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Navigating Rising Living Costs: A Qualitative Study of Financial Well-Being and Household Financial Decision-Making among Working Professionals in Uttarakhand

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ABSTRACT

Rising living costs have become a major socioeconomic challenge, placing increasing pressure on household financial stability and the financial well-being of working professionals. Although previous studies have extensively examined inflation, household finance, and financial well-being using quantitative approaches, limited attention has been paid to how individuals experience and manage rising living expenses in their everyday lives, particularly in the regional contexts of developing economies such as India. This study explored how rising living costs influence financial well-being and household financial decision-making among working professionals in Uttarakhand.

The study employed an interpretivist research philosophy combined with an exploratory qualitative approach. Semi-structured interviews were carried out with 25 working professionals from government and private-sector organizations in Uttarakhand. Participants were purposefully chosen to ensure a variety of perspectives on household financial management. The interview transcripts were manually analyzed through Braun and Clarke's (2006) six-phase thematic analysis.

The study showed that rising living costs have greatly affected how households plan their budgets, prioritize expenses, save money, make investment choices, and approach long-term financial planning. Participants reported increased financial stress due to higher costs for housing, healthcare, education, transportation, and other essential needs. To stay financially stable, they implemented various adaptive strategies such as stricter budgeting, cutting back on discretionary expenses, building emergency savings, and finding additional sources of income. Viewing these findings through the lens of the Family Resource Management Theory (FRMT), it becomes clear that households continuously adjust their financial resource management in response to changing economic circumstances.

The study contributes to the household finance literature by extending the application of the Family Resource Management Theory to the context of rising living costs and by providing qualitative evidence from Uttarakhand, an underexplored region in India. The findings offer practical insights for policymakers, employers, financial institutions, and financial educators seeking to strengthen household financial resilience and promote sustainable financial well-being.

Keywords: Rising Cost of Living; Financial Well-being; Household Financial Behaviour; Financial Stress; Family Resource Management Theory; Behavioral Finance; Consumption Theory; India; Uttarakhand

INTRODUCTION

In developing nations, rising household spending and inflation have drastically reshaped how salaried households make financial decisions. Due to the widening gap between income growth and living costs, many working professionals are under mounting financial strain despite steady jobs. Households in both developed and developing countries face unprecedented financial strain from sharp increases in spending on housing, food, healthcare, transportation, education, and utilities (Ruel et al., 2010). In many nations, economic expansion has

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created new jobs, yet wage growth has often lagged behind rising living costs. Financial well-being is therefore a growing concern for researchers, governments, employers, and financial institutions, as many salaried people still face financial strain despite steady jobs. Because it reflects a person's ability to meet current financial obligations while maintaining confidence in future financial stability, financial well-being has become a key concept in household finance, behavioral economics, and consumer research. According to recent research, financial well-being encompasses subjective assessments of financial stability, financial confidence, and the capacity to make decisions that support an acceptable quality of life, as well as objective metrics such as wealth or income. Higher financial well-being is typically associated with better psychological health, more effective financial planning, and increased financial resilience (Hernandez-Perez & Cruz Rambaud, 2025).

On the other hand, declining financial well-being is associated with higher levels of financial stress, lower life satisfaction, poorer mental health, and reduced work productivity (**Netemeyer et al., 2018; CFPB, 2015; Diener & Seligman, 2004**). Understanding the factors that affect financial well-being has become increasingly important for both academic study and public policy as households face rising living costs (**OECD, 2020; World Bank, 2022**). The impact of rising living costs on household financial decision-making is one of the most important effects (**ILO, 2023; Lusardi et al., 2020**). Households constantly distribute their limited financial resources among conflicting demands, such as daily consumption, housing, healthcare, education, savings, debt repayment, insurance, and long-term investments (**Deacon & Firebaugh, 1988; Goldsmith, 2012**). These choices are typically influenced by available income and financial objectives in stable economic times (**Keynes, 1936; Friedman, 1957**). However, households are often forced to adjust budgets, defer discretionary spending, reduce savings, seek additional income, and reevaluate long-term financial goals during periods of persistent inflation and economic instability (**OECD, 2022; World Bank, 2022; Mishkin, 2019**). These adaptive financial behaviors show that making financial decisions at home is not just an economic activity but also a behavioral and social process shaped by personal beliefs, work circumstances, family obligations, and shifting economic conditions (**Thaler, 1999; Xiao, 2016; Becker, 1981**).

