

# HAPPINESS IN INDIA: DISTRIBUTION OF LIFE SATISFACTION BY SOCIOECONOMIC STATUS AND DEMOGRAPHIC CHARACTERISTICS

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*In the face of ostensibly low rank in the World Happiness Index and the impressive performance in World Development Indicators, this paper attempts to identify the determinants of Well-being in India. Using the five waves World Value Survey data for the period 1990-2014, this paper examines the distribution of well-being indicators - happiness, life satisfaction and financial satisfaction - by socioeconomic status and demographic characteristics at the group level using chi-square test. The paper observes that the average levels of life satisfaction and happiness have not increased over time in India. While happiness level remains constant, life satisfaction and financial satisfaction have declined, all with fluctuations across background characteristics of people and time. Happiness distribution is left skewed and life satisfaction is related, but not uniformly, with income. Among the various socioeconomic and demographic groups, significant difference in well-being exists with respect to education, income, social class, religion, age, marital status and health, but not much with employment and gender. This paper finds that the self-reported happiness and life satisfaction levels of people of India are largely determined by their socioeconomic status and demographic characteristics, and significant differences in well-being among the different groups in India.*

**Keywords:** *Well-being, Money, Socioeconomic and Demographic groups, WVS, Distribution.*

## INTRODUCTION

Every country around the world aims greater happiness for the greatest number of people, and in fact, utmost goal of public policy for larger number of countries is to bring smile in the face of its citizens. At individual level too, the quest for happiness has been considered as the primary goal of life. Happiness, as defined by the Cambridge Advanced Learner's Dictionary, is generally understood as a state of mind or feeling characterised by contentment, love, satisfaction, pleasure, or joy of life. Since the happiness is a state of feeling that encompasses all the spheres of human life, the concept of happiness, its source and relevance, has received greater philosophical appraisal. Aristotle defines happiness as an end, an end result of all the things a person does. Everything everyone does is for a reason, to achieve something else. Aristotle believes that the "something else" is happiness. A happy man, Aristotle would say, is the man who has everything he really needs. He has those things which he needs to realise his potentials. It is in realising his potentials, he achieves happiness. Hence, Aristotle says, the happy man wants nothing.

Following the philosophical foundations of happiness, psychologists and sociologists have also expended on happiness research. Psychologists define happiness as mental satisfaction; happiness is closely related to subjective feelings and emotions and since it is subjective, an individual can evaluate his happiness by himself. Subjective evaluations have strong impact on reported happiness (Seligman, 2002). Therefore, the subjective evaluation on life in general or any specific life domains can partially intermediate to explain why the objective factors matter for happiness. However, for psychologists, the pursuit of happiness sets humanity in a hedonic treadmill, on which we run in vain for greater happiness (Diener et al. 1999; Kahneman et al. 2006). The 'hedonic treadmill effect'

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reverts one's happiness back to some baseline hedonic level following temporary highs and lows in happiness (Brickman and Campbell, 1971). The often cited study in this regard is the Brickman et al. (1978), which observes that the life satisfaction reported by lottery winners just after their windfall gain slight increased only as compared to their control group (Brickman and Bulman, 1977). Alternatively, psychologists' set point theory postulates that human biological system sets each person for their subjective well-being and that people cannot be permanently moved from their personal set point level of happiness. Any transition from this set point, like elation or sorrow, induced by changing circumstances, affect life satisfaction only temporarily and the happiness returns to the same basic set point (Brickman and Campbell, 1971; Headey and Wearing, 1989; Williams and Thompson, 1993). In fact, Cummins (2010) finds homeostasis in SWB, that the average person feels that their SWB is held (maintained) at about three-quarters of its maximum extent (a level of 7.5 on scale 0-10).

For economists, happiness is somewhat close to utility, welfare, standard of living, quality of life, etc, but not the same. Economists in 19<sup>th</sup> century never treated utility and well-being differently, for them utility is parallel to the concepts of well-being and happiness. The utilitarian economists, Bentham and Mill, used utility and happiness synonymously. Many economists were supported the view of Mill and Bentham that utility and happiness indicate same meaning; Edgeworth (1881) proposed that utility can be measured by a device known as hedonimeter, a measure drawn from psychology to measure the level of happiness that a person experience in his life (Colander, 2007). But, by the beginning of 20<sup>th</sup> century, Robbins (1932) treated happiness as a scientific term and argued that interpersonal comparison of happiness is not possible.

For economists now happiness is different from any other measures used in economics and there is no objective way to measure the level of happiness. Hence, economists now embrace the psychological measure of subjective well-being life satisfaction, the most and often used measure being self-reported life satisfaction, an evaluation of one's own level of happiness and reported by himself. Economists are convinced that this psychological well-being measure is reliable and a valid measure of quality of life and moves in the same direction as that of many other objective economic measures. Economists now relate happiness with their conventional measures like higher economic growth, maximising utility, decreasing poverty, inequality and unemployment, indicators of health and environmental standards, etc. It is a general belief, and in fact plausible, that money brings everything people want and happiness is not an exemption. More money/income means more buys and hence more goods and services that are sources of utility and satisfying desires of people. More material consumption/possession increases comforts of life and therefore more social and economic welfare of the nation. Thus, a nation invests more money on basic social and economic infrastructure to increase the welfare of her citizen. Thus, it is commonly understood that, rich people and wealthier countries tend to be happier than the poor people and countries with less wealth.

## **ECONOMIC GROWTH AND CONSEQUENCES IN INDIA**

India is one among the fastest growing countries in the world and it is expected to be one of the three major economic powers of the future world. The World Bank and the IMF place India as the 10<sup>th</sup> largest economy in the world in terms of nominal GDP and 3<sup>rd</sup> largest country in terms of purchasing power parity (PPP), in the presence of its distinction as the 2<sup>nd</sup> most populous country with multiplicity of culture, customs, languages and diversity. Nearly five decades of data finds that India's long-term growth process is stable and substantial. The economic liberalisation policies of early nineties enabled India to break its low-growth shell, popularly known as the "Hindu growth

rate” of 3.5 percent per annum, and start the new era of economic growth with about 5.3 percent of real GDP growth rate in 1990 that accelerated to almost double digits in the new millennium (Namrata, 2014). The peak point in the history of economic growth in India occurred in 2005-10 with the annual average growth rate of GDP around 9 percent. However, this growth pattern has disrupted by global financial crisis of 2007-08, growth rate falling to 6.05 percent in 2013-14 and further slipping near to 5 percent in recent years. Still India bags the tag of fastest growing country, even faster than China. The Table 1 presents the growth rate of GDP in India since 1990 and the Figure 1 depicts the growth rate of GDP in India, the natural log of real GDP is used instead of the actual value of GDP to realise directly from the slope of the graph (Basu and Maertns, 2007).

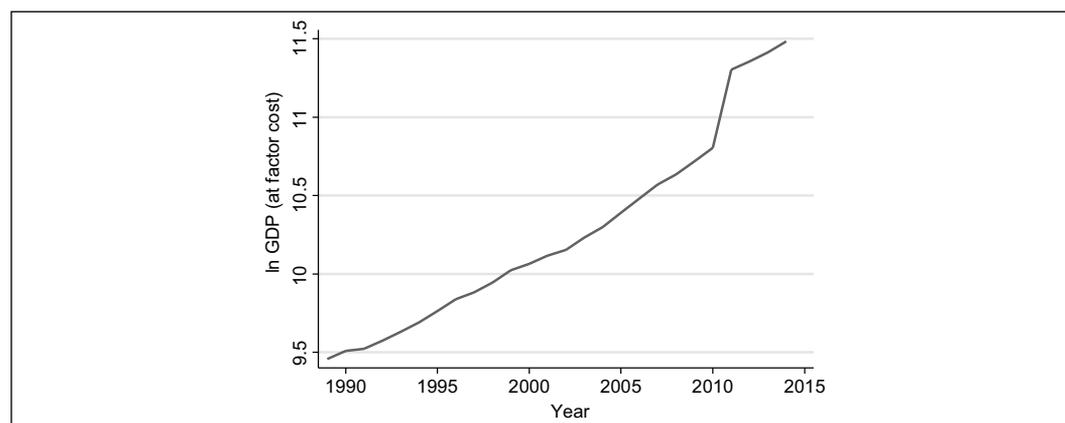
**Table 1 : Annual Growth Rate of Real GDP, 1990-2014**

| Year      | Annual growth rate of GDP (at factor cost) | Year      | Annual growth rate of GDP (at factor cost) | Year      | Annual growth rate of GDP (at factor cost) |
|-----------|--|-----------|--|-----------|--|
| 1990-1991 | 5.29                                       | 1999-2000 | 8.00                                       | 2007-2008 | 9.32                                       |
| 1991-1992 | 1.43                                       | 2000-2001 | 4.15                                       | 2008-2009 | 6.72                                       |
| 1992-1993 | 5.36                                       | Average   | 6.21                                       | 2009-2010 | 8.59                                       |
| 1993-1994 | 5.68                                       | 2001-2002 | 5.39                                       | 2010-2011 | 8.91                                       |
| 1994-1995 | 6.39                                       | 2002-2003 | 3.88                                       | Average   | 8.62                                       |
| 1995-1996 | 7.29                                       | 2003-2004 | 7.97                                       | 2011-2012 | 6.69                                       |
| Average   | 5.21                                       | 2004-2005 | 7.05                                       | 2012-2013 | 5.42                                       |
| 1996-1997 | 7.97                                       | 2005-2006 | 9.48                                       | 2013-2014 | 6.05                                       |
| 1997-1998 | 4.30                                       | Average   | 6.73                                       | 2014-2015 | 7.23                                       |
| 1998-1999 | 6.68                                       | 2006-2007 | 9.57                                       | Average   | 6.34                                       |

Note: Up to 1990-2010, base year: 2004-05; from 2010-14 onwards, base year: 2011-2012).

Source: RBI: Handbook of Statistics on the Indian Economy, 2016-17.

**Figure 1 : Log GDP in India, 1990-2014 (at constant prices)**



Note: Up to 1990-2010, base year: 2004-05; from 2010-14 onwards, base year: 2011-2012).

Source: RBI: Handbook of Statistics on the Indian Economy, 2016-17.

The acceleration of growth is evident not just in aggregate GDP, but even more strongly for individual income and consumption. India's rapid economic growth has made fundamental changes in the standard of living among the country's consumers (Beinhocker et al. 2007). The same power that has raised millions of Indians out of miserable poverty is caused to emerge a massive population of middle income class people all over India. The distribution of poor class people and middle class people in India has changed in unprecedented manner in post- reform period and many people have come out of their subsistence level of living to join with middle class. The percentage of the people with household income less than Rs.90,000 per year has been reduced from 93 percent in the 1990s to nearly by half, 54 percent during 2000s. Similarly, the share of poor people who spend less than \$2 per day has been decreased from 71.4 percent in 2000-2010 to less than 50 percent (47.8 percent) during 2010-2014. The proportion of new middle class defined by people who spend \$2-10 per day, has almost doubled, both in rural and urban areas, from 27.9 percent in 2000s to 50.3 percent during 2010s (Sandhya and Neeraj, 2017).

Consistent with the growth pattern of GDP, the growth in private final consumption expenditure (PFCE) also moves upward and makes known of steady growth in private spending and improvement in the economic well-being of the people. Therefore, it is convinced that the national level benefit of faster economic growth trickle down to states and people in this country. Besides the economic well-being, India's rapid economic progress has also brought steady acceleration in other human development indicators like demographic characteristics and social development indicators. For example, India has achieved a composite Human Development Index (HDI) score of 0.618 in 2014 as compared to its 1990's score of 0.427 (Table 2), achieving a 43 percentage increment (UNDP, 2014).

