

## Abstract

A study has been conducted to examine the impact of economic and non-economic variables including income, employment status, inflation, economic policy, health, friends, family & relationships, education and terrorism on happiness of the people in the city of Lahore. Data of 390 individuals was collected through convenience sampling method and has been analyzed through structural equations modeling. Results of this study showed that two economic variables namely income and economic policy have a significant positive impact on happiness whereas two non-economic variables namely health and friends, family & relationships also have significant positive impact on happiness. On the other hand two economic variables including employment status and inflation has insignificant negative impact on happiness. Two non-economic variables including education and terrorism have insignificant impact on happiness; education have positive and that of terrorism have negative impact on happiness. Furthermore, most of the people living in Lahore are happy with their incomes, employment status, time spent with their family and friends, education, health and marital status whereas unhappy with the inflation and some of economic policies of government. Recommendations are made on the basis of empirical results.