In India, the rising cost of living is increasingly evident **(Reserve Bank of India, 2023; World Bank, 2022).** Despite ongoing economic growth, rising employment, and higher household incomes **(OECD, 2020; ILO, 2023),** inflation continues to diminish purchasing power across income groups. The costs of housing, children's education, healthcare, transportation, digital services, insurance, and other essential household needs are rising for working professionals in both the public and private sectors (**National Statistical Office (NSO), 2022; RBI, 2023)**. For many middle-class families, regular salary increases do not keep pace with rising living costs, prompting a reassessment of financial priorities and the adoption of new household management strategies **(NCAER, 2021; OECD, 2022)**. Consequently, understanding how working professionals perceive their financial security and adjust their financial decisions amid changing market conditions is increasingly important **(Lusardi et al., 2020; Xiao, 2016).**

In Uttarakhand, where geographic diversity, urbanization, tourism-based economic activity, and a range of employment prospects create distinct household financial conditions, the issue is especially pertinent **(Government of Uttarakhand, 2022; NITI Aayog, 2021).** Costs for housing, children's education, healthcare, transportation, digital services, insurance, and other essential household needs are rising in major cities such as Dehradun, Haridwar, Haldwani, Rudrapur, and Rishikesh **(RBI, 2023; NSO, 2022).** However, households in hill regions often face additional costs related to transportation, accessibility, and the availability of essential services (**Planning Commission, 2013; NITI Aayog, 2018**). These geographic features suggest that working professionals' financial experiences in Uttarakhand would differ from those documented in India's cities, underscoring the need for context-specific research **(Kumar & Subramanian, 2020; Mehta & Shah, 2019).**

The existing literature has significantly advanced our understanding of consumer finance, household financial behavior, financial literacy, and financial well-being **(Brüggen et al., 2017; Lusardi & Mitchell, 2014; Xiao & O'Neill, 2016).** Numerous studies show that income, financial knowledge, saving habits, debt management, and financial planning positively affect financial well-**being (Netemeyer et al., 2018; Kempson et al., 2017; OECD, 2013).** The effects of inflation and economic uncertainty on household spending, consumption patterns, and financial resilience have also been examined **(Mishkin, 2019; World Bank, 2022; OECD, 2022).** Nevertheless, most of these investigations have employed quantitative research methodologies, including

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statistical modeling and structured questionnaires **(Hair et al., 2019; Saunders et al., 2019).** Although quantitative methods are effective at identifying correlations between variables, they often offer little insight into how people cope with financial difficulties, assess financial stability, manage household finances, and adjust their financial behavior on a daily basis **(Creswell & Poth, 2018; Deacon & Firebaugh, 1988).**

The regional context of the existing literature is another drawback. Much of the available research draws on nationally representative datasets, developed economies, or urban areas. Regional contexts such as Uttarakhand, where employment structures, household duties, service accessibility, and cost-of-living patterns differ significantly from those in major urban centers, have received relatively little attention **(Nayyar, 2019; Tiwari & Joshi, 2022).** Additionally, prior research has typically treated financial stress, household financial decision-making, and financial well-being as distinct areas of inquiry rather than examining how they relate during periods of persistent increases in living costs. As a result, there is little qualitative data on how working professionals negotiate household financial decisions, manage financial constraints, and maintain their financial well-being amid shifting economic conditions.

The Family Resource Management Theory (FRMT) serves as the theoretical basis for this study and addresses these gaps (Deacon & Firebaugh, 1988; Goldsmith, 2012; Parrotta & Johnson, 1998). The theory explains how households respond to changing environmental conditions by acquiring, allocating, using, and managing scarce resources. It emphasizes that, unlike discrete financial decisions, efficient household financial management requires ongoing planning, prioritization, evaluation, and adaptation. FRMT provides a useful framework for understanding how working professionals adjust household budgets, modify consumption habits, manage financial stress, and develop coping mechanisms to preserve financial stability and overall well-being amid rising living costs.

Therefore, this study investigates how rising living expenses affect household financial decision-making and financial well-being among working professionals in Uttarakhand's public and private sectors (Creswell & Poth, 2018; Saunders et al., 2019; Merriam & Tisdell, 2016). The study aims to produce rich insights into participants' lived experiences, financial perceptions, decision-making processes, and adaptive strategies through semi-structured interviews and an exploratory qualitative research design. In contrast to earlier survey-based studies, this study focuses on how people interpret their financial experiences and the contextual elements that influence household financial behavior.

