



# Determinants Of Financial Stress Among Middle-Class Families In Dadra & Nagar Haveli

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**Abstract:** This study examines the determinants of financial stress among middle-class households in Dadra & Nagar Haveli. A structured questionnaire administered online produced  $n = 177$  valid responses. Descriptive statistics, chi-square tests, Pearson correlation, and linear regression were used to analyze the data. Results indicate that loan / Equated Monthly Instalment (EMI) burden, job insecurity, and children's education costs are the principal sources of financial stress. The chi-square test found no statistically significant association between household income and stress category ( $\chi^2 = 9.82$ ,  $p = 0.278$ ), suggesting that financial stress affects multiple income subgroups within the middle class. Financial attitudes were moderately and positively correlated with stress ( $r = 0.463$ ,  $p < 0.001$ ); regression analysis showed that attitudes explain approximately 21% of the variance in stress ( $R^2 = 0.214$ ,  $\beta = 0.567$ ,  $p < 0.001$ ). These results imply that both objective obligations (debt, employment instability) and subjective orientations (financial attitudes) shape perceived financial stress. The study recommends targeted financial literacy programs, debt-management counselling, and measures to improve job stability for middle-class households in the region.

**Index Terms** - Financial stress; Middle-class households; Dadra & Nagar Haveli; Loan/EMI burden; Financial attitudes.

## I. INTRODUCTION

Financial stress is increasingly recognized as a major concern for middle-class households in India, influencing both their economic stability and personal well-being. Rising living costs, expanding educational and healthcare expenditures, and uncertainties in employment patterns have intensified pressures on household finances. Families often face challenges in balancing income with obligations such as loan repayments, children's education, and lifestyle maintenance.

Dadra & Nagar Haveli represents a distinctive socio-economic context where rapid development, limited local resources, and cultural expectations interact to shape financial experiences. Despite growing attention to financial stress in urban and semi-urban India, little empirical research has examined how middle-class households in this union territory experience and manage financial strain. Most prior studies have focused on broader national or metropolitan samples, overlooking the unique demographic and economic profile of smaller regions.

To address this gap, the present study investigates the determinants of financial stress among middle-class families in Dadra & Nagar Haveli. Specifically, it explores the primary sources of stress, examines the relationship between household income and perceived financial stress, and assesses the influence of financial attitudes on stress levels. By highlighting both objective obligations and subjective orientations, the study contributes region-specific evidence to the literature. The findings also provide practical insights for designing targeted financial literacy initiatives, debt-management strategies, and coping mechanisms for middle-class households.

## II. LITERATURE REVIEW

### Income and Financial Stress

Research consistently shows that household income plays a role in financial stress. Families with lower income often report higher stress because they struggle to meet basic needs such as food, housing, and healthcare (Peirce et al., 1996; Siahpush et al., 2007). However, income alone does not fully explain financial stress. People with similar income levels may experience different levels of stress depending on how they perceive and manage their financial situation (Furnham & Cheng, 2017).

In developed countries, systems such as credit access, insurance, and social welfare reduce some of the pressures of low income (Lusardi & Mitchell, 2014). In contrast, in developing countries like India, limited safety nets make households more vulnerable to sudden expenses or job loss (Chaudhuri, 2021). Cultural expectations also add pressure; families are expected to save for children's education, weddings, or to support relatives, which can create stress even for middle-income groups (Sinha & Singh, 2019; Kaur & Vohra, 2020). Rising living costs and stagnant wages are now reported as major contributors to financial strain among India's middle class (India Today, 2025).

The COVID-19 pandemic highlighted this vulnerability more sharply. Job losses and income cuts, especially among informal workers, worsened financial insecurity (Ravi & Engler, 2021). Other studies emphasize that financial stress is not only about income, but also about job stability, debt levels, and inflation (Gutter et al., 2005). Thus, income is important, but it is only one part of the broader picture.

### Financial Attitudes and Outlook

Apart from income, people's financial attitudes strongly influence stress levels. Research shows that money attitudes—such as budgeting habits, saving discipline, or long-term planning—affect financial well-being (Perry & Morris, 2005; Xiao et al., 2009). People with disciplined attitudes often manage financial problems better, even with modest income. In contrast, impulsive spending and over-borrowing increase stress (Shim et al., 2010).