**Table 2 : Human Development in India, 1990 to 2014**

| <b>Year</b> | <b>Human Development Index (score)</b> | <b>HD classification</b> |
|-------------|--|--------------------------|
| 1990        | 0.427                                  | Low HD                   |
| 2000        | 0.493                                  | Low HD                   |
| 2010        | 0.581                                  | Medium HD                |
| 2012        | 0.600                                  | Medium HD                |
| 2014        | 0.618                                  | Medium HD                |

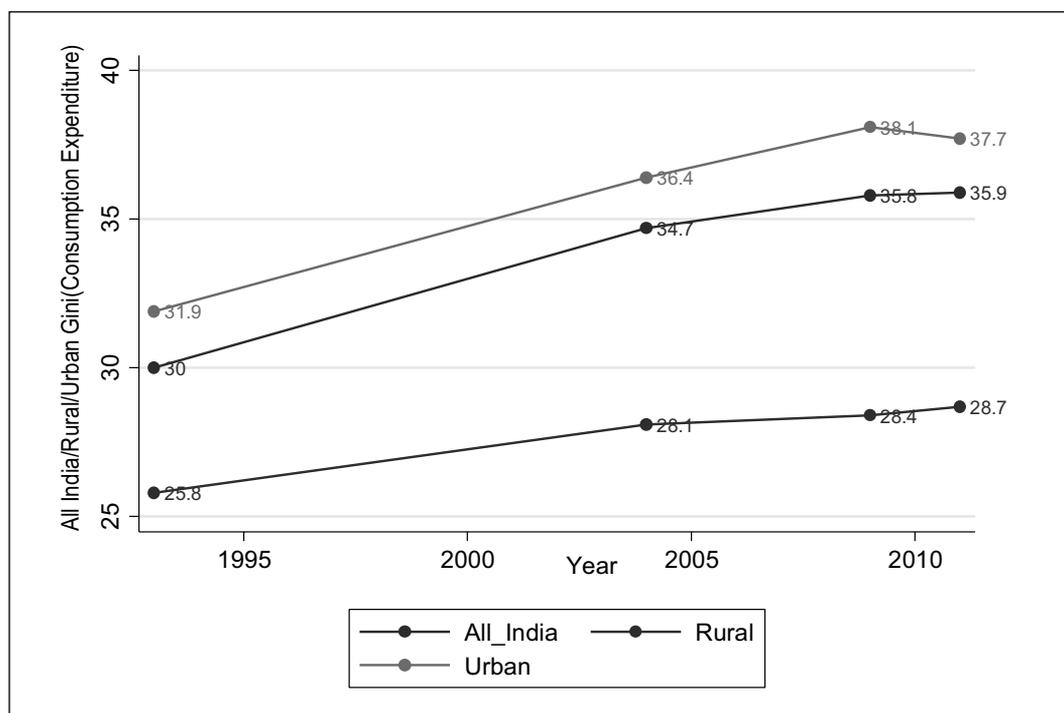
Source: Human Development Indices and Indicators: 2018 Statistical Update.

Strong economic growth since 1990s reduced the poverty also and enabled 140 million people to come out from 'vicious to virtuous' circle. Since the 1990s, India's growth strategies have become more inclusive and pro-poor. India has initiated several welfare programmes, such as support price to agricultural products, fertilisers, food and energy, employment guarantee programmes, elderly support, housing, financial inclusion, livelihood supports, etc. and promises right to work, education and information with targeting the people in need and avoiding the loopholes by reducing administrative costs and corruption. The quality of social, economic and financial infrastructure is widely considered as the basic feature of economically growing countries and India is also not an exceptional case. The expanding government expenditure in social overheads in India shows a steady increase in the state expenditure on social sector with 6 to 7 percent and central government share on social sector around 1 to 2 percent of GDP.

However, the concern for rapid economic growth has also produced some undesirable consequences, the most notorious being the rise in inequality among people and across the states, not only income but also in consumption and living standards. Whether the benefits of economic progress have been trickling down to lower section of the people, there is also the danger of wealth being centred in a few hands. The World Inequality Report (2017) includes India in the group of countries with highest inequality level. The income share of top 10 percent and top 1 percent of the population show a secular rise in India. According to the Forbes Report (2012), total wealth of 68 billionaires in India, alone account Rs.5.7 lakh crores. The number of billionaires shows an increasing trend as well, in 2004 the total number of billionaires was just 12 in numbers and the same has increased to 46 in 2012, in a short span of 8 years.

The Gini coefficient measured in terms of consumption expenditure using NSSO data also shows a rising trend since 1993-94 (Figure 2). The All India Consumption Gini coefficient has reached to 0.36 in 2011-12 from 0.30 in 1993-94. While the Rural Gini coefficient has increased slightly from 0.26 in 1993-94 to 0.29 in 2011-12, the urban Gini coefficient has risen quickly from 0.32 in 1993-94 to 0.39 during 2011-12 period (Indian Inequality Report, 2018). Parallel to the individual level consumption and wealth inequality, the regional inequality, the inter-state Gini coefficient calculated in terms of GSDP (Gross State Domestic Product), is also showing an increasing trend after the 1990s. It is to be noted that the onset of increasing inequality has started mainly after 1990s, at the time of economic reforms. It is clear that, despite fast economic progress, economic reforms of 1991 also caused rapid rise of inequality in India.

**Figure 2 : Gini Coefficient of Consumption Expenditure in India, 1990-2014**



Source: Indian Inequality Report, 2018.

All the statistics associated with inequality clearly show that in India, rich people and rich states continue to become rich and poor people and poor states are becoming more poor. With increase of inequality, the richer section has access more resources that can be used to derive more comforts and hence more satisfaction in life, while the socially and economically weaker section, being the most affected section in India, has to contend with available meagre resources.

## HAPPINESS LEVEL IN INDIA

Despite such contrasting growth scenario, the average Indian is not happier and in fact less satisfied in life. The World Happiness Index (2018) of the United Nations shows that India ranks 133 among the 156 countries in the world, with a drop of 11 ranks from the previous year and stands behind India's less developed neighbours. In fact, India's rank in the World Happiness Index is continuously declining for the last few years- 111<sup>th</sup> in 2013, 117<sup>th</sup> in 2015, 118<sup>th</sup> in 2016, 122<sup>nd</sup> in 2017 and 133<sup>rd</sup> in 2018 (Table 3).

**Table 3 : World Happiness Index Score and Rank of India**

| Year | Score | Rank |
|------|-------|------|
| 2013 | 4.77  | 111  |
| 2015 | 4.57  | 117  |
| 2016 | 4.4   | 118  |
| 2017 | 4.32  | 122  |
| 2018 | 4.19  | 133  |

Source: World Happiness Reports.

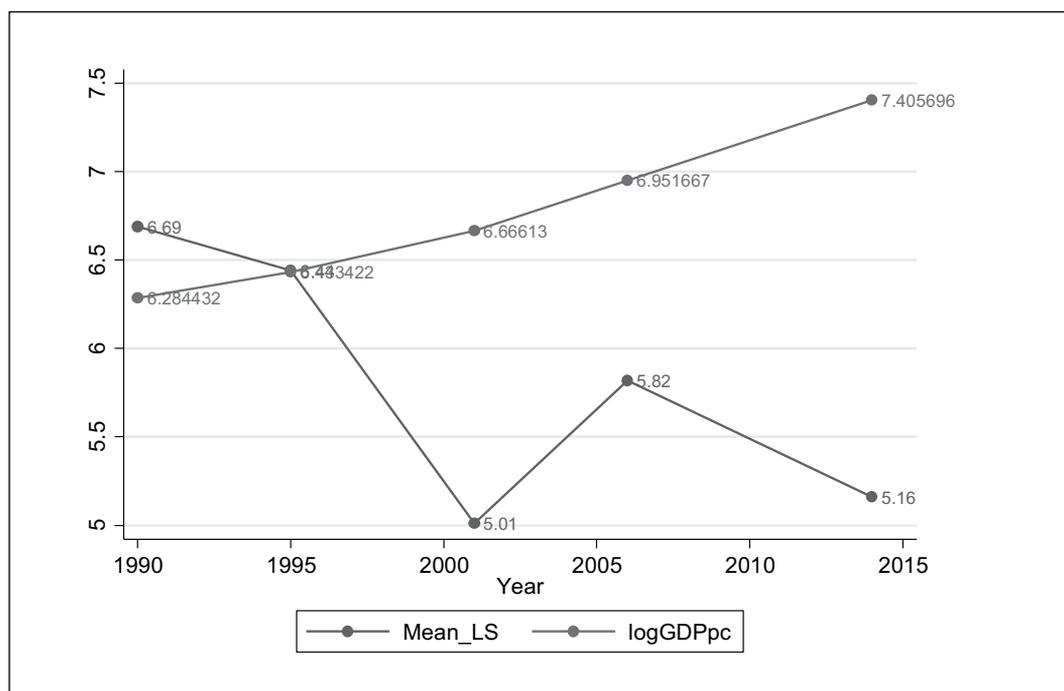
India has been boasting a long tradition of human salvation, and therefore, most of the themes on happiness are related to religion and spirituality and has to be found in the interpretations of scriptures, puranas, vedas and Upanishads. In the Indian religious perspective, happiness is something that is permanent (satya) and eternal (nitya), it is not just running after anything that is momentary (kshanika) or impermanent (mithya) which are subject to destruction or decay (kshara) and also. Their search for eternal and perpetual will lead them to the point of bliss (anantam), an end most principle that is called Mukti or Brahman. Further, India has also been ascribed for its traditionality, family culture and the strong value systems at home.

Very few traditional Indian literature discuss some aspects of psychology of happiness, but the economic perspective is almost nil. Attaining happiness with worldly things and materialism has rarely been looked into. Further, any insight on the causes for changes in happiness in the long-run is almost absent. Generally, life satisfaction in India is viewed as a contentment of life with material possessions and family life. But, happiness is also related with other dimensions of life in India like age, children, caste, religion, health, employment, work, social life, etc. Further, life satisfaction is also associated with, at the aggregate, increased female participation in labour market, change in family roles, rise in the number of nuclear families, adopting western culture, etc. The opening of the economy in the late 20<sup>th</sup> century and the pressure of globalisation introduced large scale changes in India at individual as well as aggregate levels. These overwhelming changes exert significant changes in the meaning as well as the level of life satisfaction in India.

In the tradition of modern interpretation of happiness as satisfaction with life and well-being, only few studies include India in their cross-country analysis using the World Value Survey (WVS) or Gallup World Poll data (Inglehart et al. 2008; Easterlin and Swangfa, 2010), or in a comparative analysis (Diener et al. 1995; Deaton, 2008). Using World Value Survey, Easterlin and Swangfa (2010) report that happiness level in India is relatively low and India typically stands in the middle of nations in international happiness surveys. In another international study, Inglehart and Klingemann (2000) posit that India ranks 43 in average level of happiness out of 69 nations, with 77 percentage of sample reporting happiness and 67 percentage reporting satisfaction with life. Prescott-Allen (2001) place India at a low level of ranking, 172 out of 180. But, Veenhoven (2010) finds that life satisfaction scores if India just above the average world life satisfaction.

