



DATA FOR DEVELOPMENT

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A monthly update of socio-economic developments in India by the IHDS research community.

Effects of Income Inequality in an Emerging Economy on Subjective Economic Well-being: Suppressing Effect of Conspicuous Consumption

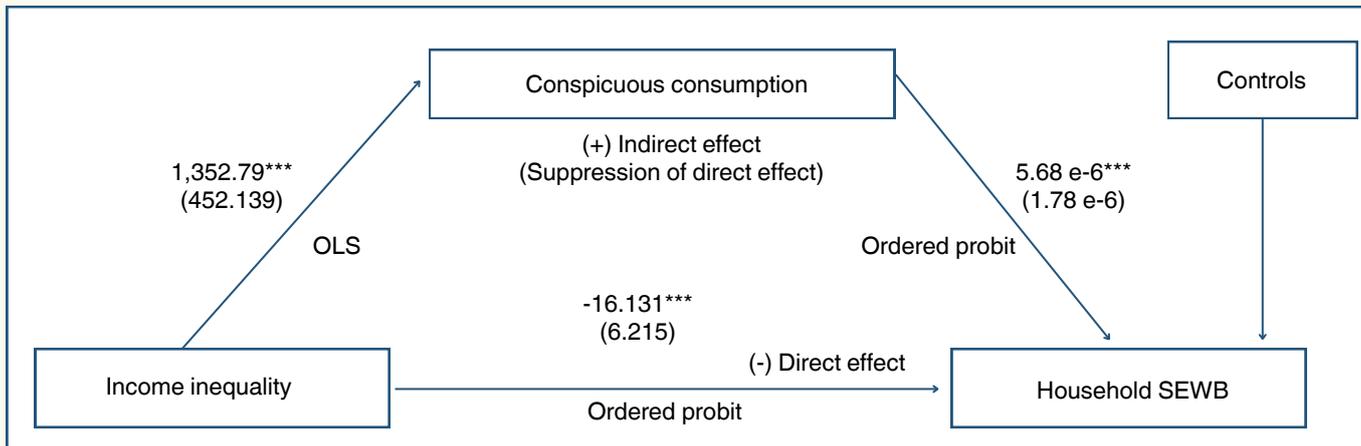
Saravana Jaikumar, Ankur Sarin, Priya Narayanan, Rashmi Kumari



This paper examines how rising income inequality affects households' perceptions of economic well-being and consumption decisions. Using data from 34,621 households in the India Human Development Survey (IHDS) Round I (2004-05) and Round II (2011-12), the authors applied multiple empirical approaches, including generalised structural equation modelling and the Karlson-Holm-Breen (KHB) method. They found that rising income inequality increased conspicuous consumption and lowered households' perceptions of their economic well-being.

Households overcame the negative effects of income inequality on perceived economic well-being by consuming conspicuous goods, resulting in a false sense of economic well-being. Since conspicuous consumption can divert spending from productive investments like education and savings, it might exacerbate income inequality over time. The study highlights the need for responsible corporate advertising and suggests that policymakers can mitigate these effects by promoting high-return saving options and educating consumers about informed consumption choices.

Figure 1: Results from generalised structural equation modelling



Source: Calculated by the authors.

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About the Authors



Saravana Jaikumar

Saravana Jaikumar, a faculty in Marketing at the Indian Institute of Management, Calcutta, has published in leading journals, including the Journal of Marketing. His research has been cited in influential policy documents such as the Economic Survey of India and reports by the US Library of Congress. He has also received several awards for research excellence.



Ankur Sarin

Ankur Sarin, a faculty member in the Public Systems Group at the Indian Institute of Management Ahmedabad, conducts research on inequality, education and welfare policies. His work examines how public programs and social structures shape opportunities for disadvantaged groups, with a focus on inclusive development and evidence-based policymaking.



Priya Narayanan

Priya Narayanan, a faculty member in Marketing Management at the Indian Institute of Management Kozhikode, researches marketing strategy, consumer psychology, technology and brands. Her work investigates consumer perceptions of AI, influencer credibility, and branding in Indian markets, using experiments and conceptual research. She has won awards for her studies on gold consumption and social media influence.