Interestingly, greater financial awareness does not always reduce stress. Some individuals with high financial awareness report higher stress because they are more conscious of debts and risks (Gutter & Copur, 2011). For example, Shim et al. (2010) found that young adults with strong financial attitudes sometimes felt confident, while others felt more anxious. This suggests that financial attitudes can work in both protective and risk-enhancing ways.

In India, financial attitudes are shaped not only by individuals but also by families and social expectations. Decisions about saving and spending are often collective rather than individual (Chaudhuri, 2021). Recent surveys confirm that financial attitudes and behaviors influence financial well-being more strongly than financial knowledge alone (Mishra, 2022). Demographics also matter: women tend to be more cautious, while younger adults may have high aspirations but weaker saving habits (OECD, 2017; Agarwal & Mazumder, 2019).

The growth of digital finance in India—through Unified Payments Interface (UPI), mobile wallets, and instant loan apps—has further influenced financial behavior. While these tools make transactions easier, they may encourage overspending and create new debt-related stress (Reserve Bank of India, 2023). This reinforces that financial attitudes are increasingly important in today's digital environment.

Overall, literature suggests that both income and financial attitudes determine financial stress. Income provides resources, but financial attitudes and behaviors shape how those resources are managed in daily life.

### III. RESEARCH METHODOLOGY

#### 3.1 Research Objectives

1. To identify the primary sources of financial stress among middle-class families in Dadra & Nagar Haveli.
2. To assess the relationship between household income and perceived financial stress using statistical analysis.
3. To analyze the influence of financial attitudes—including awareness, discipline, and outlook—on stress levels.

#### 3.2 Research Design

This study employed a quantitative, questionnaire-based design to examine the determinants of financial stress among middle-class families in Dadra & Nagar Haveli. Both descriptive and inferential statistical methods were applied to identify major stressors and to test the influence of household income and financial attitudes on perceived financial stress.

#### 3.3 Population and Sample

The study population consisted of middle-class households residing in Dadra & Nagar Haveli. A total of  $n = 177$  valid responses were obtained through a structured Google Form. A convenience sampling technique was adopted due to accessibility and time constraints. While this method facilitates efficient data collection, it may limit the generalizability of findings. To minimize bias, the sample included respondents from varied occupations, education levels, and income groups within the middle-class bracket.

#### 3.4 Research Instrument

A structured questionnaire was used as the primary data collection tool. It consisted of six sections: (A) Demographic information, (B) Financial stress indicators, (C) Sources of financial stress, (D) Financial practices, (E) Financial attitudes and outlook, and (F) Coping strategies. Most items were measured on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), while demographic and categorical questions were included for contextual analysis.

#### 3.5 Reliability Testing

To ensure internal consistency, Cronbach's alpha values were computed for the Likert-scale items. Financial stress indicators yielded an alpha of 0.87, indicating excellent reliability, while financial attitudes recorded an alpha of 0.75, reflecting acceptable reliability. These results confirm that the scales used were internally consistent and suitable for further analysis.

#### 3.6 Data Collection and Analytical Tools

Data were collected online and analyzed using Microsoft Excel (Data Analysis Tool Pak). The following statistical techniques were applied:

- **Descriptive statistics** (mean, standard deviation, and ranking) to identify key sources of financial stress.
- **Chi-square test** to examine the association between household income and stress categories.
- **Pearson correlation** to measure the relationship between financial attitudes and stress.
- **Linear regression analysis** to test the predictive effect of financial attitudes on stress levels.

#### 3.7 Formulation of Hypothesis

Based on the objectives, the following hypotheses were formulated:

**H<sub>01</sub>:** There is no significant relationship between household income and financial stress. **H<sub>11</sub>:** There is a significant relationship between household income and financial stress. **H<sub>02</sub>:** Financial attitudes and outlook have no significant influence on stress levels.