The World Value Survey, the widely accepted survey on subjective life satisfaction across the globe and other similar indicators of quality of life also reveal that life satisfaction and economic growth in India is not moving in the same direction and also not in the same speed also. The Figure 3 depicts the trends in life satisfaction and GDP per capita in India for the period 1990 to 2014. The 24 years data shows that GDP per capita increased by 8.62 percent but the average life satisfaction decreased by around 1 point. Compared to the changes in the GDP per capita, life satisfaction exhibit only a slight change, hovering between 5 to 6.6 in a 10point scale. Thus, the change in life satisfaction is far less than the change in income, indicating a widening gap between the two indicators of life development over time.

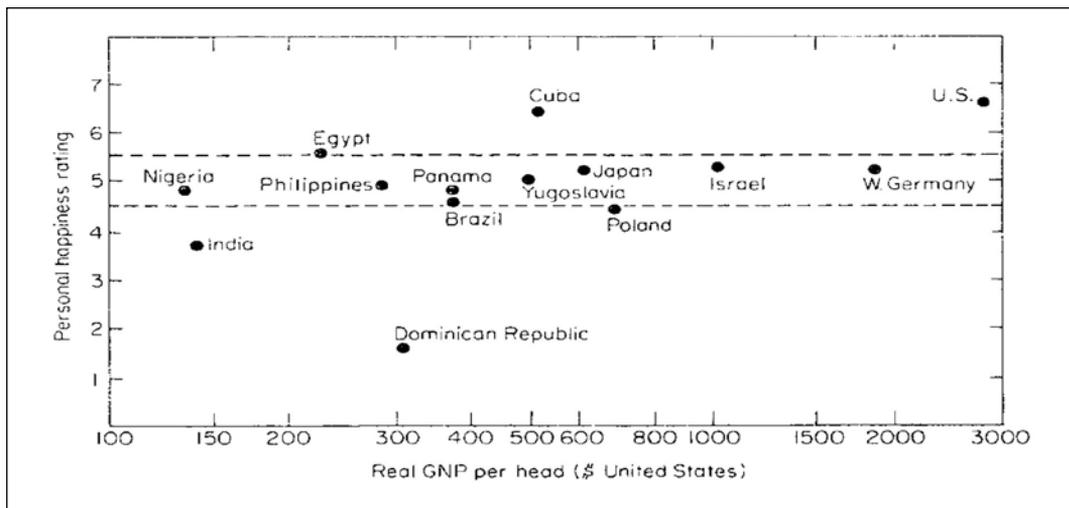
**Figure 3 : Average Life Satisfaction and Log GDP per capita (at constant 2010US\$) in India, 1990-2014**



Source: Life satisfaction from WVS (1990-2014); GDPpc from World Bank National Accounts data and OECD National Accounts data files, 1960-2017.

How should the gap between income and life satisfaction be understood? If increase in income does not mean happiness, then what actually determine happiness or what phenomenon can explain the lack of relationship between the two important aspects of life? In the early 1960s, Hadley Cantril, a social psychologist, conducted an intensive survey in 14 countries worldwide, that include eleven in Asia, Africa, and Latin America, importantly India, to know what people want out of life - what they would need for their life to be completely satisfied (Cantril, 1965). A startling finding of the survey is that the answer was strikingly similar and apparent; despite vast disparities in every respect of life - material circumstances, especially levels of living, was the most often said in every country. In the same vein, Warner Wilson (1967) concluded that a happy person is a “young, healthy, well-educated, extroverted, optimistic, worry-free, religious, married person with high self-esteem, job morale, modest aspirations, of either sex and of a wide range of intelligence” (Wilson, 1967, p.294, as quoted in Diener, Suh, Lucas and Smith, 1999, p.276). The most significant result of the Cantril study, for the economist, is that despite vast differences in income levels, the average level of happiness seems to be close to each other. The Cantril’s findings are depicted in Figure 4. It can be observed that for more developed countries like Germany and for less developed countries like Nigeria, the average happiness level is almost the same, in spite of their vast differences in per capita income. Also, across countries the mean happiness level hovers around 4 to 6 in 7 point ladder scale.

**Figure 4 : Cantril’s (1965) Happiness and GDP per head in 14 Countries in 1960**



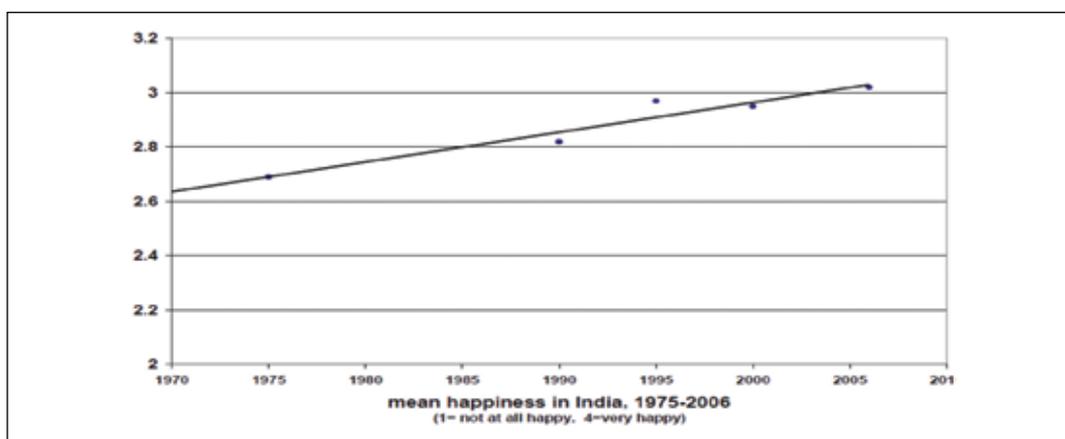
Source: Cantril (1965)

Since then the research on subjective well-being (SWB), a word interchangeably used with happiness and life satisfaction, which is closely related to quality of life also, has proliferated ranging from correlates of SWB such as demographic, personal and situational interactions, internal and external circumstances, processes that underlie happiness, processes of underlying adaptation, processes of habituation, coping strategies and changing goals, and differential determinants at the individual, group and national level. Many studies relate with SWB many life events like marriage, unemployment, occupation, job gain or loss, health, neighborhood, and general social environment. Striking controversies and reconfirmations have been attempted.

The early cross-country comparison studies do not capture the presence of rapid economic growth

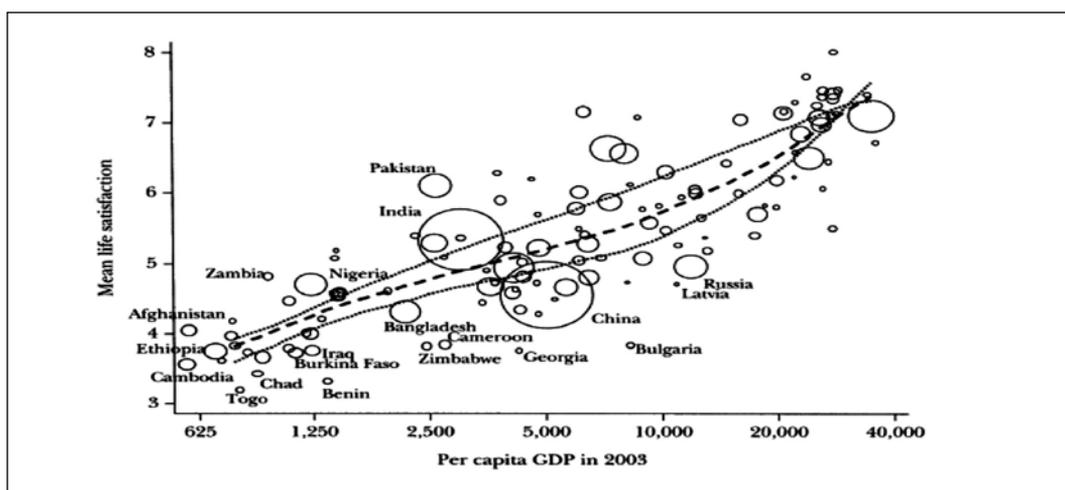
in India. To understand the impact of economic growth on the response of Indian citizens, Biswas-Diener et al. (2012) use the India Gallup World Survey (2007) and report that on international indices of happiness, India stand among the middle and lower middle nations, but individuals report relatively higher level of happiness with 5.20 mean happiness with 1.77 standard variation. However, Inglehart et al. (2008) studying long-term trend in happiness in a cross-country analysis using the World Database of Happiness find that in India, along with Mexico, Ireland, Puerto Rico and South-Korea, happiness shows a steeply rising trend (Figure5). Similarly, Deaton (2008), comparing the level of happiness across the nations in 2003, finds that poor countries such as India and Nigeria are less satisfied than wealthy nations like USA and Japan (Figure 6). As the Figure 6 shows, wealthy nations are more satisfied than that of poor nations, reflecting a direct relationship between income and life satisfaction.

**Figure 5 : Level of Happiness in India, 1970-2010**



Source: Inglehart et al. (2008), Statistical Appendix.

**Figure 6 : Comparison of Happiness in India and Other Countries**



Source: Deaton (2008), p. 57.

However, studies that analyse happiness more specifically among Indian people are very rare. Analysing two village level samples, Brinkerhoff et al. (1997) finds that more than 50 percent of respondents from each village report as satisfied with their life and a very small percentage of respondents reporting as completely dissatisfied with their life. Biswas-Diener and Diener(2001; 2006) survey sex workers in Kolkata and observe that they are satisfied with their different life domains despite their unsound economic conditions. Majumdar and Gupta (2015) in a descriptive analysis of the level of happiness and life satisfaction of Indian people using World Value Survey data, conclude that, in the long-run, there is a clear trend of increasing happiness in India. Majumdar and Gupta argue that Indians are more sensitive to absolute income rather than relative income changes as an explanation for happiness-income relationship in India. They report that people who are employed, married, healthy, and at least acquired secondary level of education express more happiness with their life. People who are in lower socioeconomic class with poor income also report equal happiness as their richer counterparts. People from minority religion also report more happiness as Hindus.

Strong empirical evidence on the association between income and happiness in India is lacking. A study by Lakshmanasamy (2010) based on primary data of 315 individuals from Chennai analyses the relationship between income and happiness using econometric methods. The ordered probit estimates show that both absolute and relative income have positive and significant impact on happiness, but a proportionate change in relative income leaves happiness unchanged. Linssen et al. (2011) analyse the impact of relative income and conspicuous consumption on happiness based on a primary sample size of 697 individuals from 375 rural low income households in India. The multi-level regression results show that individuals who spent more on conspicuous consumption report low level of happiness. But relative income does not play any significant role in determining happiness. Motivated by positional concern, people spend on conspicuous commodities at the expense of basic needs. However, these studies are micro in nature and use the OLS method, while the well-being measures are ordinal in nature.

## **DATA AND ANALYSIS**

With the aim of discerning the actual determinants of life satisfaction, this paper examines the distribution of life satisfaction and happiness across socioeconomic and demographic groups in India. This paper uses data from the World Value Survey (WVS), the largest source of cross-national survey in the world on happiness. Since its beginning in 1981, six waves of surveys have been conducted between 1981 and 2014. The aim of WVS is to understand and investigate the global changes in socio-cultural-political-religious values and beliefs. Additionally, the WVS also contains questions on subjective well-being and related areas. The WVS uses a random probability sampling design and a face to face interview is conducted by a locally appointed field organisation that is supervised and instructed by academic researchers. The WVS covers close to 97 societies from all the six continents constituting 88 percentage of world population, the sixth wave (2014) includes 60 countries with more than 85,000 respondents. Being a part of the WVS Association, India has been surveyed since the second wave (1990) onwards. The WVS has started survey in India in 14 major states with 2400 sample size, covering more than 90 percent of the nation's population and the sixth

wave of WVS in India was conducted in 22 states with a sample size of 4078 respondents. In total, there are more than 10,000 observations in the WVS of India. This paper uses data for 12 major states in India, for those states that are continuously sampled in each of the five waves. The final sample size for this study is 8,965 observations.

