

Demography of Household Economic Wellbeing

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Introduction

Economic well-being plays a crucial role in determining the overall well-being of individuals within households and society. It encompasses various aspects such as income, wealth, and access to resources, all of which directly impact people's quality of life. However, the availability, accessibility, and affordability of these sources of income and wealth are largely influenced by labour market dynamics and the demographic characteristics of individuals in households (Iceland et al., 2021). While numerous studies explore household economic well-being through the lens of labour markets and inequalities, the demographic perspective remains less examined. Therefore, this study follows the work of Lam and colleagues (Lam et al., 1995, 2006) to address this gap. Similarly, in developing countries like India, the acquisition of income and wealth is shaped by various factors, including gender, place of residence, educational attainment, and other demographic attributes relevant to individuals or households (Hijzen et al., 2016).

This approach aligns with the United Nations' Sustainable Development Goals (SDGs), particularly SDG-3, which emphasizes good health and well-being as key objectives for fostering a sustainable future for all. Recent estimates show that, as of 2021, Indian states and union territories exhibit varying SDG index scores, ranging from 90 to 59 (UN, 2021). These disparities in economic well-being contribute to widening income and wealth gaps, exacerbating social inequalities, and hindering overall societal progress. Furthermore, fluctuations in economic indicators such as GDP growth rates do not necessarily reflect improvements in the economic well-being of all segments of society. As a result, this study proposes to utilize the household demographic structure framework to better understand the changes in household economic well-being.

Need for the Study

Measuring economic well-being at the meso-level allows us to understand the distribution of economic resources within a society, identify inequalities, and inform policies aimed at improving Economic well-being.

Objectives

- To construct an economic well-being measure for the Indian context and study its changing patterns
- To explore the distribution of economic well-being across the households by their demographic structure.
- To investigate the mechanisms by which a household's demographic structure shapes the economic wellbeing

Data Source

This analysis will primarily utilize the Centre for Monitoring Indian Economy's Consumer Pyramid Household Survey (CPHS) dataset. The dataset provides a detailed view of the living standards of Indian households, allowing examination of seasonal income variations, income volatility, growth, changes in household income composition, and other relevant indicators. Data from each module could be integrated at the household unit level, and adjustments could be made to the data to enable meaningful comparisons across all four modules (CMIE, CPHS dataset 2022).

Methodological Approach

Variables

The study will employ the following variables to assess the level and trends of economic well-being and its linkages with demographic composition

Outcome variables:

- Economic measures: Income and consumption expenditure, adjusted for household size and inflation
- Economic well-being: A multi-dimensional index comprises of income, consumption expenditure, wealth, health status, education and employment status. The index will be constructed using factor analyses. The top 33% is considered as better-off of wellbeing.

Predictor variables:

- Demographic composition: Household age and sex structure

Control variables:

- Other background characteristics: migration status, ethnicity, religion place of residence, and province.

Empirical Strategy

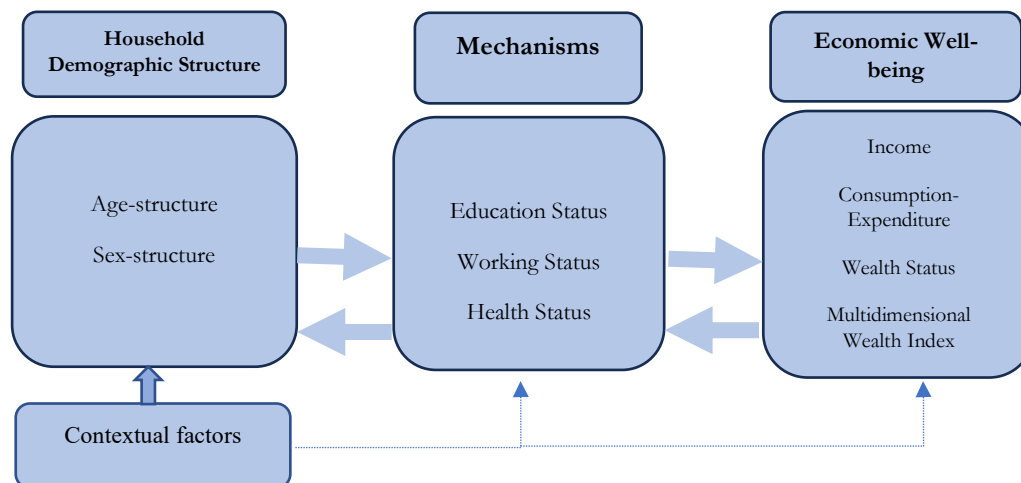
The study will use robust demographic and econometric analyses to address the research objectives stated in the study. First, we seek to understand the pattern of demographic age and sex structure of households in the country using CMIE's CPHS. Second, we will use Alkire Foster methodology to construct the multidimensional index for the

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household economic well-being [hereafter HEW], consisting economic well-being indicators in the Indian context. The income and expenditure, wealth status, education, health and employment are the six dimensions of HEW. The income and expenditure will be adjusted to the household size and inflation. Wealth status comprising assets beyond monetary holdings, including human and natural capital, enriching our understanding of material well-being. Referencing to Mary Law and Colleagues (1998), occupation, health and well-being have a strong association relationship. Health status of individuals is also considered to be the good proxy of well-being. Additionally, the well-established links between education and well-being are the reason to consider the education status as another dimension of well-being (Desjardins et al., 2008).