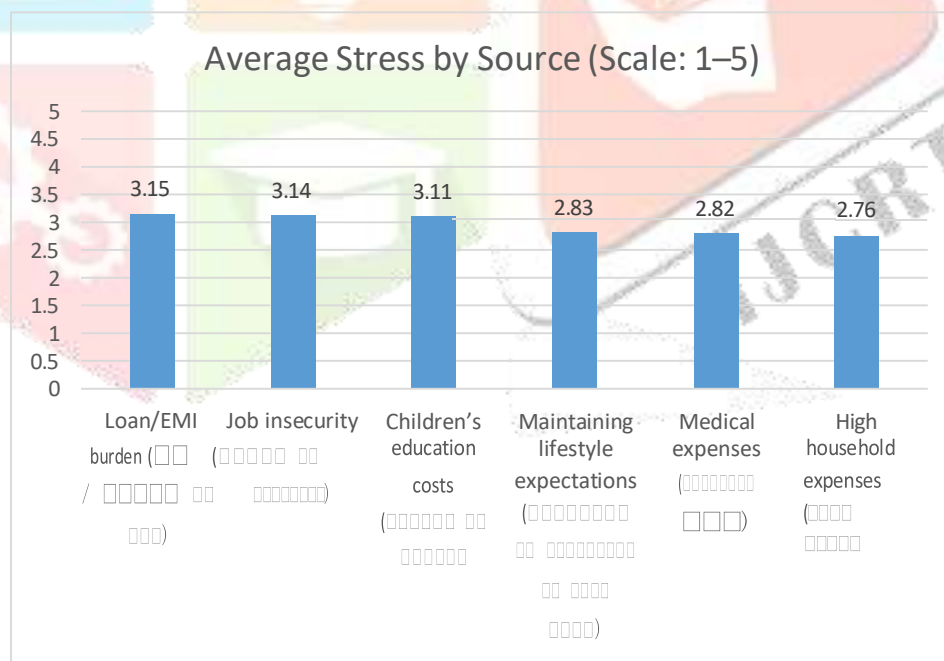
**H<sub>12</sub>:** Financial attitudes and outlook significantly influence stress levels.

## IV DATA ANALYSIS AND INTERPRETATION

## 4.1 Major Sources of Financial Stress

**Table 1:** Average stress levels by source among middle-class families

Source of Stress	Mean	Std. Dev.	N	Rank
High household expenses	2.75974	1.204866	154	6
Loan/EMI burden	3.151724	1.271105	145	1
Medical expenses	2.815287	1.254845	157	5
Children's education costs	3.109589	1.318951	146	3
Job insecurity	3.139073	1.385832	151	2
Maintaining lifestyle expectations	2.83125	1.356196	160	4

**Figure 1:** Mean stress scores for different sources of financial stress (scale: 1 = no stress, 5 = extreme stress; n = 178)**Interpretation**

Loan / EMI burden ( $M = 3.15$ ) and job insecurity ( $M = 3.14$ ) were the most prominent sources of financial stress, followed by children's education costs ( $M = 3.11$ ). Lifestyle expectations ( $M = 2.83$ ), medical expenses ( $M = 2.82$ ), and household expenses ( $M = 2.76$ ) were comparatively less stressful.

Standard deviation values explain variation in responses. For Loan / EMI burden, the lower SD indicates strong agreement across respondents that it is stressful. For job insecurity, the higher SD shows mixed views.



Thus, Objective 1 is met: Loan/EMI burden, job insecurity, and children's education emerge as the top three stressors.