The WVS data provides various indicators of subjective well-being. There are three main direct measures on overall SWB. The happiness question asks respondents to evaluate their present life in terms of "Taking all things together, would you say you are... very happy, quite happy, rather happy and not at all happy". For the purpose of this paper, the happiness level is recoded reversely as 'not at all happy'=1, 'rather happy'=2, 'quite happy'=3 and 'very happy'=4. The life satisfaction question asks for an evaluation of whole life: "All things considered, how satisfied are you with your life as a whole are these days?" for which respondents self-select a value in a 10 point scale, starting with dissatisfied and ending with satisfied. The question on satisfaction with financial situation of the household asks: "how satisfied are you with the financial situation of your household?" and a 10 point scale starts with completely dissatisfied and ends with completely satisfied. Besides, the second wave of WVS (1990) also reports affective state of people using a series of question relating to positive and negative emotions by asking people: "we are interested in the way people are feeling these days. During the past few weeks, did you ever feel...?" with yes/no responses. In the happiness literature, the LS measure is considered to be a better measure for making cross-section comparison relative to the happiness measure (Di Tella and MacCulloch, 2006). The LS response scale is large in number compared to the happiness scale and while the life satisfaction encompasses the whole life, the happiness, being a feeling, may mean instantaneous or momentary gratification of the respondents. The happiness and financial satisfaction measures are also reported in this paper as robustness check of the life satisfaction levels.

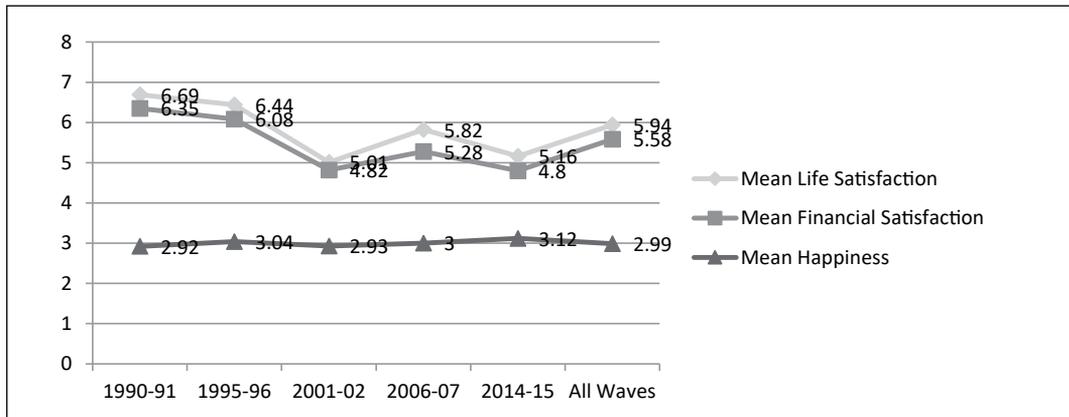
The Table 4 and Figure 7 present the average levels of the three indicators of SWB across waves in India. It can be observed from the Table 4 that even though the mean financial satisfaction (FS) is slightly low compared to the mean life satisfaction (LS), variations in both variables are almost the same and they move in the same direction. But, the average level of happiness remains close to 3 across the waves, ranging from 2.92 to 3.12. However, the average LS and FS between 1990 and 2014 shows a declining trend, a decrease of life satisfaction from 6.69 to 5.16. The Figure 8, in which the histograms of LS, FS and happiness are presented, shows that while both the LS and FS are normally distributed, the histogram of happiness frequency distribution shows left-skewness. The skewed happiness distribution implies that majority of the respondents in India reporting a happy level of their subjective well-being. However, a significant number of respondents self-select the 5<sup>th</sup> category of respective scales of LS and FS as their level of well-being, a scale almost the average level. Further, all these three SWB indicators are highly correlated with each other, as shown in Table 6. The correlation between LS and FS is 0.59 ( $p < 0.001$ ) and the correlation between life satisfaction and happiness and FS and happiness are respectively 0.34 and 0.31 (both p-values significant at 1 percent level). Thus, these three indicators represent the same, the subjective well-being of people, and hence the happiness literature uses these three indicators synonymously and interchangeably.

**Table 4 : Mean of Life Satisfaction, Financial Satisfaction and Happiness in India**

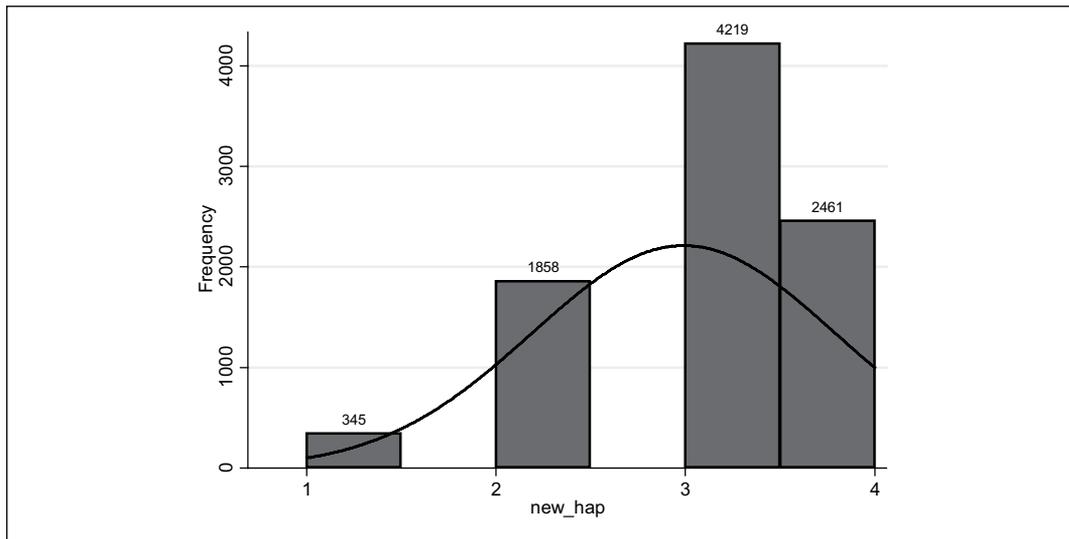
| Wave      | Mean life satisfaction | Mean financial satisfaction | Mean happiness |
|-----------|------------------------|-----------------------------|----------------|
| 1990-91   | 6.69 (2.28)            | 6.35 (2.21)                 | 2.92 (0.79)    |
| 1995-96   | 6.44 (2.64)            | 6.08 (2.51)                 | 3.04 (0.78)    |
| 2001-02   | 5.01 (2.14)            | 4.82 (2.19)                 | 2.93 (0.79)    |
| 2006-07   | 5.82 (2.38)            | 5.28 (2.40)                 | 3.00 (0.79)    |
| 2014-15   | 5.16 (2.74)            | 4.80 (2.64)                 | 3.12 (0.85)    |
| All waves | 5.94 (2.52)            | 5.58 (2.46)                 | 2.99 (0.80)    |

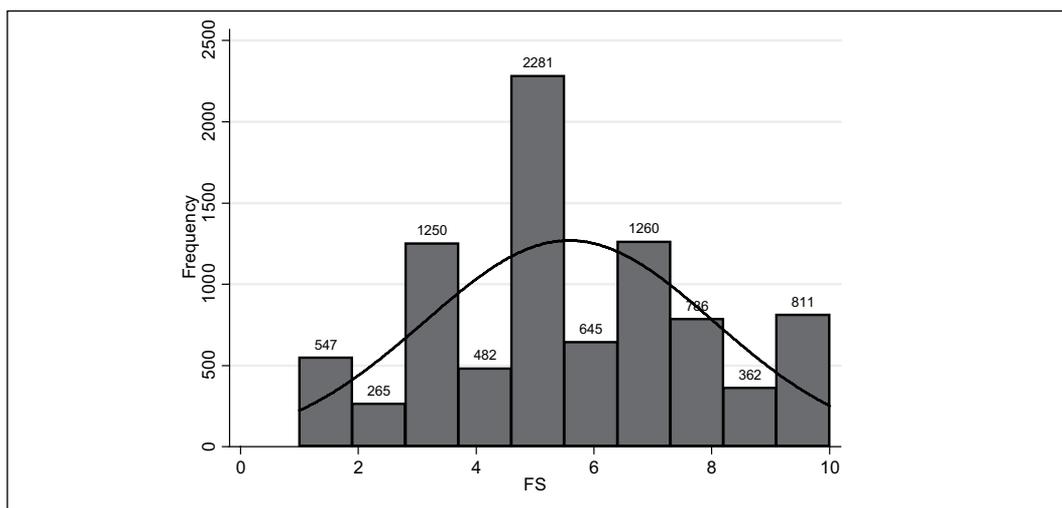
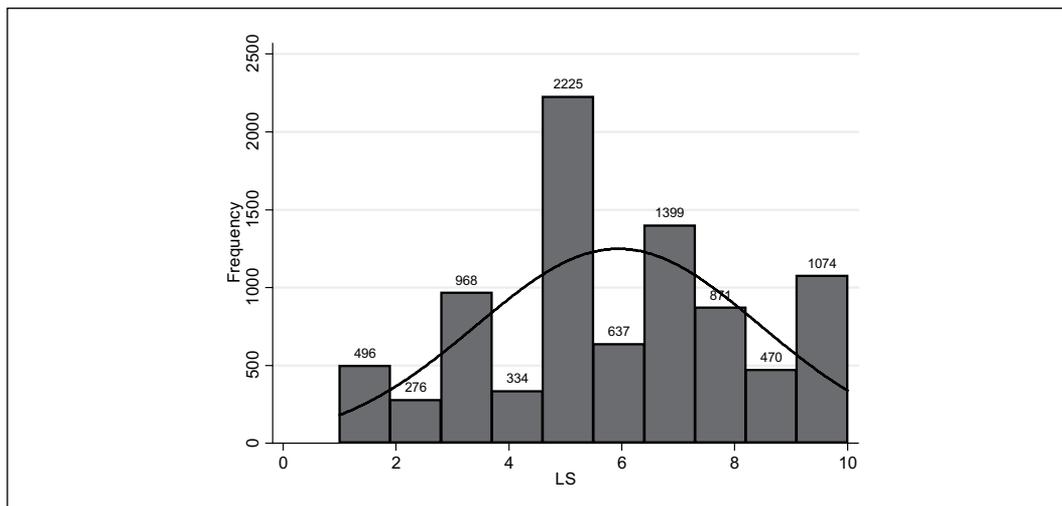
Note: Standard deviations in parentheses.

