

Why Do Indians Experience Less Happiness Than Pakistanis?

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This study explores the enigma of happiness inequality between India and Pakistan, despite India's economic prowess. Employing inequality regression models, the study pinpoints crucial factors contributing to happiness inequality between the two countries, including age, gender, education, and geopolitical considerations. The explained effect dominates, emphasising the impact of measurable factors, yet the unexplained effect hints at elusive influences. Findings emphasise the need for comprehensive policies addressing both tangible and intangible aspects to foster comprehensive well-being in both nations.

Keywords: Happiness Inequality, Social Factors, World Values Survey, FFL Decomposition, India, Pakistan

1. INTRODUCTION

In recent decades, India has made remarkable progress in terms of its national income and economic growth, despite facing occasional interruptions, particularly due to the COVID-19 pandemic. These advancements have also extended to India's impressive strides in overall socio-economic development. However, it is disheartening to observe that these improvements have not correspondingly elevated the overall happiness of its people. The latest reports on global happiness reveal a perplexing trend: India's happiness ranking is notably lower than that of its neighbouring rival, Pakistan, even though India has outperformed Pakistan in various aspects. India's journey towards economic prosperity and societal advancement has been exceptional. Yet, it is essential to recognise that the backdrop to this story of growth includes a long-standing rivalry between India and Pakistan, which has manifested in various confrontations. These nations treat each other as 'traditional rivals' and engage in political, sports, and military competitions. Notably, the ceasefire treaty over the region of 'Kashmir' is frequently violated by Pakistan, resulting in casualties on both sides. India has consistently emphasised that meaningful dialogue can only occur if cross-border terrorism by Pakistan is addressed. This intense rivalry also extends to cricket matches, creating an atmosphere of nail-biting anticipation among both players and viewers. Interestingly, India has

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consistently outperformed Pakistan in cricket. It's a rivalry that captures the competitive spirit that exists between these two nations.

Economically, India has managed to surpass Pakistan in significant ways. India has become the world's fifth-largest economy, outperforming the United Kingdom. The Indian government has maintained stability, while Pakistan has experienced political upheavals and uncertainties. India has remained free from any involvement in global terror strikes, while Pakistan's alleged support for terror groups has drawn international scrutiny. The sheer difference in economic prowess is evident when considering GDP figures; India's GDP is nearly ten times that of Pakistan. According to World Bank estimates, India's GDP in 2019 stood at \$2.875 trillion, while Pakistan's was \$278.22 billion. India has also excelled in the 'Ease of Doing Business' report, ranking 63rd, while Pakistan's ranking plummeted to 108th. Various socio-economic indicators further illustrate the disparities between India and Pakistan. India has exhibited a higher literacy rate, superior road infrastructure, and a lower CPI inflation rate compared to Pakistan. In terms of the Global Terrorism Index 2020, Pakistan ranks 7th, while India is positioned at 8th place. However, in some other crucial social aspects directly affecting people, such as income inequality measured by the Gini coefficient, Pakistan fares better with a lower score of 33.5 compared to India's 37.8. Additionally, in areas like income distribution, gender equality, and youth unemployment rates, Pakistan has achieved more favourable scores than India.

Despite India's remarkable achievements in various domains, one intriguing question remains: why does India seem to fall behind Pakistan in terms of happiness levels? This puzzling issue forms the basis of our research, which aims to investigate the levels of happiness in both countries and analyse how various factors, such as demographic features, income, social disparities, and social support systems, influence happiness. The choice of India and Pakistan for this study is justified by several factors. Firstly, both nations share a common historical and cultural heritage, yet they have taken divergent development paths since gaining independence, offering a unique comparative perspective. Secondly, despite India's economic progress and its superior performance in various socio-economic indicators, there exists a significant gap in happiness levels between the two countries, making them an intriguing case for study. Additionally, the longstanding rivalry between India and Pakistan, manifested in political, military, and sports competitions, is closely observed by governments, politicians, and ordinary people in India, as well as across the world. Therefore, the comparison between India and Pakistan provides a rich opportunity to explore how different socio-economic and geopolitical factors interact to influence happiness levels between India and Pakistan. This study contributes to the existing literature on happiness by examining the paradox of India's rapid economic growth and lower happiness ranking compared to Pakistan, despite India's superior socio-economic indicators. By using a comparative framework, it highlights how material and non-material factors impact well-being by examining new insights into happiness studies across different cultural and developmental contexts.