We will employ three stage empirical approach: first, assessed the impact of changing household structure on economic wellbeing using panel data regression; second, assessed the relative percentage contribution of household structure to economic wellbeing using decomposition models; third, used a dynamic panel data regression approach to adjust for the endogeneity problems in the causation between changing household structure on economic wellbeing.

Conceptual Framework



Findings

The empirical findings of this study suggest that grown-up dominant households and balanced households are performing better, while children dominant and senior dominant households are performing poor in terms of overall economic wellbeing. The findings also suggest that male dominant and male majority households are performing better, while female alone and male alone households performing poor in terms of overall economic wellbeing. Although, there's a wide gap between only female and only male category, where only male category has better economic well-being in comparison to only female category. Thus, demographic purview of economic wellbeing provides novel insights into the shifting dynamics of economic development in the country vis-à-vis demographic transition.

Limitations

In today's rapidly evolving economy, accurately measuring the quality of goods and services is crucial for understanding economic growth and societal well-being (Stiglitz et al. 2009). However, it is to be noted that the advancements in technology have led to the production of more complex& innovative products like gadgets and vehicles. In accordance with this complexity, CPHS doesn't capture the changes in the quality of goods and services produced.

Conclusion

The study aims to enhance our understanding of the significance of economic well-being in assessing how household structure is associated with economic wellbeing. It recognizes that indicators of economic well-being, such as per capita income, consumption expenditure and wealth, differ based on household demographic structures. By empirically analysing these variations, the study seeks to identify the characteristics and circumstances of households experiencing low economic well-being or at risk of poverty. The study also addresses the need to raise the prominence of these measures and ensure consistency in definitions and methodologies. This endeavour can be facilitated by utilizing measures of income, consumption, and wealth obtained from the high-frequency CPHS data source. Additionally, the study stresses the importance of investigating issues pertaining to the distribution of economic well-being, identifying demographic structures of households with low well-being, and understanding the persistence of economic adversity. It also aims to determine whether the average or typical level of economic well-being is experiencing growth or decline over time.

References

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Appendix

Figure 1 Proportion of Households classified by Age Structure for the period 2014-2022.