**Figure 7 : Average Levels of Life Satisfaction, Financial Satisfaction and Happiness across WVS Waves in India**



**Figure 8 : Distribution of Life Satisfaction, Financial Satisfaction and Happiness in India**



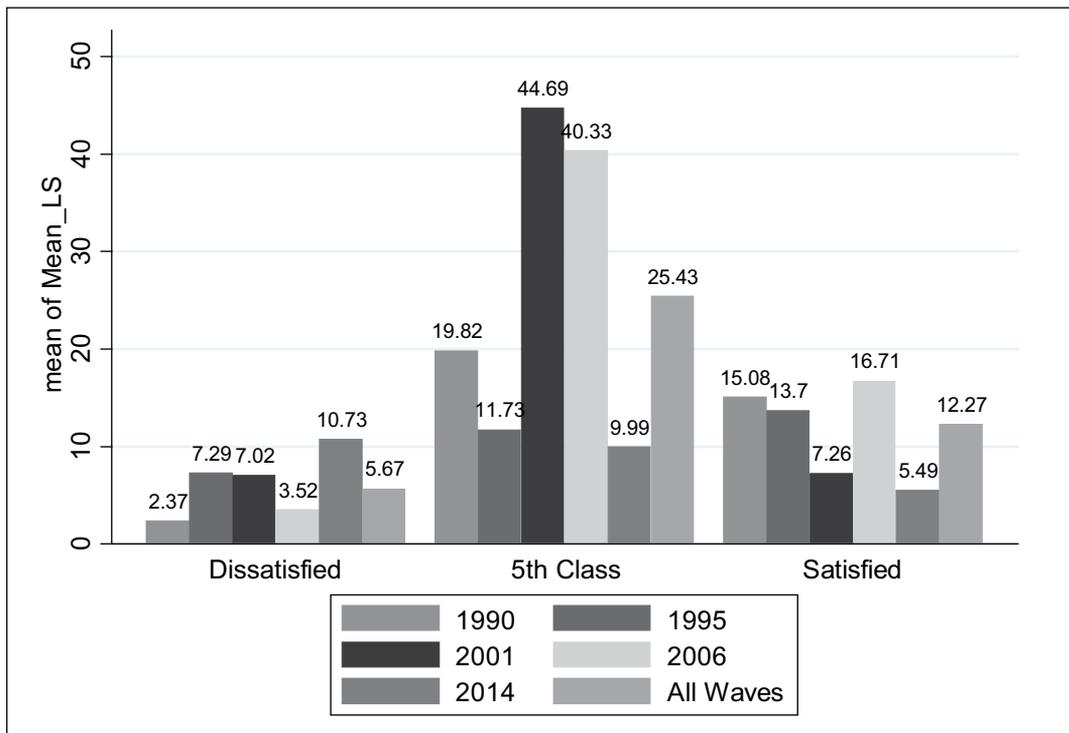


The Table 5 and Figure 9 present the average level of LS in India showing the life satisfaction in India is not consistent across the WVS waves, however, it is fluctuating around 6 points. During 1990 to 2000 time period, the average LS has been 6.58 (SD=2.45), but from 4<sup>th</sup> wave onwards, during 2000 to 2014 time period, India's average life satisfaction level declined to 5.35 (SD=2.43). From the Table and Figure, a clear decline in life satisfaction in India across the WVS waves is visible. While only 2.37 percent of people are dissatisfied with life during second wave (1990), about 10.73 percent are disillusioned with life in the 2014. At the same time, 15 percent of people are satisfied with life in 1990, but the same has declined to 5.5 percent in latest wave (2014) of WVS. Further, the percentage of people who selected 5<sup>th</sup> category of LS scale has declined from 44.69 percent in 2001 to 10 percent in 2014. Periods which are considered as relatively good in terms of reporting higher life satisfaction are 1990 and 2006. The wave which is represented as the worst period of in terms of reporting highest percentage (10.73 percent) of life dissatisfaction and lowest percentage (5.5) of life satisfaction is the last wave of WVS, 2014.

**Table 5 Life Satisfaction Across WVS Waves in India**

| Wave      | LS Dissatisfied | LS 5 <sup>th</sup> Class | LS Satisfied  |
|-----------|-----------------|--------------------------|---------------|
| 1990-91   | 56 (2.37)       | 468 (19.82)              | 356 (15.08)   |
| 1995-96   | 133 (7.29)      | 214 (11.73)              | 250 (13.70)   |
| 2001-02   | 117 (7.02)      | 745 (44.69)              | 121 (7.26)    |
| 2006-07   | 59 (3.52)       | 676 (40.33)              | 280 (16.71)   |
| 2014-15   | 131 (10.73)     | 122 (9.9)                | 67 (5.49)     |
| All Waves | 496 (5.67)      | 2,225 (25.43)            | 1,074 (12.27) |

**Figure 9 Life Satisfaction Across WVS Waves in India**



**Table 6 Correlation between Life Satisfaction, Financial Satisfaction and Happiness**

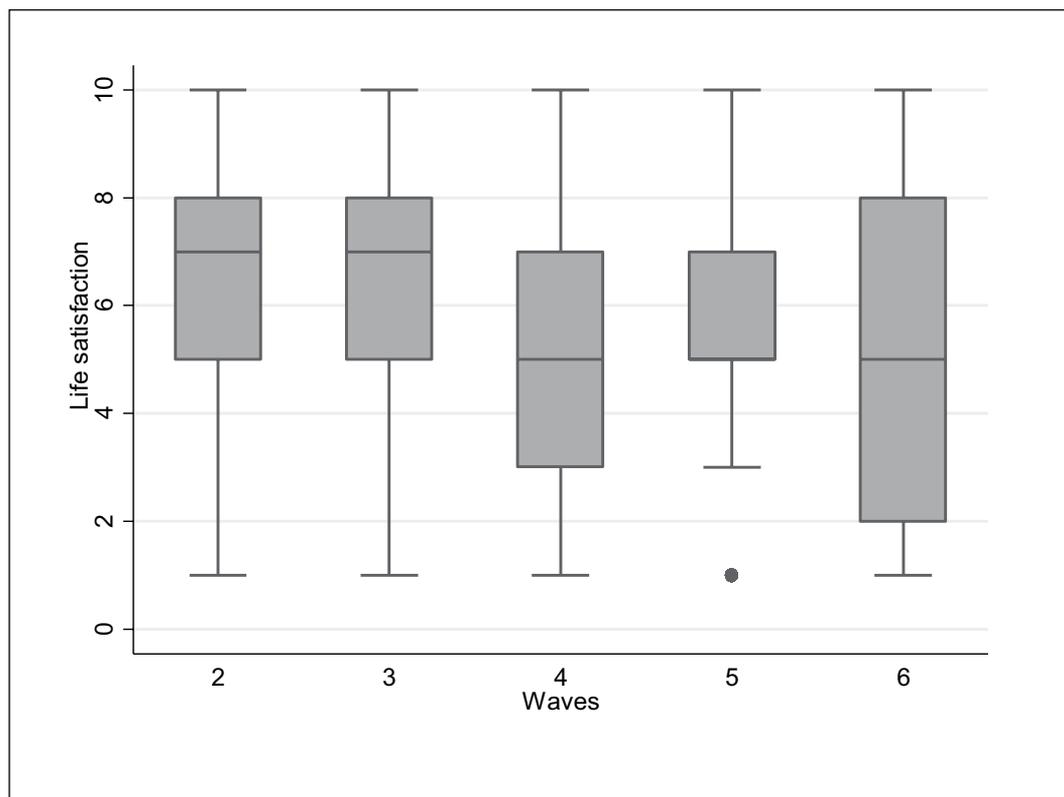
|                        | Life satisfaction | Financial satisfaction | Happiness |
|------------------------|-------------------|------------------------|-----------|
| Life satisfaction      | 1.00              | -                      | -         |
| Financial satisfaction | 0.59***           | 1.00                   | -         |
| Happiness              | 0.34***           | 0.31***                | 1.00      |

Note: \*\*\* indicates significant at 1 percent level.

The Figures 10-12 present the box plot of the frequency distribution of the three subjective well-being indicators in India across the 5 waves of WVS (1990 to 2014). Box or whisker diagrams are visuals of the descriptive statistics that provides comparatively more information about the data than a bar graph can do. A box plot visualises five summary statistics of a variable: minimum value, lower or first quartile, second quartile or median, third or upper quartile and maximum.

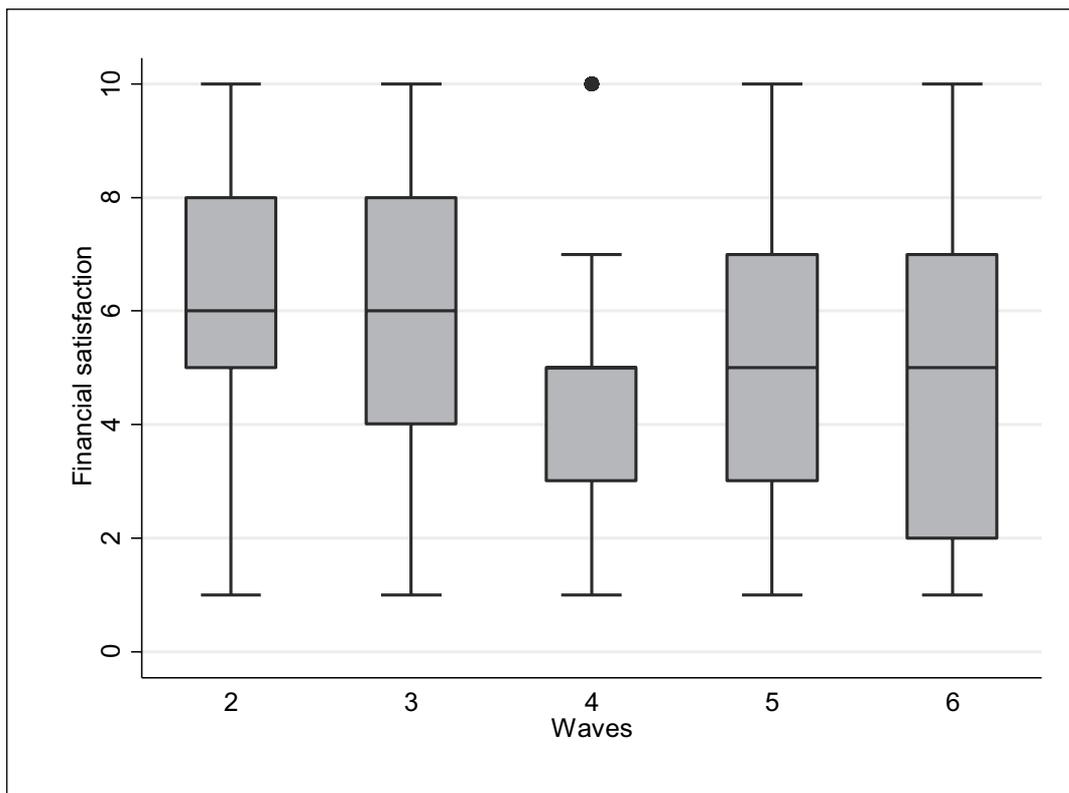
In Figure 10, the frequency distributions of life satisfaction of second and third waves of WVS are similar. In both waves the median life satisfaction is 7 and in both waves life satisfaction distributions are left skewed showing that majority of the respondents' life satisfaction fall in between 5 and 7 levels. Lower 25 percent of respondents report their life satisfaction in between one and five and upper 25 percent of respondents report their life satisfaction in between 8 and 10 levels in both waves. Additionally, in both waves mean life satisfaction is less than the median life satisfaction; mean life satisfaction is around 6. But, in the third wave, the life satisfaction is normally distributed; therefore, both mean and median are at the centre of the box, indicating the fifth level life satisfaction. For 50 percent of the respondents, the level of life satisfaction lies in between 3 and 7. The life satisfaction distribution of the fifth wave of WVS shows the presence of outliers. The first quartile and the median value of life satisfaction are same in fifth wave, that is 5, and it is almost normally distributed. Also, the degree of variability in fifth wave is comparatively low. In the sixth wave, the LS is normally distributed, the variability (7.53) is high, and majority of the respondents reported life satisfaction in between 2 to 8 levels.