2. REVIEW OF LITERATURE

The relationship between income and happiness has been a central question in economic research for several decades, yet a definitive answer remains elusive. Conventional

wisdom suggests that an increase in income should directly correlate with higher levels of happiness and improved quality of life. However, the "Easterlin paradox" (Easterlin, 1974) challenges this straightforward assumption by showing that beyond a certain point, increases in income do not necessarily translate into increased happiness. According to this paradox, while income and material well-being are crucial components of happiness, their influence diminishes over time as individuals adapt to higher income levels. The relative income theory further complicates this relationship by positing that happiness is often determined not just by an individual's own income but by how it compares to the income of those around them (Easterlin, 1995). More recent studies, however, such as those by Stevenson & Wolfers (2008) and Deaton (2008), have identified a modest positive link between income and happiness, thereby questioning the long-term persistence of the Easterlin paradox. This ongoing debate underlines the income-happiness relationship, suggesting that income is an important but not sufficient determinant of happiness.

In addition to income, a variety of socio-economic and demographic factors play significant roles in shaping happiness. Research highlights unemployment as a major detractor from life satisfaction, as job loss not only reduces income but also brings social and psychological repercussions, such as stigma and loss of identity (Clark & Oswald, 1994). The impact of unemployment is shown to vary by gender, with men typically experiencing a sharper decline in happiness during periods of unemployment compared to women (Hori & Kamo, 2018). Another critical factor is the level of trust individuals have in institutions and their fellow citizens. Trust fosters social stability and security, contributing positively to well-being (Helliwell, et al. 2014), while religious participation can also enhance happiness by providing individuals with a sense of purpose and community, particularly in more collectivist cultures (Zhang & Chen, 2019). Furthermore, personal freedom, particularly the ability to make life choices and participate in democratic processes, is strongly linked to happiness, as shown by Frey & Stutzer (2002). This evidence indicates that non-material factors, such as freedom, trust, and social integration, are as influential as income in determining overall happiness.

Another dimension of happiness research involves the role of social capital, education, and income inequality. Studies by Bjornskov (2008) and Becchetti, et al. (2012) emphasise the importance of strong social networks and community ties in moderating the effects of income insecurity on happiness, suggesting that people with robust social support systems often maintain higher levels of life satisfaction regardless of their income. Education also contributes positively to happiness, as it fosters personal development and cognitive skills (Nikolaev & Rusakov, 2016), though its effect is mediated by how well it translates into employment opportunities. Conversely, income inequality is consistently linked with lower happiness levels, as large income disparities tend to undermine social trust, heighten feelings of injustice, and generate societal tensions (Oshio & Kobayashi, 2010; Schneider, 2012). These findings suggest that while wealth accumulation can improve well-being, the distribution of income within a society is equally critical. High levels of inequality erode social cohesion, leading to widespread dissatisfaction even in prosperous nations. Thus, the literature demonstrates that income, while significant, must be considered alongside socio-economic factors like employment, education, and inequality to fully understand the determinants of happiness. Our paper adds to this body of literature by exploring the paradox of India's rapid economic growth

and lower happiness ranking compared to Pakistan, despite India's superior socio-economic indicators. It provides a unique comparative perspective by examining how both material and non-material factors influence happiness across these two neighbouring nations

3. TRENDS IN HAPPINESS: INDIA AND PAKISTAN

The World Happiness Report is a pioneering publication from the United Nations Sustainable Development Solutions Network. It utilises a combination of secondary data and survey responses to assess how people over 150 countries evaluate their lives. In essence, the report takes the qualitative assessment of people's well-being and translates it into quantitative indicators. This approach allows for a systematic evaluation of happiness and life satisfaction on a global scale. The United Nations recognised the importance of happiness and well-being in development when it adopted Resolution 65/309 titled "Happiness: Towards a holistic approach to development" in July 2011. This resolution called on governments worldwide to prioritise the happiness and well-being of their citizens while pursuing economic growth. Subsequently, March 20th was designated as the International Day of Happiness, to be observed annually, underscoring the significance of this holistic approach to development.