The study contributes to the existing body of literature in four significant ways. First, it offers a comprehensive understanding of how rising living expenses, financial well-being, household financial decision-making, financial stress, and coping mechanisms are related within a unified qualitative framework (Brüggen et al., 2017; Netemeyer et al., 2018).

Second, by illustrating how families manage scarce resources amid ongoing financial strain, it broadens the application of the Family Resource Management Theory to the developing field of household financial research (Deacon & Firebaugh, 1988; Goldsmith, 2012).

Third, it provides context-specific qualitative evidence from Uttarakhand, an area with unique socio-economic characteristics but little scholarly attention (Nayyar, 2019; Tiwari & Joshi, 2022).

Lastly, the results have practical implications for financial institutions, employers, financial educators, and legislators seeking to improve household financial resilience through evidence-based policy interventions, workplace financial wellness programs, and financial literacy programs (OECD, 2020; World Bank, 2022; Lusardi & Mitchell, 2014).

Research Objectives:

This study's main objective is to investigate how rising living expenses affect working professionals' financial well-being and household financial decision-making in Uttarakhand, India. In particular, the research aims to accomplish the following goals:

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1. To investigate how Uttarakhand's working professionals view their financial well-being.
2. To investigate how rising living expenses affect working professionals' household financial decision-making.
3. To determine the financial difficulties and coping mechanisms employed by working professionals to control home spending during times of increased living expenditures.
4. To comprehend how, in the face of shifting economic conditions, family, career, and demographic factors influence household financial decisions.
5. To use the Family Resource Management Theory to gain a contextual understanding of household financial decision-making and financial well-being.

Research Questions:

The following research questions direct the investigation in keeping with the qualitative and exploratory nature of the study:

RQ1. In light of growing living expenses, how do working professionals in Uttarakhand view their financial well-being?

RQ2. How have rising living expenses affected working professionals' household financial decision-making?

RQ3. In light of rising living expenses, what financial difficulties do working professionals face while handling home finances?

RQ4: What coping mechanisms do working professionals utilize to preserve home well-being and financial stability?

RQ5. How do socioeconomic circumstances, work-related factors, and family obligations affect working professionals' financial decision-making?

Significance of the Study

By examining the real-life experiences of working professionals managing household finances amid an increasingly difficult economic climate, this study advances both academic understanding and practical policy **(Creswell & Poth, 2018; Merriam & Tisdell, 2016; Brüggen et al., 2017).** Most prior research has relied on quantitative methods that primarily measure financial outcomes using standardized survey instruments, despite growing scholarly attention to financial well-being. As a result, less attention has been paid to how people negotiate household financial priorities, assess their financial circumstances, and adjust their financial behavior during uncertain economic times **(Xiao & O'Neill, 2016; Netemeyer et al., 2018).** This study offers significant contextual insights that supplement the available quantitative information through a qualitative approach.

From a theoretical standpoint, by analyzing how households distribute, prioritize, and manage scarce financial resources amid ongoing cost-of-living pressures, the study expands the applicability of the Family Resource Management Theory (**Deacon & Firebaugh, 1988; Goldsmith, 2012; Parrotta & Johnson, 1998**). It is anticipated that the results will enhance our understanding of financial decision-making as a dynamic process shaped by economic conditions, family obligations, job characteristics, and individual financial experiences.

By concentrating on Uttarakhand, a Himalayan state that has received very little scholarly attention in household finance and financial well-being research, the study also makes a significant contextual addition (**Nayyar, 2019; Tiwari & Joshi, 2022; World Bank, 2022**). The experiences of working professionals in Uttarakhand may not be fully captured by information from metropolitan centers, given regional differences in employment patterns, cost of living, geographic conditions, and household responsibilities. As a result, the current study adds location-specific data to the body of knowledge regarding financial well-being in emerging economies.

Policymakers, employers, financial institutions, and financial educators can all benefit from the findings **(OECD, 2020; World Bank, 2022; Lusardi & Mitchell, 2014).** Insights into the financial difficulties and coping mechanisms faced by working professionals can inform the creation of financial literacy programs, workplace financial wellness initiatives, employee assistance programs, and evidence-based public policies that improve household financial resilience. Organizations can create employee perks and support systems that improve financial stability, productivity, and overall well-being by taking into account the financial realities of working professionals **(PwC, 2021; CFPB, 2017).** Lastly, by providing evidence to guide future research, policy development, and organizational practices to enhance financial well-being amid ongoing economic uncertainty, the study contributes to the broader conversation on sustainable household financial management.