**Figure 10 Frequency Distribution of Life Satisfaction across WVS Waves in India**



Similar to the LS, as shown by the box plot of financial satisfaction across the WVS waves in Figure 11, the median of financial satisfaction distribution is the same, 6, in second and third waves. But, in the first wave the distribution of financial satisfaction is skewed to right, indicating that many more respondents report their financial satisfaction above the median level of financial satisfaction. On the other hand, the distribution of financial satisfaction in the third wave is normally distributed and the line of median equally divides the respondents. Moreover, distribution of financial satisfaction varies in the third wave compared to the second wave. The degree of variance in the second wave is 4.88, while in the third wave it is 6.28. In the fourth wave of WVS, the distribution of financial satisfaction exhibits the presence of outliers in the 10<sup>th</sup> class, beyond the maximum level of financial satisfaction in fourth wave of 7. The financial satisfaction of majority of the respondents in fourth wave is much closer and the degree of variability in the fourth wave is low compared to other waves. In the fifth and sixth waves, the median of financial satisfaction is 5, but the former is normally distributed and the latter is skewed to left. The box plot of the sixth wave is relatively tall indicating variations in the respondents' reported financial satisfaction, the variance being 6.92.

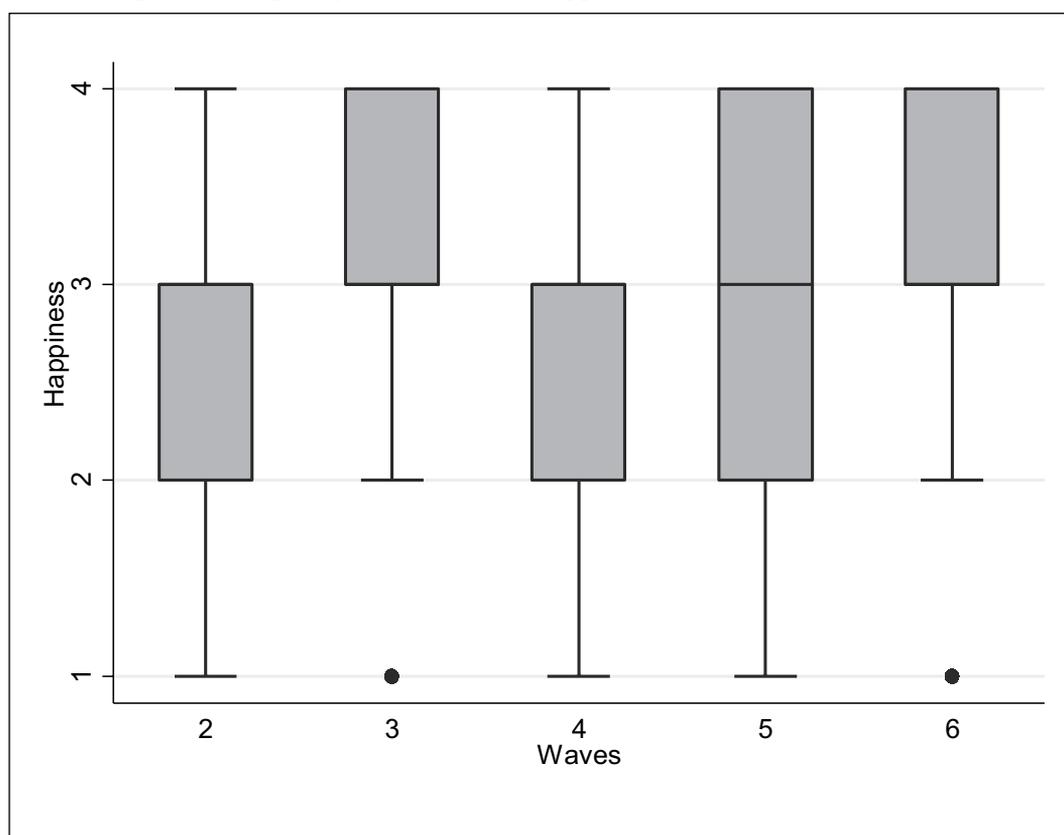
**Figure 11 Frequency Distribution of Financial Satisfaction across WVS Waves in India**



The frequency distribution of happiness across the WVS is displayed in Figure 12. Compared to life satisfaction and financial satisfaction box plots, the degree of variability in happiness is low. In the second wave, the value of median and third quartile are same i.e. 50 percent of the respondents reporting as quite happy (3). In the third wave, only few respondents (87) report not at all happy, and hence the box plot of happiness distribution in wave 3 shows the presence outliers under the

minimum point. The nil line of third quartile in the third wave shows that the last 50 percent of the respondents report they are very happy and hence the degree of variability is zero. The box plot of frequency distribution in fourth wave of WVS is similar to that of the second wave. The second 50 percent of the total respondents report that they are rather happy. The upper whisker and lower whisker lines are having same distance with the same variability. In the fifth wave, the median and mean of the happiness are almost equal and upper whisker line is absent, for the last 50 percent of the respondents or majority of the total number of respondents are very happy with their current life, the variability is zero and the long lower whisker indicates the level of happiness vary among the least happy people. Similar to the box plot of happiness distribution in the thirdwave, the sixth wave also shows outliers, for the number of people who report not at all happy is only 72, too few compared the numbers reporting other categories. The least positive quartile group has variations in their level of happiness, while the top positive quartile group have same level of happiness.

**Figure 12 Frequency Distribution of Happiness across WVS Waves in India**



### **Life Satisfaction Across Socioeconomic and Demographic Status**

In order to understand the distribution of the level of life satisfaction among the socioeconomic and demographic groups of India, this section applies the chi-square test to the cross-tabulations of life satisfaction by respondents' background characteristics. The Table 7 presents the chi-square statistics and p-values on the association between the respondents' characteristics and life satisfaction.

**Table 7 Distribution of Life Satisfaction by Socioeconomic and Demographic Characteristics in India**

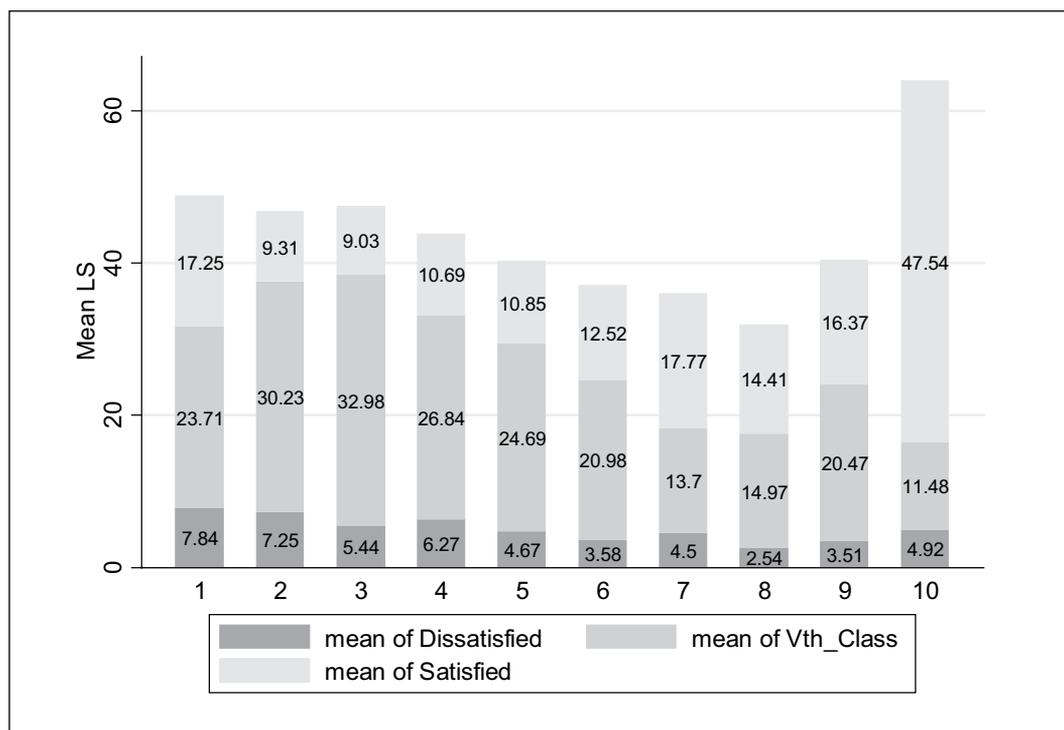
| Background                         | Characteristics                  | Dissatisfied | 5 <sup>th</sup> level LS | Satisfied  |
|------------------------------------|----------------------------------|--------------|--------------------------|------------|
| Employment status                  | Employed                         | 247(5.63)    | 1,060(24.16)             | 567(12.92) |
|                                    | Unemployed & out of labour force | 226(5.55)    | 1,061(26.04)             | 477(11.71) |
| Pearson $\chi^2 = 14.52$ p = 0.105 |                                  |              |                          |            |
| Gender                             | Male                             | 270(5.46)    | 1,225(24.75)             | 629(12.71) |
|                                    | Female                           | 226(5.95)    | 999(26.30)               | 445(11.71) |
| Pearson $\chi^2 = 11.44$ p = 0.246 |                                  |              |                          |            |
| Health                             | Very good                        | 247(4.38)    | 1,369(24.28)             | 812(14.40) |
|                                    | Good & fair                      | 140(5.90)    | 698(29.41)               | 222(9.36)  |
|                                    | Poor                             | 107(15.09)   | 151(21.30)               | 38(5.36)   |
| Pearson $\chi^2 = 638.75$ p = 0.00 |                                  |              |                          |            |
| Religion                           | Hindu                            | 371(5.44)    | 1,715(25.15)             | 865(12.69) |
|                                    | Muslim                           | 65(7.31)     | 222(24.97)               | 82(9.22)   |
|                                    | Christian                        | 17(4.78)     | 75(21.07)                | 41(11.52)  |
|                                    | Others                           | 29(9.93)     | 76(26.03)                | 31(10.62)  |
| Pearson $\chi^2 = 156.61$ p = 0.00 |                                  |              |                          |            |
| Income                             | 1 & 2 deciles                    | 173(7.53)    | 624(27.15)               | 300(13.05) |
|                                    | 3 & 4 deciles                    | 182(5.80)    | 952(30.33)               | 306(9.75)  |
|                                    | 5 & 6 deciles                    | 75(4.23)     | 409(23.38)               | 200(11.44) |
|                                    | 7 & 8 deciles                    | 30(3.65)     | 117(14.25)               | 134(16.32) |
|                                    | 9 & 10 deciles                   | 9(3.88)      | 42(18.10)                | 57(24.57)  |
| Pearson $\chi^2 = 594.49$ p = 0.00 |                                  |              |                          |            |
| Marital status                     | Married                          | 388(5.64)    | 1803(26.19)              | 859(12.48) |
|                                    | Single                           | 108(5.79)    | 422(22.63)               | 215(11.53) |
| Pearson $\chi^2 = 60.19$ p = 0.00  |                                  |              |                          |            |
| Educational status                 | 10 <sup>th</sup> class           | 159(8.0)     | 496(24.96)               | 190(9.56)  |
|                                    | Higher secondary                 | 157(5.17)    | 691(22.74)               | 381(12.54) |
|                                    | Graduation & above               | 66(3.05)     | 523(24.18)               | 352(16.27) |
| Pearson $\chi^2 = 259.94$ p = 0.00 |                                  |              |                          |            |
| Age                                | 18-25                            | 74(4.26)     | 396(22.77)               | 198(11.39) |
|                                    | 26-34                            | 113(5.29)    | 542(25.36)               | 253(11.84) |
|                                    | 35-44                            | 127(5.72)    | 566(25.48)               | 295(13.28) |
|                                    | 45-65                            | 146(6.49)    | 609(27.09)               | 287(12.77) |
|                                    | 66- above                        | 36(9.0)      | 108(27.0)                | 41(10.25)  |
| Pearson $\chi^2 = 167.02$ p = 0.00 |                                  |              |                          |            |
| Socioeconomic status               | Upper class                      | 30(4.10)     | 89(12.16)                | 118(16.12) |
|                                    | Middle class                     | 216(4.51)    | 1185(24.84)              | 616(12.91) |
|                                    | Working class                    | 93(5.80)     | 390(24.31)               | 196(12.22) |
|                                    | Lower class                      | 140(10.16)   | 452(32.80)               | 123(8.93)  |
| Pearson $\chi^2 = 514.95$ p = 0.00 |                                  |              |                          |            |

Note: Percentage figures in parentheses.