The Happiness Index used in the report is based on a scale from 0 to 10, where 10 represents the best possible life, and 0 represents the worst possible life. This index provides a measurable and comparative insight into the well-being and happiness of people in different countries. Table 1 provides a comparative analysis of the Happiness Rank and Index for India and Pakistan spanning the years 2013 to 2021. Notably, the data in the table reveals some intriguing patterns. India's Happiness Rank has shown a persistent upward trajectory over these years, indicating a declining trend in happiness with an exception in year 2023 where its rank decreased from 136 to 126. Conversely, Pakistan's Happiness Rank followed an upward trend, with the exception in the years 2021 and 2022. It underscores that Pakistan consistently surpassed India in terms of the Happiness Index from 2013 to 2023.

Table 1
Happiness Index and Rank for India and Pakistan

Year	India		Pakistan	
	Happiness Rank	Happiness Index	Happiness Rank	Happiness Index
2013	111	4.772	81	5.292
2015	117	4.565	81	5.194
2016	118	4.404	92	5.132
2017	122	4.315	80	5.269
2018	133	4.190	75	5.472
2019	140	4.015	67	5.653
2020	144	3.573	66	5.693
2021	139	3.819	105	4.934
2022	136	3.777	121	4.516
2023	126	4.036	108	4.555

Source: World Happiness Reports.

4. DATA AND EMPIRICAL METHODS

4.1. Data

The World Happiness Report measures and publishes happiness rankings and indexes for more than 100 countries based on the Gallup World Poll Survey. This survey targets respondents aged 15 and above, using random-digit-dialing (RDD) telephone surveys in some countries and face-to-face interviews in others. However, a significant limitation of the Gallup World Poll Survey is its sample size, which includes only a few thousand respondents per country, with a maximum of two thousand respondents annually in some cases. As an alternative, the World Values Survey (WVS), published by the World Values Survey Association, provides a more comprehensive dataset. The WVS is conducted in waves every five years, covering 120 countries, including India and Pakistan, and representing 94.5 percent of the world's population. The WVS offers unit-level data on happiness and numerous covariates that influence happiness levels, with a comparatively larger sample size than the Gallup World Poll Survey. Therefore, this study relies on the WVS for a more in-depth exploration of happiness between India and Pakistan. The WVS, conducted in collaboration with the European Values Study (EVS), has been ongoing since 1981 and includes seven waves of surveys up to 2020. The survey captures changing values related to religion, gender roles, work motivations, democracy, good governance, social capital, political participation, tolerance of other groups, environmental protection, and happiness. The survey utilises standardised questionnaires to interview representative national samples, providing a comprehensive understanding of cultural, social, and attitudinal variations across the globe. In the context of our study, the specific dataset used is from the 6th wave of the World Values Survey conducted in 2014, because India was excluded in the latest 7th waves of survey (2020). The 6th wave comprises responses from 4078 respondents in India and 1200 from Pakistan. However, to ensure data accuracy and reliability, we conducted meticulous data cleaning and analysis using STATA software. After accounting for missing values and addressing irregular data points, our final sample for analysis includes 1085 respondents for Pakistan and 2578 respondents for India.

In this study, the dependent variable, 'life satisfaction,' as obtained from the World Values Survey database, was originally measured on a 10-point scale. In addition to the recalibrated life satisfaction variable, the World Values Survey (WVS) also provides a wealth of demographic information and self-rated socio-economic and political factors pertaining to the respondents. Leveraging this supplementary data, the present study incorporates these variables into the analytical model to discern the factors influencing the happiness inequality between India and Pakistan.