LITERATURE REVIEW AND CONCEPTUAL/THEORETICAL FRAMEWORK

Rising Living Costs and Household Financial Behaviour

One of the biggest socioeconomic issues facing households globally is the rising cost of living (**OECD, 2022; World Bank, 2022; IMF, 2023**). Consistent inflation, rising housing, healthcare, and education costs, unstable energy markets, and disruptions in international supply chains have all contributed to a decline in household purchasing power and increased financial strain that affects people of all income levels. All households are affected by these economic shifts, but salaried professionals are especially affected because their income growth often falls short of rising household expenses (**ILO, 2023; OECD, 2020**). To preserve economic stability, households are forced to reevaluate their financial priorities, alter their spending patterns, and implement flexible financial measures.

Household financial behavior refers to how individuals and families allocate, use, and manage available financial resources to meet both short-term and long-term needs (Xiao & O'Neill, 2018; Netemeyer et al., 2018; OECD, 2020). Financial behavior encompasses saving, investing, debt management, financial planning, and consumption choices, as well as regular budgeting and expenditure control. Current research indicates that household financial behavior is influenced by psychological, social, and environmental factors—such as perceptions of financial security, job stability, family responsibilities, and current economic conditions—as well as by objective financial resources (Brüggen et al., 2017; CFPB, 2017; World Bank, 2022). To maintain financial resilience and overall well-being, households continually adjust their financial behavior in response to changes in the external economic environment (OECD, 2022; IMF, 2023).

In both industrialized and developing economies, persistent increases in the cost of living have dramatically altered household financial behavior, according to recent empirical evidence (OECD, 2022; IMF, 2023; World Bank, 2022). Rising spending on necessities has led to increased reliance on consumer credit, lower household savings, delayed investment decisions, and reduced discretionary spending. In response, many households reorganize their budgets, postpone major expenditures, seek additional sources of income, and reevaluate their long-term financial objectives. Rather than a collection of discrete financial choices, these adaptive responses indicate that household financial behavior is a dynamic process shaped by ongoing interactions between economic conditions and household resource availability (Netemeyer et al., 2018; Xiao & O'Neill, 2018).

Due to ongoing inflation and rising costs of housing, transportation, healthcare, education, and digital services, living expenses have become a serious concern in India (RBI, 2023; World Bank, 2022; OECD, 2020). Even as household incomes and employment prospects have increased due to economic development, many working professionals still face financial strain because wage growth has not kept pace with inflation (ILO, 2023; IMF, 2023). As a result, households face more difficult trade-offs among debt commitments, investment choices, future savings, and current spending. For middle-class households, where juggling multiple financial obligations has become increasingly difficult, these financial changes are especially pertinent.

The existing literature has largely relied on quantitative measures such as consumer price indices, household spending surveys, or income–consumption correlations to study the economic effects of rising living costs, even as inflation and household finance attract growing scholarly attention (OECD, 2022; World Bank, 2022; IMF, 2023). Although these studies provide substantial macro-level evidence, they offer relatively little insight into how people cope with financial stress day-to-day and how this affects household financial behavior (Xiao & O'Neill, 2018; Netemeyer et al., 2018). This limitation is especially pronounced in rural contexts like

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Uttarakhand, where household obligations, work patterns, and geographic conditions may shape financial decisions differently than in urban settings (Nayyar, 2019; Tiwari & Joshi, 2022). Therefore, a more thorough understanding of how working professionals adjust to rising living costs and maintain financial stability amid shifting economic conditions can be gained by analyzing household financial behavior through participants' lived experiences (Creswell & Poth, 2018; Merriam & Tisdell, 2016).

Inflation Impact on Household Financial Behaviour (2020–2025): Recent global and national evidence highlights that inflation has significantly altered household financial behavior, particularly by reducing real income and purchasing power. The ongoing cost-of-living crisis is characterized by rising prices for essentials such as food, fuel, and housing outpacing wage growth, thereby constraining consumption and lowering living standards. Empirical studies show that households respond to inflation by reducing discretionary spending, prioritizing essential goods, and altering consumption patterns. Research on income shocks demonstrates that fluctuations in income directly influence household consumption decisions, often leading to reduced spending and increased financial caution.