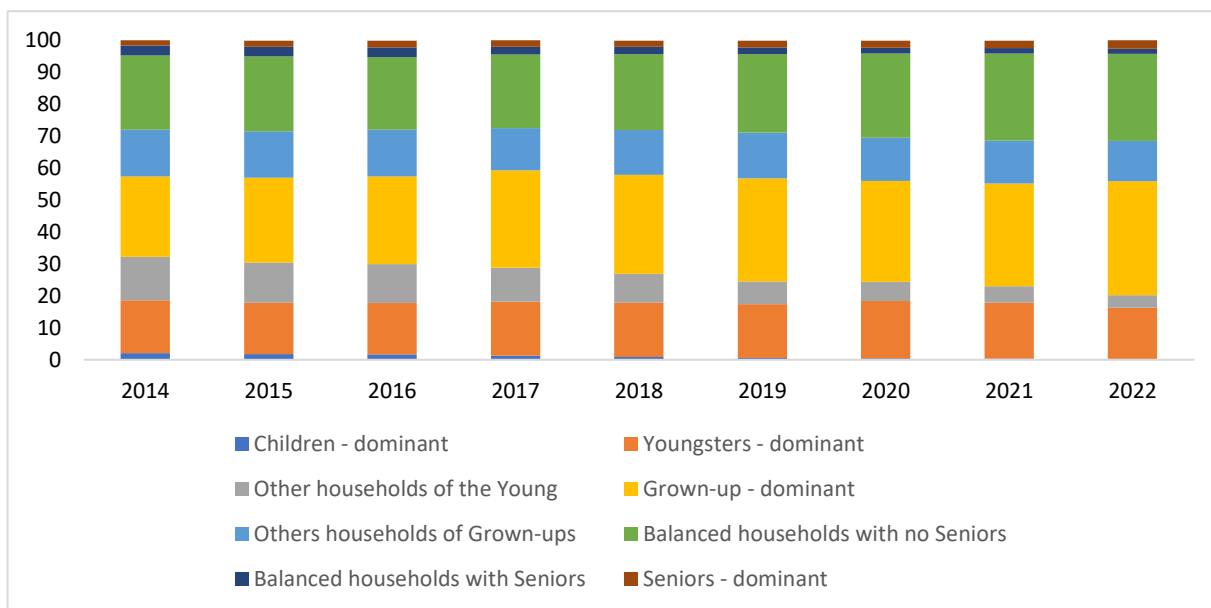
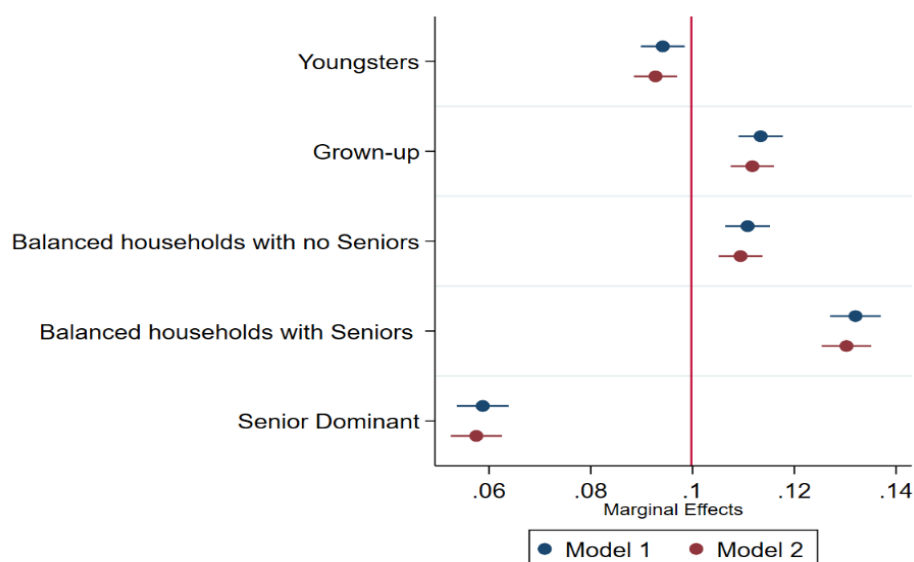
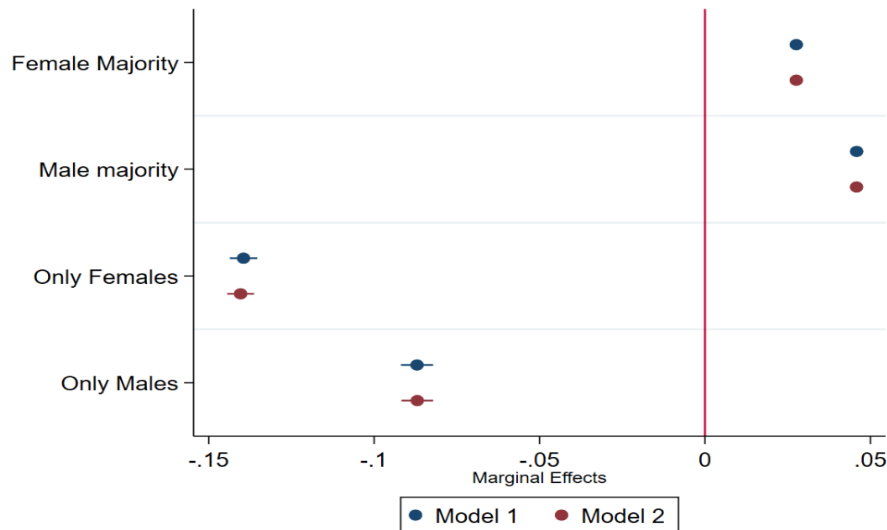


Figure 3 Probit Regression Estimates: Marginal Effects of Household Age Structure on Economic Wellbeing (2014-22).



Note: Controls: Model 1 (control for wealth, caste, religion, place of residence, states, time), Model 2 (control for wealth, caste, religion, occupation status, place of residence, states, time)

Figure 4 Probit Regression Estimates: Marginal Effects of Household Sex Structure on Economic Wellbeing (2014-22)



Note: Controls: Model 1 (control for wealth, caste, religion, place of residence, states, time), Model 2 (control for wealth, caste, religion, occupation status, place of residence, states, time)

Table 1 Economic Wellbeing (% Better-off) by Household Age Structure, (2014-2022).

Age Group	2017	2018	2019	2020	2021	2022
Children - dominant	15.5	22.34	28.81	22.81	31.11	31.52
Youngsters - dominant	31.74	40.81	45.75	32.75	41.7	45.78
Grown-up - dominant	38.07	45.46	49.17	35.67	45.04	48.1
Balanced households with no Seniors	34.25	44.48	50.02	36.22	46.47	50.33
Balanced households with Seniors	38.02	44.48	49.02	36.18	45.78	48.93
Senior Dominant	24.11	30.06	33.3	22.49	26.16	28.35
Total	34.92	43.49	48.1	34.77	44.2	47.68

Table 2 Economic Wellbeing (% Better-off) by Household Sex Structure, (2014-2022).

Gender Group	2017	2018	2019	2020	2021	2022
Balanced	32.75	41.66	46.46	32.64	41.64	45.21
Female Majority	34.4	42.56	47.35	34.24	44.7	48.35
Male Majority	37.76	46.49	50.82	37.38	46.85	50.31
Only Females	12.4	14.82	17.85	10.26	13.38	16.53
Only Males	22.41	28.77	31.7	20.58	25.87	32.11
Total	34.92	43.49	48.1	34.77	44.2	47.68

Figure 2 Proportion of Households classified by Sex Structure for the period 2014-2022.