4.2. Empirical Methods

This study moves beyond traditional regression models and the Oaxaca-Blinder decomposition method, adopting the Recentered Influence Function (RIF) regression and the Firpo, Fortin, and Lemieux (FFL) decomposition methods (Firpo, et al. 2009; Firpo, et al. 2018). These advanced methods are particularly well-suited for analysing inequality through a distributional framework, making them ideal for this study's focus on happiness inequality between India and Pakistan. The RIF regression and decomposition

techniques have been widely applied in various contexts. For example, Becchetti et al. (2014) used similar methods to analyse happiness inequality in Germany, Niimi (2018) applied RIF regressions to study happiness inequality in Japan, Yang, et al. (2019) employed the approach to examine inequality in China, Lakshmanasamy & Maya (2020) employed the framework to quantify happiness inequalities in India. These studies underscore the flexibility and effectiveness of RIF-based approaches in addressing distributional questions.

In the present study, we extend the use of these methods to compare happiness inequality between India and Pakistan, aiming to capture the full scope of distributional differences, not just in terms of central tendencies like the mean, but across the entire distribution. This approach allows for a more comprehensive understanding of the factors driving inequality in happiness between India and Pakistan.

The core of the empirical model is based on the premise that happiness, much like income or wealth, is distributed unevenly across populations. Inequality in happiness arises from variations in both material factors (such as income and social class) and non-material factors (such as age, health, religiosity, and perceptions of leadership). Conventional regression models, which focus on mean effects, are limited in their ability to assess these distributional changes. By contrast, RIF regression enables the analysis of how changes in covariates affect distributional statistics of the dependent variable—such as the Gini index and variance—rather than merely focusing on average outcomes. In this context, happiness inequality can be understood through two primary mechanisms: (1) the composition effect, which reflects how differences in individual characteristics (age, income, marital status, etc.) contribute to inequality, and (2) the coefficient effect, which represents how differences in the returns to these characteristics across populations (such as India and Pakistan) shape inequality. The FFL decomposition method allows us to disentangle these effects by breaking down the total difference in happiness inequality into explained and unexplained components.

The first empirical approach in this study applies RIF regression to examine the effects of key covariates—age, sex, marital status, religiosity, health, income, social class, strong leadership, and confidence in charity—on happiness inequality. This allows us to investigate how changes in these factors influence the overall distribution of happiness. The choice of these covariates is grounded in their established role in shaping well-being and inequality. For example, material well-being (income, social class) and psychological or cultural factors (religiosity, leadership perception) directly influence individuals' sense of happiness, contributing to the observed inequality.

The second empirical approach involves the FFL decomposition framework, which decomposes the happiness inequality between India and Pakistan into two distinct components: the explained effect, which captures the role of observable covariates in explaining inequality, and the unexplained effect, which accounts for differences in the returns to these covariates. This is particularly useful in comparative studies of inequality, as it allows us to quantify how much of the observed difference in happiness inequality can be attributed to differences in characteristics versus differences in how these characteristics are valued or experienced across the two countries.

The decomposition process follows several steps. First, we estimate a weight function that accounts for the distributional differences between India and Pakistan. This is done using a Logit model to calculate the counterfactual distribution of happiness in Pakistan with characteristics resembling those of India. Next, we decompose the difference in happiness inequality into the explained and unexplained components by applying the distributional statistics, such as the Gini index and variance to both the actual and counterfactual distributions.

The decomposition Equation (1) captures this process:

$$\Delta H = p1 - p2 = (p1 - pc) + (pc - p0)(1) \dots \dots \dots \dots (1)$$

where p0 represents the happiness distribution in Pakistan, p1 represents the happiness distribution in India, and pc is the counterfactual distribution that combines Pakistan’s characteristics with Indian returns. The first term on the right-hand side represents the explained effect (changes due to characteristics), while the second term represents the unexplained effect (differences in the returns to characteristics).