In the Indian context, recent evidence indicates a sharp rise in household expenditure, with more than 58% of households reporting difficulty managing expenses due to inflationary pressures. Rising food inflation and essential costs disproportionately affect middle-income groups, who allocate a large share of their income to necessities. Furthermore, macro-level trends show that despite economic growth, consumption patterns are weakening, especially among the middle class, due to stagnant incomes and rising costs.

Financial Well-being and Household Financial Decision-Making

Because it reflects people's ability to manage their financial resources efficiently while preserving both current and future financial security, financial well-being has become a key concept in household finance, behavioral economics, and consumer research (Brüggen et al., 2017; CFPB, 2017; Netemeyer et al., 2018). Contemporary literature recognizes financial well-being as a multifaceted concept that extends beyond objective measures such as income, wealth, or savings. It includes people's judgments of their financial security, confidence in handling their financial responsibilities, ability to withstand unforeseen financial shocks, and ability to pursue long-term financial objectives. As a result, financial well-being is increasingly viewed as an economic and psychological outcome that affects family functioning, job performance, and overall quality of life (OECD, 2020; Xiao & O’Neill, 2018).

Early research primarily relied on objective financial metrics, such as income, asset ownership, debt, and savings, to measure financial well-being (Joo & Grable, 2004; Porter & Garman, 1993). Subsequent studies have shown that people with similar financial resources often report different levels of perceived financial stability and financial happiness (Diener & Oishi, 2000; Netemeyer et al., 2018). This shift has prompted scholars to incorporate subjective factors into the conceptualization of financial well-being, including financial confidence, financial worry, perceived control over personal finances, and expectations of future financial stability (Brüggen et al., 2017; CFPB, 2017). The growing focus on subjective financial well-being acknowledges that people's financial experiences are shaped not only by the resources at their disposal but also by how they perceive and respond to their financial situation.

Because household financial decision-making is the process by which households allocate scarce financial resources to meet competing demands and achieve financial objectives, it is closely linked to financial well-being (Xiao & O’Neill, 2018; Brüggen et al., 2017; Netemeyer et al., 2018). Budgeting, spending allocation, borrowing, investing, saving, insurance planning, and retirement planning are examples of financial decisions. These decisions reflect ongoing discussions among household members about current consumption, future financial stability, and family duties rather than discrete economic choices. Households can therefore maximize their resources and adapt to shifting economic conditions and unforeseen financial difficulties by making sound financial decisions (Deacon & Firebaugh, 1988; Goldsmith, 2012).

Empirical studies have repeatedly shown a reciprocal association between household financial decision-making and financial well-being (**Joo & Grable, 2004; Xiao & O’Neill, 2018**). Stronger households are typically better equipped to create structured budgets, keep emergency funds on hand, handle debt sensibly, and make investments for long-term financial security. On the other hand, households facing financial instability frequently make short-term financial choices characterized by lower savings, delayed investments, higher borrowing, and greater reliance on credit to cover necessities (**Lusardi & Mitchell, 2014; Netemeyer et al., 2018**). These results imply that financial well-being serves as a resource that influences future financial behavior and household decision-making in addition to being a result of prudent financial management.

This relationship has been exacerbated by the recent rise in living costs, which has further strained household finances (OECD, 2022; IMF, 2023; World Bank, 2022). Rising costs for housing, healthcare, education, transportation, and necessities have reduced disposable income, forcing many households to reevaluate their financial priorities and change long-standing financial habits. According to research, families often respond by cutting back on discretionary spending, postponing major purchases, adjusting their savings objectives, and reallocating funds to necessities (OECD, 2020; ILO, 2023). These adaptive techniques often entail trade-offs between current financial obligations and future financial objectives, even though they may help households manage immediate financial stress. As a result, in settings marked by persistent inflation and economic uncertainty, financial decision-making has grown more difficult.

The literature on behavioral finance also suggests that factors beyond economic resources influence household financial decisions (Kahneman & Tversky, 1979; Lusardi & Mitchell, 2014; Xiao & O'Neill, 2018). How people understand financial risks and allocate household resources is strongly shaped by several factors, including financial literacy, financial self-efficacy, risk perception, future orientation, job stability, and family responsibilities. Even among households with comparable income levels, psychological factors such as financial worry and confidence can affect borrowing decisions, investment choices, saving habits, and budgeting discipline (Netemeyer et al., 2018; Brüggen et al., 2017). This broader perspective emphasizes that household financial behavior is influenced not solely by logical economic calculations but by a combination of financial capability, behavioral traits, and environmental factors.