## 4.2 Relationship between Household Income and Stress

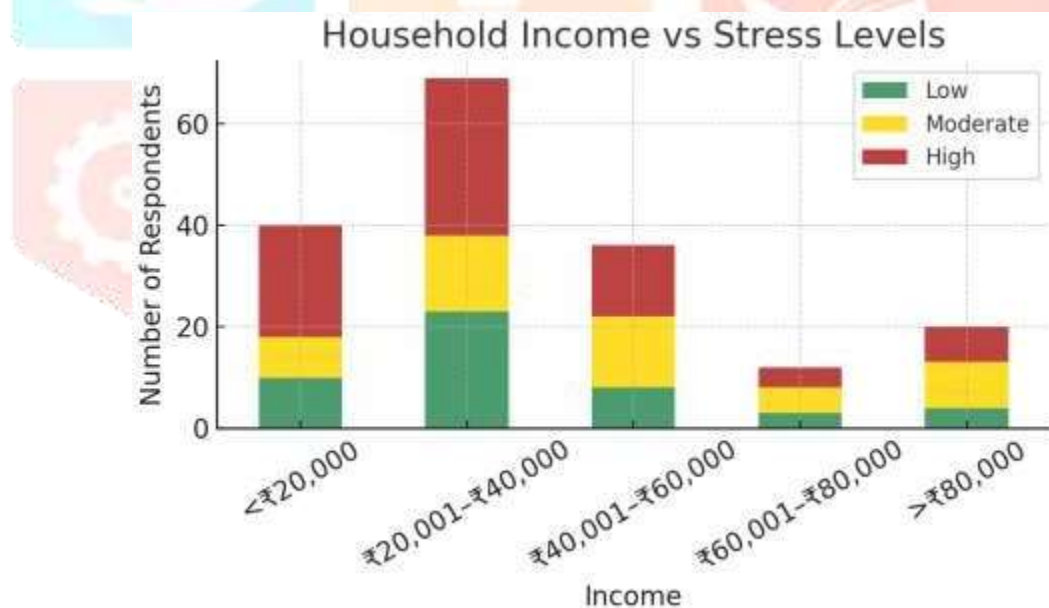
### Hypothesis

**H<sub>0</sub>:** There is no significant relationship between household income and financial stress.

**H<sub>1</sub>:** There is a significant relationship between household income and financial stress.

**Table 2:** Cross-tabulation of household income and financial stress levels

Monthly Household Income	Stress Category			
	Low	Moderate	High	Grand Total
< ₹20,000	10	8	22	40
₹20,001–₹40,000	23	15	31	69
₹40,001–₹60,000	8	14	14	36
₹60,001–₹80,000	3	5	4	12
> ₹80,000	4	9	7	20
Grand Total	48	51	78	177



**Figure 2:** Distribution of financial stress across household income groups

**Table 3:** Chi-square test summary for income and financial stress

Chi-Square	p-value	Cramer's V
9.82	0.278	0.167

**Interpretation:**

The chi-square test revealed no significant association between income and stress ( $p > 0.05$ ). The effect size (Cramer's  $V = 0.17$ ) was small. This shows that stress is not determined by income alone, but by other financial and personal factors.

Objective 2 is therefore addressed: the null hypothesis ( $H_{01}$ ) is accepted — income does not significantly affect stress levels.

**4.3 Influence of Financial Attitudes on Stress****Hypothesis**

**H<sub>0</sub>:** Financial attitudes and outlook have no significant influence on stress levels.

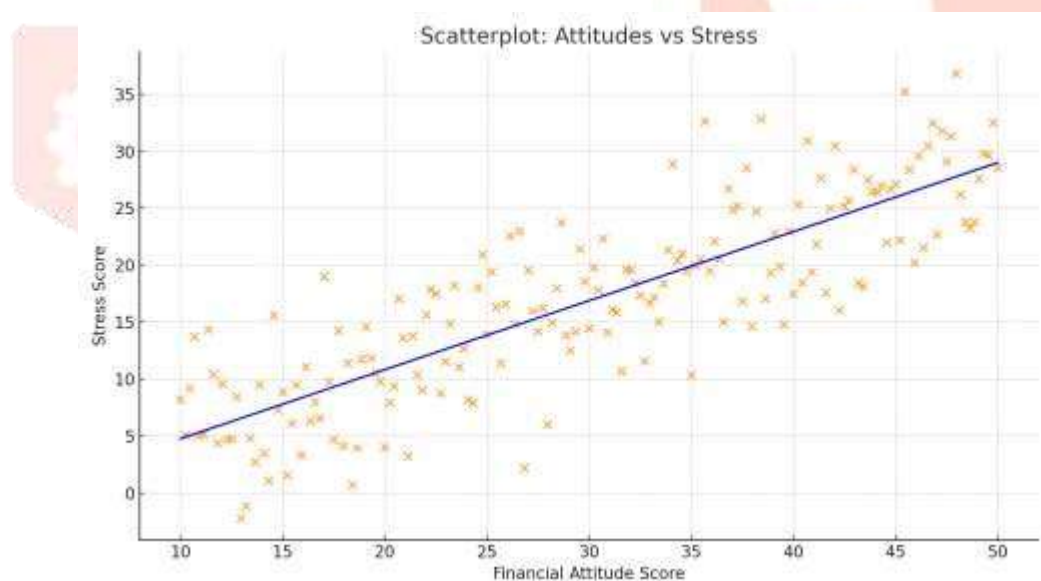
**H<sub>1</sub>:** Financial attitudes and outlook significantly influence stress levels.

