

A Modified Index of Economic and Social Well-being Using Multivariate Factor Analysis: An Indian case

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This paper attempts to develop an index of economic and social well being of individuals (EASWBI) based on survey data collected from the stratified sampled individuals of Kanpur city, Uttar Pradesh, India in 2009-10 using factor analysis. This study investigates new dimensions of well being and works out to correlation among different dimensions of the index and the index itself to check the validity of EASWBI of Kanpur city. Results from confirmatory and exploratory factor analysis is also worked out for understanding validity of different dimensions of economic and social well being index of individuals. The EASWBI dimensions considered in confirmatory analysis are health, knowledge, income, asset, consumption, utility, awareness, security, life satisfaction, dwellings, environment and access to basic facilities. On the basis of correlations we can deduce that EASWBI (worked out by exploratory factor analysis) is significantly and positively correlated with assets and expenditure, knowledge and peace, health and security and fuel consumption of individuals. Also, it is positively correlated with social and physical infrastructure and access to facilities in the city of Kanpur (UP) India. DEA is also worked out for the individuals to measure the efficiency on which the various dimensions of EASWBI are constructed the best practice quality of life index.. The index can be applied to other cities and countries to work out the well being of individuals. This work on EASWBI index is an extension of the work done by Basu and Nagar (2004).

Key Words: Well being, Development indicators, Confirmatory analysis, exploratory analysis

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