4.3. Summary of Variable Statistics

This section of the empirical analysis explores the socio-economic and demographic characteristics of respondents from both India and Pakistan, providing valuable insights into the background knowledge of the study’s sample. The analysis encompasses various aspects of respondents’ profiles, including age, gender, marital status, education, religion, health status, income, social class, and political attitudes. The key findings are summarised in Table 2. The average age of respondents in Pakistan is 34.6, while in India, it is 40.4. Out of 1085 samples in Pakistan, 46 percent are females, and the remaining respondents are males. In India, out of 2578 samples, nearly 40 percent are females, and 60 percent are males. In Pakistan, 73 percent of respondents are married, compared to 87 percent in India. Respondents’ education levels are categorised into ten groups, ranging from 1 (absence of formal education) to 10 (university-level education). Notably, both Indian and Pakistani respondents have typically attained an incomplete secondary school education, including technical and vocational training. In India, 89 percent of respondents adhere to a religious faith, while 11 percent identify as atheists or agnostics. In contrast, 99 percent of respondents in Pakistan consider themselves religious individuals. Approximately 79 percent of Pakistani respondents perceive themselves as healthy, while only 37 percent of Indian respondents hold a similar view about their health. Income is classified into ten scales, with 1 representing the lowest income group and 10 the highest. On average, Pakistan reports an income scale of approximately 6, slightly higher than India’s average of nearly 5. On average, respondents from both India and Pakistan belong to the working or lower social class. Concerning political preferences, 47 percent of Pakistanis aspire to have a strong political leader to lead their nation, while in India, this sentiment is expressed by 64 percent of respondents. Furthermore, 40 percent of Pakistanis express confidence in charitable and humanitarian organisations, compared to nearly 66 percent of Indians who share this trust. These statistics provide valuable insights into the diverse characteristics and attitudes of respondents from India and Pakistan, enhancing our understanding of the sampled population.

Table 2
Basic Characteristics of Respondents

Variables	Pakistan	India	Difference
Demographic factors			
Age	34.677 (11.899)	40.419 (13.813)	-5.741
Sex (female=1)	0.464 (.498)	0.408 (.491)	0.0564
Marital Status (married =1;others=0)	0.739 (.439)	0.871 (.334)	-0.132
Education (scale)	4.038 (2.222)	4.362 (2.625)	0.323
Religiosity (religious=1; not religious=0)	0.997 (.052)	.897 (.302)	0.099
Health Scale	0.791 (.406)	0.370 (.483)	0.420
Income & Inequality			
Income Scale Ladder	5.508 (2.145)	4.620 (2.116)	0.888
Social Class Ladder	3.211982 (1.034)	3.244 (.979)	-0.032
Social Supporting System			
Strong Leader	.4709677 (.4993)	0.649 (.477)	-0.178
Confidence in Charity	0.4082949 (.491)	0.662 (.472)	-0.254
Sample Size	1085	2578	

Source: Estimated from World Values Survey (Sixth Wave).

4.4. Determinants of Happiness Inequality Between India and Pakistan

The estimated Recentered Influence Function Regression (RIF) are reported in Table 3. It shows that age emerges as a positive determinant of happiness inequality in both India and Pakistan, suggesting that, as individuals age, there is a general increase in the overall happiness mean. This positive relationship likely stems from the accumulation of life experiences, personal growth, and increased resilience over time. However, the magnitude of the effect is slightly higher in Pakistan than in India, indicating potential cultural or contextual differences. Gender significantly influences happiness inequality in both countries, with being female associated with decreased happiness mean. This finding suggests the presence of gender disparities in subjective well-being, potentially influenced by societal norms, gender roles, and differential life experiences. Notably, the negative impact is more pronounced in Pakistan, highlighting potential challenges faced by women in that context. Marital status plays a crucial role in shaping happiness inequality, particularly in India, where being married is linked to a significant decrease in happiness mean. This result may reflect the complex dynamics of marital life in India,

