Financial Stress in Middle-Class Families of Dadra & Nagar Haveli: A Descriptive Study of Coping, Impacts, and Suggested Measures

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Abstract:

Financial stress is a significant concern for middle-class families, affecting not only money management but also health and relationships. This study explores how households in Dadra & Nagar Haveli cope with financial stress, the impacts they face, and the measures they suggest to reduce it. Data were collected through a structured questionnaire, and 188 valid responses were analyzed using descriptive statistics and cross-tabulation.

The findings show that reducing non-essential expenses is the most common coping strategy, while borrowing and extra work are more frequent among lower-income families. Financial stress leads to reduced leisure spending, physical and mental health problems, and family conflicts. Gender analysis revealed that women face stronger health-related impacts than men. Suggested measures include financial literacy programs, job security, government support schemes, and affordable credit options.

The study concludes that tackling financial stress requires both personal financial planning and policy-level support.

1. Introduction:

Financial stress has emerged as one of the most pressing challenges for households in today's economy. Rising living costs, uncertain job security, debt obligations, and increasing expenditure on health and education place a significant burden on middle-class families. Prolonged financial stress not only affects the economic stability of households but also influences their physical and mental well-being, social relationships, and future planning.

While financial stress has been widely studied in India and globally, limited research exists on smaller union territories like Dadra & Nagar Haveli, where middle-class families face unique challenges.

Middle-class families, in particular, face unique pressures. Unlike higher-income groups, they often lack substantial savings or assets to fall back on, and unlike lower-income groups, they may not always qualify for government support schemes. As a result, they are forced to rely on a combination of personal adjustments, borrowing, or other coping mechanisms to manage financial strain. The way families respond to financial stress, and the consequences it creates in their lives, are critical areas of research for policymakers, financial institutions, and social planners.

This paper is a continuation of the author's earlier research, which focused on identifying the determinants of financial stress among middle-class families in Dadra & Nagar Haveli. While that study applied inferential statistics to understand the causes of stress, the present paper shifts attention to its effects and responses. Specifically, this study explores three dimensions: (i) coping strategies adopted by families, (ii) impacts of financial stress on household life, and (iii) measures suggested by respondents to reduce or manage financial stress.

By analyzing these aspects, the paper seeks to present a holistic picture of how financial stress is experienced, managed, and perceived at the household level. Together with the earlier research, this study contributes to a broader understanding of both the causes and consequences of financial stress in middle-class families, and highlights areas where both individual action and policy intervention are required.

2. LITERATURE REVIEW

Financial stress is a common concern across households, and researchers have studied it from different angles such as its causes, coping strategies, and impacts on well-being. According to Richardson et al. (2022), financial worries are strongly associated with mental health problems such as anxiety and depression. Sweet et al. (2013) also noted that this relationship works both ways—financial problems increase stress, and high stress reduces people's ability to manage money wisely. Similarly, Scientific Reports (2024) found that households with savings or assets are better able to manage stress, since reserves act as a protective shield during times of crisis. This shows that financial stability and mental health are closely connected.

The impacts of financial stress go beyond money and affect many areas of life. Drentea and Reynolds (2012) explained that long-term financial strain leads to social withdrawal, while Jenkins et al. (2008) highlighted its negative effects on family relationships and overall well-being. A more recent study in the Nursing Review (2025) showed that financial stress is linked with poor sleep, reduced concentration, and psychological distress, particularly among students. Similarly, the Family Stress Model (Conger et al., 2025) demonstrated that economic pressure on parents increases emotional stress, which then affects children's behavior and education. Together, these studies confirm that financial stress is not just an economic problem but a social and health issue that influences the entire household.

Families use different coping strategies when dealing with financial stress. Norvilitis and MacLean (2010) found that households often cut down unnecessary expenses, delay bill payments, or borrow from friends and relatives. A large study in the U.S. by PNAS (2022) revealed that families frequently adopt multiple strategies at the same time, such as reducing consumption, taking extra jobs, and relying on credit cards. In South Asian countries, the COVID-19 pandemic highlighted similar patterns. For example, Economic Analysis and Policy (2024) reported that families reduced their household consumption, postponed major purchases, or depended on informal loans from relatives and friends. These strategies provide short-term relief, but many researchers warn that frequent borrowing or heavy reliance on credit may create bigger financial problems in the long run.