The chi-square test statistics in Table 7 indicate that there exists significant difference in life satisfaction by socioeconomic and demographic characteristics in India. The chi-square result for income indicates that there is significant difference in life satisfaction among respondents of different income classes. The cross-tabulation of life satisfaction by household annual income shows that of those who report higher level of satisfaction, 25 percent are from higher income group, 16 percent belong to 7<sup>th</sup> and 8<sup>th</sup> classes of income scale and only 10 percent are low income people. On the other hand, among those who are less satisfied with the life, around 8 percent are from low income category and only 4 percent from top income category. This shows that there exists a positive relationship between income and life satisfaction.

The Figure 13 presents the household income-life satisfaction relation in India showing clearly a positive relationship. That is, people in higher income deciles have higher average score (24.57) of highest category of life satisfaction compared with the other income deciles. At the same time, about 17 percent in the lowest income decile also report that they are very satisfied with their life in contrast to 9 percent of the respondents in the 2<sup>nd</sup> income decile and 11 percent in the average income decile. Dissatisfaction with life is low, 2.5 percent people, in the 8<sup>th</sup> income decile, while the high dissatisfaction with life is reported by about 8 percent of people in the poorest income decile. Nearly half of the people in the highest income decile are satisfied with their life.

**Figure 13 Income and Life Satisfaction in India**



The chi-square test presented in Table 7 on education levels show that respondents with different levels of education differ significantly in their life satisfaction. About 16 percent of respondents with higher levels of education report higher life satisfaction, while only 3 percent of them report

dissatisfaction with life, On the other hand, while only 9 percent of respondents with 10<sup>th</sup> class or less education report higher life satisfaction. The relationship between age of respondents and life satisfaction is also statistically different, as is observed from the reported chi-square value of 167.02 significant at one percent level. As the cross-tabulation results indicate middle age people (35-65) report comparatively higher level of life satisfaction. The chi-square test value of 60.19 for marital status and life satisfaction shows that compared to single, married people are highly satisfied with their life. However, in the case of less satisfied people, almost 6 percent of both married and single report dissatisfaction with life.

The cross-tabulation results also show that healthy respondents are found to be more satisfied with life than poor health respondents. Nearly 14 percent of respondents with good health report life satisfaction level of 10, while only 5 percent of poor health respondents report satisfaction with life. On the other hand, 15 percent of respondents with poor health report dissatisfaction with life and the corresponding value for respondents who have good health is only 4 percent. As the Pearson's chi-square test value of 638.75 on the health status of satisfied and dissatisfied respondents shows a significant difference at 1 percent level, it is inferred that healthy people are satisfied with their life than the poor healthy people in India. The chi-square test on religion of satisfied and dissatisfied respondents also shows a significant value of 156.61, rejecting the null hypothesis that there is no significant difference between less satisfied and more satisfied respondents on the basis of religion. Thus, significant difference in life satisfaction exists among the religious groups in India.

The socio-economic class of the respondents also shows significant difference in the reported life satisfaction among the people of India as the chi-square value of 514.95 is significant. The cross-tabulation result reveals upper class people are more satisfied with life and lower class people are more dissatisfied. Out of total satisfied respondents, 16 percent are from upper class but only 8 percent are from lower class people. Similarly, of total dissatisfied category, 10 percent are from lower class people, only 4 percent are from upper class people.

Only in the case of employment status and gender, the chi-square value is insignificant suggesting, surprisingly that there is no difference in life satisfaction between employed and unemployed persons and among various employment categories in India. However, in both cases, more people are satisfied, about 12 percent, compared to less than 6 percent of dissatisfied people.

## **Happiness Across Socioeconomic and Demographic Status**

The Table 8 presents the distribution of happiness across various socioeconomic and demographic characteristics of respondents in India. It can be noted that, similar to the results of life satisfaction, there is no significant difference between happiness and unhappiness level by gender and employment as the insignificant Pearson's chi-square values show.

With regard to the health status, majority of the healthy respondents report very happy, 34 percent of the respondents from good health status attest that they are very happy with their life, and only 13 percent of the poor health respondents report happiness. On the other hand, only 2 percent of healthy respondents report not at all happy, whereas 17 percent of poor health people are not at all happy with their life. The significant chi-square value of 152.87 shows significant variations in happiness by income levels. The cross-tabulation result manifests that with rising income, the proportion of individuals reporting unhappiness with their life declines. However, there is no such kind of clear relation with income increase in the upper end of the happiness distribution. The frequency distribution of very happy respondents varies between 25 to 36 percent.

**Table 8 Distribution of Happiness by Socioeconomic and Demographic Characteristics in India**

| Background                         | Characteristics                  | Not at all happy | Rather happy  | Quite happy   | Very happy    |
|------------------------------------|----------------------------------|------------------|---------------|---------------|---------------|
| Employment status                  | Employed                         | 169(3.81)        | 911(20.55)    | 2,131 (48.1)  | 1,223 (27.58) |
|                                    | Unemployed & out of labour force | 162 (3.90)       | 884 (21.26)   | 1,929 (46.38) | 1,184 (28.47) |
| Pearson $\chi^2 = 2.43$ p = 0.487  |                                  |                  |               |               |               |
| Gender                             | Male                             | 184 (3.68)       | 1,042 (20.8)  | 2,378 (47.5)  | 1,396 (27.92) |
|                                    | Female                           | 161 (4.15)       | 815 (21.00)   | 1,841 (47.4)  | 1,064 (27.42) |
| Pearson $\chi^2 = 1.46$ p = 0.690  |                                  |                  |               |               |               |
| Health                             | Very good                        | 101 (1.78)       | 698 (12.28)   | 2,934 (51.6)  | 1,952(34.34)  |
|                                    | Good & fair                      | 119 (4.90)       | 856 (35.26)   | 1,056 (43.5)  | 397 (16.35)   |
|                                    | Poor                             | 124 (17.37)      | 291 (40.76)   | 204 (28.57)   | 95 (13.31)    |
| Pearson $\chi^2 = 1300$ p = 0.00   |                                  |                  |               |               |               |
| Religion                           | Hindu                            | 251 (3.62)       | 1,478 (21.3)  | 3,299 (47.6)  | 1,898 (27.40) |
|                                    | Muslim                           | 44 (4.89)        | 199 (22.11)   | 419 (46.56)   | 238 (26.44)   |
|                                    | Christian                        | 12 (3.34)        | 58 (16.16)    | 197 (54.87)   | 92 (25.63)    |
|                                    | Others                           | 23 (7.88)        | 70 (23.97)    | 108 (36.99)   | 91 (31.16)    |
| Pearson $\chi^2 = 34.81$ p = 0.00  |                                  |                  |               |               |               |
| Income                             | 1 & 2 deciles                    | 129 (5.54)       | 584 (25.09)   | 969 (41.62)   | 646 (27.75)   |
|                                    | 3 & 4 deciles                    | 106 (3.37)       | 703 (22.35)   | 1,565 (49.7)  | 771 (24.52)   |
|                                    | 5 & 6 deciles                    | 53 (3.00)        | 291 (16.47)   | 902 (51.05)   | 521 (29.49)   |
|                                    | 7 & 8 deciles                    | 21 (2.55)        | 105 (12.73)   | 404 (48.97)   | 295 (35.76)   |
|                                    | 9 & 10 deciles                   | 9 (3.83)         | 41 (17.45)    | 111 (47.23)   | 74 (31.49)    |
| Pearson $\chi^2 = 152.87$ p = 0.00 |                                  |                  |               |               |               |
| Marital status                     | Married                          | 256 (3.66)       | 1,441 (20.62) | 3,318 (47.4)  | 1,974 (28.24) |
|                                    | Single                           | 89 (4.70)        | 417 (22.02)   | 901 (47.57)   | 487 (25.71)   |
| Pearson $\chi^2 = 8.96$ p = 0.030  |                                  |                  |               |               |               |
| Educational status                 | 10 <sup>th</sup> class           | 126 (4.51)       | 610 (21.82)   | 1,274 (45.58) | 785 (28.09)   |
|                                    | Higher secondary                 | 75 (3.22)        | 433 (18.60)   | 1,158 (49.74) | 662 (28.44)   |
|                                    | Graduation and above             | 54 (2.47)        | 386 (17.66)   | 1,080 (49.41) | 666 (30.47)   |
| Pearson $\chi^2 = 36.21$ p = 0.00  |                                  |                  |               |               |               |
| Age                                | 18-25                            | 31 (2.19)        | 256 (18.09)   | 707 (49.96)   | 421 (29.75)   |
|                                    | 26-34                            | 92 (3.67)        | 522 (20.83)   | 1,196 (47.7)  | 696 (27.77)   |
|                                    | 35-44                            | 88 (3.90)        | 438 (19.42)   | 1,070 (47.4)  | 659 (29.22)   |
|                                    | 45-65                            | 114 (4.95)       | 522 (22.68)   | 1,083 (47.0)  | 583 (25.33)   |
|                                    | 66- above                        | 20 (5.00)        | 119 (29.75)   | 163 (40.75)   | 98 (24.50)    |
| Pearson $\chi^2 = 60.90$ p = 0.00  |                                  |                  |               |               |               |
| Social class                       | Upper class                      | 29 (3.92)        | 126 (17.05)   | 358 (48.44)   | 226 (30.58)   |
|                                    | Middle class                     | 139 (2.87)       | 856 (17.70)   | 2,387 (49.3)  | 1,455 (30.08) |
|                                    | Working class                    | 59 (3.60)        | 408 (24.91)   | 756 (46.15)   | 415 (25.34)   |
|                                    | Lower class                      | 104 (7.40)       | 400 (28.47)   | 585 (41.64)   | 316 (22.49)   |
| Pearson $\chi^2 = 182.03$ p = 0.00 |                                  |                  |               |               |               |

Note: Percentage figures in parentheses.