Table 3
Regressors of Happiness Inequality Between India and Pakistan

	Pakistan		India	
	Mean	Gini*100	Mean	Gini*100
Age	0.00203 (-0.0068)	0.004 (-0.0004)	0.0019 (-0.0043)	0.015 (-0.0002)
Sex (female =1;male =0)	-.35732** (-0.1711)	2.103** (-0.0098)	-0.13379 (-0.1254)	-0.224 (-0.0061)
Marital Status (married=1;others=0)	-0.24012 (-0.2043)	-0.741 (-0.0155)	-.35025* (-0.212)	-3.468*** (-0.0101)
Education	.08829* (-0.0458)	-0.178 (-0.0026)	-0.01392 (-0.0259)	-0.353*** (-0.0013)
Religiosity (religious=1;not religious=0)	1.3955*** (-0.3427)	-3.163 (-0.1037)	.32603* (-0.1783)	0.397 (-0.0095)
Health Scale	.71848*** (-0.1206)	-7.062*** (-0.0145)	-.52664*** (-0.107)	-0.536 (-0.0062)
Income Scale	.21790*** (-0.0406)	-0.91*** (-0.0033)	.16816*** (-0.046)	-1.491*** (-0.0018)
Social Class Ladder	.17219** (-0.0745)	1.839*** (-0.0047)	-.14842* (-0.0818)	0.042 (-0.0034)
Strong Leader	.64986*** (-0.1701)	2.158** (-0.0107)	0.19254 (-0.1325)	0.853 (-0.0071)
Confidence in Charity	.96225*** (-0.1455)	-1.208 (-0.0094)	.47901*** (-0.1414)	-0.111 (-0.0048)
Constant	6.0385*** (-0.7948)	22.93** (-0.1143)	9.7108*** (-0.6102)	29.021*** (-0.0269)
<i>Average RIF</i>	<i>10.53</i>	<i>0.154</i>	<i>10.2</i>	<i>0.19</i>

Source: Estimated from World values survey, 2012.

Note: Bracket shows bootstrap standard error; * Indicates 10 percent level of significance; ** Indicates 5 percent level of significance; *** Indicates 5 percent level of significance.

potentially influenced by societal expectations, interpersonal relationships, and traditional gender roles. Education shows divergent effects on happiness inequality between the two countries. In Pakistan, higher education is associated with an increase in happiness mean, emphasising the positive impact of educational opportunities. Conversely, in India, the relationship is small and non-significant, indicating a less clear association between education and happiness. Religiosity emerges as a robust positive determinant of happiness mean in both countries, signifying the psychological benefits of religious beliefs. The stronger impact in Pakistan may be indicative of the cultural and social significance of religion in shaping individual well-being in that context. Health is a consistent positive determinant of happiness mean in both India and Pakistan, underscoring the universal importance of physical well-being in contributing to subjective happiness. The slightly stronger impact in Pakistan suggests that health has a more pronounced role in shaping happiness in that country. Income scale, social class, and confidence in charity all exhibit positive relationships with happiness mean, highlighting the influence of socioeconomic factors and altruistic attitudes. These findings emphasise the multi-faceted nature of well-being, where financial stability, social standing, and charitable inclinations contribute to happiness in unique ways. Confidence in a strong leader positively influences happiness mean in both countries, with a more substantial impact in Pakistan. This result suggests that perceptions of

leadership and governance may play a crucial role in shaping the overall happiness inequality, with individuals in Pakistan experiencing a more pronounced impact on their well-being based on confidence in leadership.

Each determinant plays a distinctive role in shaping happiness inequality between India and Pakistan, reflecting the interplay of individual, cultural, and societal factors. These findings contribute to a nuanced understanding of subjective well-being in diverse contexts.

As part of a robustness check, the study employed Recentered Influence Function (RIF) regression for the Gini coefficient. The results reaffirmed the previously identified patterns. The application of RIF regression to the Gini coefficient serves as a valuable confirmation, reinforcing the stability of the determinants influencing happiness inequality between India and Pakistan.

4.5. Decomposition of Happiness Inequality between India and Pakistan

Decomposing the happiness inequality between India and Pakistan through the RIF decomposition methodology reveals intriguing insights into the contributing elements. The disparity in happiness levels can be dissected into two pivotal components: the explained effect and the unexplained effect. Table 4 shows that the explained effect, constituting a substantial 31.6 percent of the overall happiness gap, points to the influence of distinct characteristics that differentiate the two nations. Factors such as age, sex, marital status, religiosity, health, income, social class, strong leadership, and confidence in charitable initiatives contribute significantly to the observed variations in happiness. This implies that nearly one-third of the happiness gap is attributable to discernible distinctions in these aspects between India and Pakistan. Conversely, the unexplained effect, though statistically significant, is relatively lower. This suggests that there are underlying elements beyond the measured characteristics—factors that elude straightforward categorisation but play a discernible role in shaping the happiness disparity. This unexplained effect, often associated with discrimination or other unobservable factors, underscores the complexity of happiness dynamics between the two countries. Table 4 succinctly encapsulates the outcomes of this decomposition, showcasing the dominance of the explained effect in accounting for the happiness gap. The meticulous analysis of age, sex, marital status, religiosity, health, income, social class, strong leadership, and confidence in charity delineates a substantial portion of the observed variance. Moreover, the persistence of a significant unexplained effect suggests that while measurable characteristics contribute significantly, there exist nuanced and possibly