Scholars and policymakers have also suggested different measures to reduce financial stress. Lusardi and Mitchell (2014) argued that financial literacy plays a vital role in improving money management, savings, and planning. However, OECD (2021) emphasized that literacy alone is not enough—there must also be structural support in the form of affordable loans, debt counseling, insurance, and job security programs. Mental health experts such as Jenkins et al. (2008) also suggested counseling and stress management services to reduce the emotional burden of financial strain. Combining financial knowledge with institutional support and mental health interventions is considered more effective than relying on just one measure.

From the above studies, it is clear that financial stress affects people's health, family life, and decision-making. Families adopt different coping strategies, but these are not always effective in the long term. Therefore, many researchers recommend a combination of financial knowledge, policy support, and counseling services. In this context, the present study adds value by focusing on middle-class families in Dadra & Nagar Haveli, examining their coping methods, the impacts they face, and the measures they suggest for reducing financial stress.

3. RESEARCH METHODOLOGY

3.1 Research Objectives

The present study was carried out with the following objectives:

- To explore the coping strategies adopted by middle-class families in Dadra & Nagar Haveli to deal with financial stress.
- To examine the impacts of financial stress on expenditure patterns, health, education, and family relationships.
- To identify and analyze the measures suggested by respondents for reducing and managing financial stress.

3.2 Research Design

This study adopts a descriptive research design, as the focus is on identifying and comparing coping mechanisms, household impacts, and suggested solutions to financial stress. The research is a continuation of the author's earlier paper, which examined the determinants of financial stress among middle-class families using inferential statistical techniques. In contrast, the present study applies a descriptive approach to analyze coping strategies, their variation across demographic groups (income and gender), the impacts of stress, and suggested measures.

3.3 Population and Sample

The population for this study consists of middle-class families residing in Dadra & Nagar Haveli. Data were collected through a structured questionnaire distributed via Google Forms. For the author's earlier paper, 177 valid responses were analyzed at the initial stage of the survey. However, for the present study, an updated dataset of 188 valid responses has been used, as more participants responded during the extended data collection period. A convenience sampling method was adopted, owing to accessibility and time constraints. The sample includes respondents from diverse age groups, occupations, and educational backgrounds, providing a fair representation of middle-class households in the region.

3.4 Research Instrument

The primary instrument of data collection was a structured questionnaire designed in Google Forms. The questionnaire included four sections:

- Demographic profile of respondents
- Coping strategies used to manage financial stress
- Impacts of financial stress on health, education, expenditure, and family relationships
- Suggested measures for reducing or managing stress

Questions were mainly close-ended (Yes/No and multiple choice), which allowed for straightforward analysis, ranking, and cross-tabulation with demographic variables.

3.5 Data Collection

The survey was conducted electronically, and responses were collected online. Participation was voluntary, and confidentiality was assured. Respondents were encouraged to provide honest answers, with no personal identifying information recorded.

3.6 Analytical Tools

Data were analyzed using Microsoft Excel. Since the study is descriptive in nature, the following statistical techniques were employed:

- **Frequency counts (n):** to determine how many respondents selected each option
- **Percentage analysis (%):** to show the relative importance of each response
- **Ranking method:** to identify the most and least common coping strategies, impacts, and suggested measures
- **Cross-tabulation:** to examine how coping strategies and impacts varied across demographic groups such as income and gender
- **Graphical representation (cluster bar charts):** to visually compare responses across groups

4. DATA ANALYSIS AND INTERPRETATION

4.1 Coping strategies adopted by respondents

Interpretation

1. **Table 1 and Figure 1** present the coping mechanisms adopted by middle-class families in Dadra & Nagar Haveli to manage financial stress. The majority of respondents (63.3%) reported reducing non-essential expenses, indicating that households first try to control discretionary spending. Around 29.8% relied on bank loans or credit cards, while 27.7% increased income through part-time or extra work. Borrowing from friends or family (26.6%) was also a notable strategy. Only 10.6% resorted to selling assets, and other methods were negligible. These findings suggest that households prefer internal adjustments and accessible financial options before turning to asset liquidation.