The cross-tabulation result of education and happiness shows that higher level of education leads to higher level of happiness and low level of unhappiness. Among the respondents who are very happy with life, 31 percent of the respondents are highly educated, whereas the percent of highly educated people who are not at happy is just 3 percent. This relation is supported by the significant chi-square value of 36.21. Likewise, the cross-tabulation result on age distribution shows that as age increases the number of respondents who are not at all happy with the life slightly increases. Aged people (66 and above) who are not at all happy is 5 percent but that of the respondents who belong to the age group of 18 to 24 is just 2 percent. In the upper tail of happiness (very happy), younger people constitute comparatively larger proportion (almost 30 percent), however 25 percent of respondents who are 66 or above report very happy with their life.

The frequency distribution of happiness by marital status shows that compared to single people (unmarried, divorced, separated and widowed), married or cohabiting people are more happiness with their life. Only a slight difference is present in the case of not at all happy people. The statistically significant Pearson's chi-square value of 34.81 for religion shows that the happiness level across various religions is significantly different. As the percentages indicate, people not belonging to or not believing in any major religion like Hinduism, Islam or Christianity are more happy with their life. With regard to social class, comparatively larger number of upper class and middle class people report very happy with their life. On the other side, lower class people are largely not at all happy with their life.

### **Financial Satisfaction Across Socioeconomic and Demographic Status**

The Table 9 presents the relationship between financial satisfaction and the socioeconomic and demographic characteristics of people in India. Results of chi-square tests reveal that, except employment status, all other socioeconomic and demographic groups show statistically significant difference in financial satisfaction. As far as income is concerned, the cross-tabulation results show that higher income is associated with financial satisfaction. The significant Pearson's chi-square (823.29) value shows that as income increases, the proportion of respondents who report complete financial satisfaction also increases. The percentage of poor people who are fully satisfied with financial condition is only 8 percent, whereas the proportion of financially satisfied people with higher income increases by more than two times, about 21 percent. On the other side, while 5 percent of higher income respondents report financial dissatisfaction, the percentage of poor people who report financial dissatisfaction is comparatively high, a 10 percent.

The cross-tabulation results exhibit that relative to female respondents, male respondents are financially more satisfied and the chi-square value of 29.45 is significant at 1 percent level. While 10 percent of males report complete satisfaction with their financial condition, those respondents who report completely dissatisfaction with financial condition, female category is large. Out of healthy respondents, 11 percent report complete financial satisfaction, but among those who report poor health, 17 percent report complete dissatisfaction with their financial condition. Since the chi-square value is statistically significant, the null hypothesis that there is no significant difference in financial satisfaction by health status is rejected.

**Table 9 Distribution of Financial Satisfaction by Socioeconomic and Demographic Characteristics in India**

| Background                         | Characteristics                  | Dissatisfied | 5 <sup>th</sup> level FS | Satisfied   |
|------------------------------------|----------------------------------|--------------|--------------------------|-------------|
| Employment status                  | Employed                         | 271 (6.19)   | 1,121 (25.62)            | 441 (10.08) |
|                                    | Unemployed & out of labour force | 257 (6.37)   | 1,052 (26.09)            | 355 (8.80)  |
| Pearson $\chi^2 = 13.34$ p = 0.148 |                                  |              |                          |             |
| Gender                             | Male                             | 298 (6.06)   | 1,325 (26.94)            | 491 (9.98)  |
|                                    | Female                           | 249 (6.61)   | 955 (25.35)              | 320 (8.49)  |
| Pearson $\chi^2 = 29.45$ p = 0.001 |                                  |              |                          |             |
| Health                             | Very good                        | 281 (5.03)   | 1,458 (26.12)            | 612 (10.96) |
|                                    | Good & fair                      | 142 (6.04)   | 677 (28.81)              | 147 (6.26)  |
|                                    | Poor                             | 118 (16.86)  | 137 (19.57)              | 42 (6.00)   |
| Pearson $\chi^2 = 615.39$ p = 0.00 |                                  |              |                          |             |
| Religion                           | Hindu                            | 381 (5.63)   | 1,787 (26.39)            | 634 (9.36)  |
|                                    | Muslim                           | 79 (8.95)    | 232 (26.27)              | 50 (5.66)   |
|                                    | Christian                        | 37 (10.39)   | 78 (21.91)               | 36 (10.11)  |
|                                    | Others                           | 27 (9.44)    | 65 (22.73)               | 30 (10.49)  |
| Pearson $\chi^2 = 107.81$ p = 0.00 |                                  |              |                          |             |
| Income                             | 1 & 2 deciles                    | 222 (9.71)   | 594 (25.98)              | 192 (8.40)  |
|                                    | 3 & 4 deciles                    | 189 (6.05)   | 970 (31.03)              | 232 (7.42)  |
|                                    | 5 & 6 deciles                    | 59 (3.38)    | 485 (27.83)              | 172 (9.87)  |
|                                    | 7 & 8 deciles                    | 38 (4.65)    | 129 (15.79)              | 118 (14.44) |
|                                    | 9 & 10 deciles                   | 12 (5.24)    | 32 (13.97)               | 47 (20.52)  |
| Pearson $\chi^2 = 823.29$ p = 0.00 |                                  |              |                          |             |
| Marital status                     | Married                          | 430 (6.30)   | 1,822 (26.68)            | 615 (9.00)  |
|                                    | Single                           | 117 (6.29)   | 459 (24.69)              | 196 (10.54) |
| Pearson $\chi^2 = 51.33$ p = 0.00  |                                  |              |                          |             |
| Educational status                 | 10 <sup>th</sup> class           | 223 (8.33)   | 577 (21.55)              | 160 (5.98)  |
|                                    | Higher secondary                 | 97 (4.20)    | 683 (29.54)              | 243 (10.51) |
|                                    | Graduation and above             | 67 (3.09)    | 578 (26.69)              | 282 (13.02) |
| Pearson $\chi^2 = 416.86$ p = 0.00 |                                  |              |                          |             |
| Age                                | 18-25                            | 59 (4.25)    | 343 (24.73)              | 134 (9.66)  |
|                                    | 26-34                            | 140 (5.70)   | 674 (27.45)              | 210 (8.55)  |
|                                    | 35-44                            | 129 (5.83)   | 570 (25.75)              | 201 (9.08)  |
|                                    | 45-65                            | 181 (8.10)   | 579 (25.92)              | 226 (10.12) |
|                                    | 66- above                        | 38 (9.64)    | 112 (28.43)              | 39 (9.90)   |
| Pearson $\chi^2 = 155.35$ p = 0.00 |                                  |              |                          |             |
| Socio-economic status              | Upper class                      | 53 (7.34)    | 105 (14.54)              | 103 (14.27) |
|                                    | Middle class                     | 211 (4.44)   | 1,318 (27.74)            | 484 (10.19) |
|                                    | Working class                    | 106 (6.66)   | 388 (24.39)              | 120 (7.54)  |
|                                    | Lower class                      | 159 (11.61)  | 371 (27.08)              | 90 (6.57)   |
| Pearson $\chi^2 = 591.98$ p = 0.00 |                                  |              |                          |             |

Note: Percentage figures in parentheses.

Married people are slightly less satisfied with their financial condition than the single, widowed, divorced or separated people. Nearly 9 percent of married and cohabiting individuals report complete financial satisfaction, but that is around 11 percent for single category. However, in the case of financial dissatisfaction there is no such kind of difference between married and single people. Around 6 percent from both categories report financial dissatisfaction. The percentage of married category that reports 5<sup>th</sup> level of financial satisfaction is almost 27 percent, whereas the single category who report 5<sup>th</sup> level of financial satisfaction is around 25 percent. Therefore, in a country like India, the relationship between marital status and financial satisfaction varies.

There is an interesting difference in financial satisfaction by religion in India. While about 10 percent of Hindu, Christian and other religions are financially satisfied, only 5.6 percent of Muslims report financial satisfaction. However, in the case of lower extreme point of financial satisfaction, only 5.6 percent of Hindus constitute lower proportion, but 10 percent Christians report financial dissatisfaction.

The cross-tabulation and chi-square results produce a significant relationship between education levels and financial satisfaction. The significant chi-square value rejects the null hypothesis that there is no significant difference between financial dissatisfaction and financial satisfaction across the level of education. Higher the level of education, larger proportion of individuals report higher financial satisfaction. On the other hand, lower the level of education, higher the proportion of individuals, who report financial dissatisfaction.

The relationship between age and increasing financial satisfaction is inverse, as age increases financial dissatisfaction is rising. In the age group 18-24, 4 percent of respondents report financial dissatisfaction, but that is 10 percent among the old age people (66 and above). As age increases, around 9 percent of the respondents from all age groups are financially more satisfied. The significant chi-square value of 155.35 rejects the null hypothesis that financial satisfaction is differently distributed across various age groups.

The influence of social status of respondents on financial satisfaction is as expected. Financial satisfaction is higher among upper class (14.27 percent) and is lower among lower class people (6.57 percent). Also, financial dissatisfaction is high among lower class people, almost 12 percent of the lower class people report that they are financially more dissatisfied. The Pearson's chi-square test value of 591.98 significant at one percent level rejecting the null hypothesis of no difference in financial satisfaction on the basis of social status of respondents.

## **CONCLUSION**

Happiness or satisfaction in life is the ultimate virtue that human in this earth wants to attain. However, the constant pursuit for materialism and positional status of humans are at odds with this avowed objective of life. Though the Indian tradition views human happiness as fulfilment in one's life, a more satisfied and contented life, and preaches spiritualistic paths for the ultimate end of life, the modern interpretation of happiness relates more with standard of living and quality of life. However, it is now evident that India reels at the bottom and among the lowest group of countries in the World Happiness Index, despite its impressive growth rate and rapid economic development in recent years. It is also sad that in spite of its significant socioeconomic transformation and improvements in social indicators, there has been no appreciable increase in happiness in India. Especially, while the income level continues to rise both at the individual as well as at the aggregate levels, life satisfaction level in India has not increased, in fact declined, as the World Value

Survey data shows. In various international comparisons that also include India, this contrasting relationship between income growth and happiness level has been widely discussed at the aggregate level and at individual level also. However, an examination of income-happiness relationship at the intermediate group level is rare in India. Using the five waves of the WVS data for the period 1990-2014, this paper has analysed the happiness and life satisfaction levels by socioeconomic status and demographic characteristics in India. The paper uses cross-tabulations and chi-square test to understand the distribution of life satisfaction across socioeconomic and demographic groups. Besides, as robustness check, the level of financial satisfaction across the groups is also analysed.

The results of the paper show that the average level of life satisfaction and happiness has not increased over the time period in India. In fact, both life satisfaction and financial satisfaction have declined from 6.7 to 5.9 while the happiness level has hovered around 3 in the self-reported well-being indicators. There are also fluctuations in these measures during the period and the happiness distribution is left skewed. Life satisfaction is positively related with income, but the relationship is not uniform. There also exists significant differences in life satisfaction between socioeconomic and demographic groups in India. Life satisfaction varies significantly with education, income, social class, religion, age, marital status and health, but not much with employment and gender. Similar picture is also observed with respect to happiness in India, while majority of the characteristics show significant differences in happiness level, there is no significant difference between happiness and unhappiness level by gender and employment. With regard to financial satisfaction, except employment status, all other socioeconomic and demographic groups exhibit statistically significant differences. Interestingly, while about 10 percent of Hindus, Christians and other religions are financially satisfied, only 5.6 percent of Muslims report financial satisfaction. Contrastingly, in the case of lower extreme of financial satisfaction, only 5.6 percent of Hindus compared to 10 percent of Christians report financial dissatisfaction. Overall, the socioeconomic status and demographic characteristics seem to determine the happiness and life satisfaction level of people in India. And these indicators of well-being vary significantly among different groups, while there is no much appreciable increase over time.

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