**Table 4:** Correlation between financial attitudes and stress

Variable	Pearson r	p-value
Financial Attitudes	0.463	0.0

**Table 5:** Regression analysis of financial attitudes predicting stress

R	R <sup>2</sup>	$\beta$	p-value
0.463	0.214	0.567	0.0

**Figure 3:** Scatterplot of financial attitudes vs stress**Interpretation:**

Correlation analysis showed a moderate positive relationship ( $r = 0.463$ ,  $p < 0.001$ ). Regression confirmed that financial attitudes

significantly predict stress ( $F(1,175) = 47.73$ ,  $p < 0.001$ ), explaining 21% of variation ( $R^2 = 0.214$ ,  $\beta = 0.567$ ).

Thus, the null hypothesis ( $H_{02}$ ) is rejected. Financial attitudes significantly influence stress levels.

Individuals who are more financially aware may also feel more stressed due to heightened awareness of risks and responsibilities.

## V FINDINGS

1. **Loan/EMI burden, job insecurity, and children's education costs** were identified as the major sources of financial stress among middle-class families in Dadra & Nagar Haveli.
2. The **chi-square test** showed no significant association between household income and stress levels ( $\chi^2 = 9.82$ ,  $p = 0.278$ ). This indicates that financial stress is spread across different income groups.
3. **Financial attitudes had a significant influence on stress.** Correlation and regression results demonstrated that stronger financial attitudes were associated with higher stress, explaining about **21% of the variance** in stress levels ( $R^2 = 0.214$ ,  $\beta = 0.567$ ,  $p < 0.001$ ).
4. These results confirm that **specific obligations (debts, education, job security) and personal orientations (financial attitudes)** are stronger determinants of stress than income alone.

## VI CONCLUSION

This study examined the determinants of financial stress among middle-class households in Dadra & Nagar Haveli with three objectives: to identify the major sources of financial stress, to test the relationship between household income and stress, and to analyze the role of financial attitudes.

The analysis found that **loan/Equated Monthly Instalment (EMI) burden, job insecurity, and children's education costs** were the leading stressors. The **chi-square test showed no significant relationship between income and stress**, confirming that financial stress is not confined to lower-income families but is spread across different income brackets. At the same time, **financial attitudes significantly predicted stress**, explaining about **21% of variation** in stress levels. This means that greater financial awareness and cautious outlooks may increase sensitivity to risks and obligations.

In terms of hypothesis testing:

- **H<sub>01</sub> (no significant relationship between income and stress) was accepted.**
- **H<sub>02</sub> (no significant influence of financial attitudes on stress) was rejected.**

The study concludes that **specific obligations (such as debt repayments, children's education, and job security) and subjective orientations (financial attitudes)** play a more critical role in shaping financial stress than income levels alone.

**Practical implications** include:

- Policymakers and financial institutions should design **targeted financial literacy and debt-management programs** to help families manage obligations more effectively.
- Employers and governments should focus on **job stability measures** to reduce insecurity-driven stress.
- Families should adopt **structured savings and budgeting practices** to reduce dependence on loans and manage educational or lifestyle costs sustainably.

By addressing both the objective and subjective factors of financial stress, interventions can improve the overall financial well-being of middle-class households in smaller regions like Dadra & Nagar Haveli.

## VII ACKNOWLEDGMENT

The author expresses sincere gratitude to Ms. Maitary Mahto for her constant guidance and encouragement during the completion of this research. Thanks are also due to colleagues and students who supported the circulation of the questionnaire and assisted in data collection. The author further acknowledges the motivation and unconditional support provided by family members, which contributed greatly to the successful completion of this study.

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