   Thus, Objective 1 is fulfilled, as the study identifies reducing non-essential expenses as the most common coping mechanism among middle-class families.
2. **Table 2 and Figure 2** present coping strategies across different income groups. The results show that reducing non-essential expenses was the most common strategy in all income groups, but its use was higher among households earning above ₹80,000 (76%) compared to those earning below ₹20,000 (57%). Middle-income households were more dependent on loans from friends/family or bank credit, while lower-income households reported higher use of asset sales and extra income activities. This highlights that income level influences the type of coping strategies adopted.
3. From the descriptive analysis, it is clear that reducing expenses is the most widely used coping strategy overall. However, the income-wise comparison further revealed important differences: higher-income households rely more on reducing expenses, middle-income groups depend more on borrowing, and lower-income families turn to asset sales and extra work. Together, these findings show that while expense reduction is a universal method, income level plays a key role in shaping the choice of other coping strategies.

4.2 Impacts of financial stress reported by respondents

Interpretation

The descriptive analysis **(Table 3, Figure 3)** showed that the most common impacts of financial stress were reduced spending on leisure/luxury items (81%), physical health issues (58%), and mental health issues (55%). To further understand whether gender influences these impacts, a cross-tabulation was carried out **(Table 4, Figure 4).** The results revealed that the patterns were broadly similar for both genders, with only minor variations. Males reported slightly higher reductions in spending on leisure activities (82% vs. 78%), whereas females were more likely to report health-related effects, including physical (70% vs. 51%) and mental health issues (62% vs. 51%). Overall, the findings suggest that the impacts of financial stress are experienced across genders in largely comparable ways, although women may face greater health-related burdens.

Therefore, Objective 2 is achieved, as the study highlights how financial stress affects health, education, family relationships, and expenditure patterns.

4.3 Measures suggested by respondents to manage financial stress

Interpretation

Table 5 and Figure 5 highlight the measures suggested by respondents for managing financial stress. The most frequently cited measure was the need for better financial literacy programs (60.6%), indicating that households recognize the importance of knowledge and skills in budgeting, saving, and debt management. Nearly half of the respondents emphasized systemic interventions such as government support schemes (48.4%) and job security programs (46.3%), reflecting expectations for policy-level support. Affordable loan or EMI options (39.4%) were also seen as important, suggesting that access to flexible credit could ease financial burdens. About one-third (31.9%) recommended mental health counselling services, acknowledging the psychological dimensions of financial stress. Other suggestions were minimal (2.1%). Overall, the findings highlight that families value both individual capacity-building (financial literacy) and institutional support (government aid, job security, accessible credit) as key strategies for mitigating financial stress.

Hence, Objective 3 is met, as the study identifies awareness programs, financial literacy, and better job security as the key measures suggested by respondents.

5. FINDINGS

Coping Strategies: The most common response to financial stress was reducing non-essential expenses (63%). Some families relied on loans or credit cards (30%), borrowed from relatives/friends (27%), or took extra work (28%). Only a few sold assets (11%).

By Income: Coping patterns varied by income. Higher-income households (above ₹80,000) mostly reduced non-essential expenses (76%), while lower-income households (below ₹20,000) depended more on borrowing (22%) and part-time work (28%).

Impacts of Financial Stress: Families mainly reduced leisure spending (81%), while many reported physical health problems (58%), mental health issues (55%), and family conflicts

(52%). A smaller share cut essential expenses (40%), delayed medical care (36%), or changed children's education plans (34%).

By Gender: Both men and women showed similar coping styles. However, women reported greater health impacts—physical (70% vs. 51%) and mental (62% vs. 51%)—while men were slightly more likely to reduce leisure spending (82% vs. 78%).

Suggested Measures: Respondents emphasized financial literacy (61%), followed by government schemes (48%), job security (46%), affordable loans (39%), and mental health counselling (32%).

6. CONCLUSION

The study highlights that financial stress is a major challenge for middle-class families in Dadra & Nagar Haveli. While most families cope by cutting non-essential expenses, strategies differ across income groups. Lower-income households rely more on borrowing and extra work, while higher-income households mainly reduce discretionary spending.

Similarly, the impacts of financial stress go beyond financial hardship. Both men and women experience reduced leisure and family conflicts, but women are more affected by health-related consequences. This shows that financial stress is not only an economic issue but also a social and health concern.

Respondents proposed practical solutions at both personal and policy levels. Families emphasized financial literacy and better planning, while expecting government support in the form of job security, social schemes, affordable loans, and mental health counselling.

Overall, the findings suggest that reducing financial stress requires a combined approach:
At the household level → develop savings habits, financial planning, and resilience.

At the policy level → ensure job security, support schemes, access to affordable credit, and health/mental health services.

Such joint efforts can ease the financial burden and improve the overall well-being of middle-class households.

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