
Christian x Dom.Muslim			−0.285
Muslim x Dom.Muslim			0.381**
Other x Dom.Muslim			0.344
Household Characteristics	Yes	Yes	Yes
Head Characteristics	Yes	Yes	Yes
Religion Dummies	Yes	Yes	Yes
State Dummies	Yes	Yes	Yes
Education Dummies	Yes	Yes	Yes
Occupation Dummies	Yes	Yes	Yes
Profession Dummies	Yes	Yes	Yes
Sector Dummies	Yes	Yes	Yes
Observations	33,887	33,887	33,887
Log Likelihood	−15,568.380	−15,528.770	−15,522.090
Akaike Inf. Crit.	31,268.760	31,201.550	31,200.180

Notes: Table 5 presents the results of probit models with homeownership (versus rental) housing tenure choice as the dependent variable. Quantities in parentheses reflect standard errors. The data source is National Sample Survey Organization (NSSO) 76th Round Survey, Schedule 1.2 conducted between July 2018 and December 2018 titled "Drinking Water, Sanitation, Hygiene, and Housing Conditions." Most variables are self explanatory. *RP* is the district-level average of the rent and home price collected from the NSSO and a major lender respectively. Unless stated otherwise, all variables characterize the household-head. *Religion.Rep* is the percent representation (by population) of a household's religion in its district. The coefficient of the intercept is significant in all the models, but not reported for brevity.
*p<0.1; **p<0.05; ***p<0.01