

ABSTRACT

The aim of this paper is to find out the factors which affect the happiness level of people in a country. The study also attempt to create a composite index, called happiness index, by assigning weights to the different factors which affect the happiness of people for each of the countries. The sample data for the study has been taken from the World Happiness Database and UNDP database. The study is carried out by taking in to consideration both social indicators and economic indicators using the MIMIC approach. The result shows that indicators like per capita GDP, GDP growth rate, control of corruption, quality of institutions, Government effectiveness, Government intervention in the economy, belief in God positively affects happiness where as Suppression of civil liberty negatively affects happiness. Based on the estimates a composite index is created and countries are ranked.