Rashmi Kumari

Rashmi Kumari, a faculty member in Marketing at the Indian Institute of Management Calcutta, researches consumer behaviour, retail promotions, advertising, and public policy implications in marketing. Her work examines consumer responses in emerging markets using experiments and conceptual research. She has published in high-impact, peer-reviewed journals and received several awards for her work.

Investing in Education: The Impact of Scholarships on School Attendance in India

Tanmay Devi, Reshmi Sengupta, Debasis Rooj, Manvika Gopathi

This paper examines the impact of school-level scholarship provision on student absenteeism in India, focusing on children aged 6–16 years enrolled in public schools. Using nationally representative data from the India Human Development Survey (IHDS) Round I (2004–05) and Round II (2011–12), the authors employed a quasi-experimental approach to assess the causal effect of scholarships on school absenteeism. The findings indicated that full scholarship provisions in public schools reduced absenteeism by nearly 35%. Heterogeneity analysis revealed that scholarships were particularly effective in reducing absenteeism



among girls, students from minority communities, and those from low-income households. Moreover, scholarships were associated with a decline in time spent on private tuition, suggesting that financial support could enhance educational outcomes by reducing dependence on external tutoring. Overall, the results underscored the potential of scholarships to ease financial constraints and promote regular school attendance. Policymakers should prioritise targeted scholarship programs for disadvantaged students with high absenteeism rates to improve school attendance and educational attainment.

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Tanmay Devi is a PhD student in Economics at Rice University and a Consultant at the World Bank. He also holds a distance learning program with the London School of Economics. His research interests centre on the development issues of India. He has published widely in the development area, with articles appearing in *Frontiers in Public Health*, *BMJ Open*, and the *International Journal of Educational Development*.



Reshmi Sengupta

Reshmi Sengupta is an Associate Professor of Economics at FLAME University. Her research spans health economics and household finance, with publications in *World Development*, *Economic Analysis and Policy*, *International Journal of Educational Development*, and *World Development Perspectives*. She has consulted for the Kundu Committee, CTS–MCRHRDI–CDPP, and Jharkhand's Economic Survey, and has led several research projects.



Debasis Rooj

Debasis Rooj is an Associate Professor of Economics at FLAME University. His research explores micro–macro linkages using household data. His work has been published in *World Development*, *Economic Analysis and Policy*, *Economics Letters*, *Spatial Economic Analysis*, and *Review of Economics of the Household*.



Manvika Gopathi

Manvika Gopathi holds an M.S. in Business Analytics from the Simon Business School, University of Rochester. Her research focuses on scholarships, school attendance, and household investments in education, using IHDS and other large datasets. She applies modern causal and predictive methods to inform scalable policy design in India.



Publications List

Recent Publications using IHDS Data

Bhukta, R. (2025). *Factories and Fertility: The Impact of Manufacturing Growth on Son Preference*. GLO Discussion Paper No. 1664. Global Labor Organization (GLO), Essen. [Link](#).

Chakravarty, D., & Banerjee, A. (2025). *Choice of Clean Cooking Fuel, Peer Effect and Women Empowerment: A Village-Level Study from India*. In: Chakraborty, C., Pal, D., Kayalica, M.O. (eds.), *Gender (In)equality and Social Development: Issues of Health, Education, Environment and Other SDG Implications* (pp. 17-33). Springer Nature, Singapore. [Link](#).

Ranjan, P., Meher, A. K., Sahu, A., Panda, P. K., & Kumar, P. (2025). *Household Choice of Cooking Fuel and Morbidity among Low-income States in India*. *Discover Sustainability*, 6(1), 977. [Link](#).

About IHDS

The India Human Development Survey (IHDS) began as a nationally representative, multi-topic survey of 41,554 households in 1,503 villages and 971 urban neighbourhoods across India. The first round of interviews were completed in 2004-05; the Data is publicly available via ICPSR. The second round re-interviewed most of these households in 2011-12 (N = 42,152), and data for the same are available via ICPSR. Fieldwork for IHDS-III was undertaken in 2022-24, and data is currently being cleaned and processed.

The IHDS-III has been jointly conducted by researchers from the University of Maryland, the National Council of Applied Economic Research, Indiana University and the University of Michigan.

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