Table 4

Decomposition of Happiness Inequality between India and Pakistan

Inequality measure	Mean	Gini
Happiness gap	-.31644*** (-0.080)	-3.59*** (-0.005)
Explained effect	-.3408** (-0.152)	-4.19*** (-0.041)
Unexplained effect	-0.024* (-0.181)	0.65* (-0.165)

Source: Estimated from World values survey, 2012.

Note: Bracket shows bootstrap standard error; * indicates 10 percent level of significance; ** indicates 5 percent level of significance; *** indicates 5 percent level of significance.

elusive factors influencing the happiness gap. This raises the prospect of unobservable elements playing a role in shaping the relatively modest happiness differential between India and Pakistan. The RIF decomposition provides a nuanced understanding of happiness inequality, give insights on both quantifiable and elusive factors that contribute to the happiness gap between India and Pakistan. Further exploration and research into these unexplained elements could unravel additional dimensions, offering a more comprehensive perspective on the intricacies of happiness disparity between the two nations.

5. CONCLUSION

This study delved into the perplexing disparity in happiness levels between India and Pakistan, despite India's commendable strides in economic growth and societal development. While India has outperformed Pakistan in various domains, including economic indicators and socio-economic factors, it lags behind in happiness rankings, as evidenced by global reports. The backdrop of historical and ongoing rivalry between the two nations adds a layer of complexity to this phenomenon. The research employed a dual empirical approach, utilising Recentered Influence Function (RIF) regression and FFL decomposition framework to explore the regressors of happiness inequality between India and Pakistan. The RIF regression revealed that factors such as age, gender, marital status, education, religiosity, health, income, social class, confidence in charity, and trust in leadership play distinctive roles in shaping happiness inequality in both countries. Additionally, the FFL decomposition shed light on the explained effect and unexplained effect contributing to the happiness gap, emphasising the importance of measurable and elusive factors, respectively. The pronounced role of income and social class suggests that economic stability and social mobility are vital for enhancing overall well-being. In contrast, the unexplained effect hints at deeper societal issues, including discrimination and cultural norms, indicating that tackling happiness disparities requires more than mere economic interventions; it necessitates a holistic approach to social and institutional reforms.

The findings of this study carry several implications for policymakers, researchers, and society at large. Firstly, acknowledging the influence of socio-economic and demographic factors on happiness inequality can inform targeted policy interventions. For instance, initiatives that address gender disparities, promote health and education, and enhance social support systems may contribute to a more equitable distribution of happiness. Secondly, the study observes the importance of recognising unobservable factors that contribute to happiness disparities. This insight encourages further research into the nuanced aspects of individual and societal well-being that may not be readily quantifiable. Understanding these elusive factors can pave the way for more comprehensive policy frameworks aimed at fostering holistic happiness. Thirdly, the rivalry between India and Pakistan, deeply rooted in historical and geopolitical tensions, emerges as a potential influence on happiness levels. Diplomatic efforts to address underlying issues and promote peaceful coexistence may contribute to a more positive psychological environment for citizens of both nations. In a broader sense, the study emphasises the need for a holistic approach to development—one that goes beyond economic indicators to encompass the complex interplay of cultural, social, and political factors that shape happiness. As nations strive for progress, the pursuit of well-being should be integral to the policy agenda. This empirical research provides valuable insights into the happiness inequality between India and Pakistan, offering a foundation for future studies and policy initiatives that seek to enhance the overall well-being of their population.

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