Strong family involvement and group responsibility are hallmarks of household financial decision-making in the Indian context (Sundaram & Vanneman, 2008; Reserve Bank of India, 2023). Financial decisions often extend beyond personal preferences to encompass long-term family security, healthcare, housing, elder care, marriage costs, and children's education. These choices have become more difficult amid rising living costs, especially for middle-class salaried households that must balance rising household expenses with comparatively stable income growth (ILO, 2023; OECD, 2022). Budgeting practices, income stability, and financial literacy have been found to be significant predictors of financial well-being in Indian studies (Lusardi & Mitchell, 2014; OECD, 2020). However, most studies rely on quantitative surveys that describe statistical correlations between variables but offer little insight into how families manage uncertainty, negotiate financial priorities, and adjust their financial behavior in day-to-day life (Creswell & Poth, 2018; Merriam & Tisdell, 2016).

Despite earlier studies that significantly advanced our knowledge of household financial decision-making and financial well-being (Brüggen et al., 2017; Netemeyer et al., 2018; Xiao & O'Neill, 2018), several issues remain. Much of the current work published examines these ideas separately rather than accounting for how they interact dynamically amid rising living costs (OECD, 2022; World Bank, 2022). Furthermore, the discipline is dominated by quantitative approaches, which offer little insight into the financial discussions, adaptive strategies, and lived experiences of working professionals under ongoing economic strain (Creswell & Poth, 2018; Merriam & Tisdell, 2016). These constraints highlight the need for qualitative studies that can examine how household financial decisions within particular socioeconomic circumstances are experienced, interpreted, and sustained.

To address these limitations, the current study examines household financial decision-making and financial well-being as related processes rather than as distinct concepts (Deacon & Firebaugh, 1988; Goldsmith, 2012). The study aims to understand how working professionals in Uttarakhand manage competing financial obligations, respond to rising living costs, and maintain financial well-being through routine household financial decisions. It is guided by the Family Resource Management Theory. Using an exploratory qualitative methodology (Saunders et al., 2019; Creswell & Poth, 2018), the research provides deeper insight into the contextual and behavioral aspects of household finance that are often overlooked in survey-based studies. Financial Stress and

Household Financial Well-being (2020–2025). Recent literature identifies financial stress as a critical outcome of economic uncertainty, inflation, and income instability. Financial stress arises when households struggle to meet financial obligations, often leading to anxiety, reduced well-being, and poor financial decision-making. Post-COVID studies indicate that rising living costs, job insecurity, and declining savings have intensified financial stress globally. In India, middle-class households are increasingly facing debt burdens, declining savings rates, and greater reliance on credit, reflecting financial vulnerability.

Emerging research also shows that financial stress influences behavior, including reduced savings, increased borrowing, and stricter budgeting. Additionally, financial instability is closely linked to psychological outcomes, including anxiety and reduced financial confidence. Recent reports further highlight that middle-class households are particularly vulnerable, often caught between rising aspirations and limited income growth, leading to financial strain and mounting stress.

Family Resource Management Theory (Theoretical Foundation)

The Family Resource Management Theory (FRMT), developed by Deacon and Firebaugh (1988), serves as the foundation for this study (Deacon & Firebaugh, 1988; Goldsmith, 2012; Parrotta & Johnson, 1998). It offers a comprehensive framework for understanding how families obtain, allocate, use, and evaluate resources to achieve personal and household objectives. According to the theory, households are dynamic systems that continually engage with their internal and external contexts as they make choices about how to manage their time, money, resources, and people. FRMT emphasizes that household resource management is an ongoing process of planning, implementing, evaluating, and adapting to changing environmental conditions, rather than viewing financial management as a collection of discrete economic decisions.

A fundamental tenet of FRMT is that household outcomes are shaped by both the amount of resources available and the efficiency with which they are managed (Deacon & Firebaugh, 1988; Goldsmith, 2012). Because of differences in financial planning, budgeting practices, resource allocation, financial literacy, and decision-making skills, families with comparable incomes may have varying degrees of financial well-being (Lusardi & Mitchell, 2014; Netemeyer et al., 2018). Accordingly, the theory recognizes that both resource availability and how households use them influence financial well-being. This perspective is especially relevant amid rising living costs, when households must continually reassess their financial priorities, weigh competing demands, and adjust their financial plans to maintain financial stability (OECD, 2022; World Bank, 2022).

The use of FRMT has grown significantly in consumer behavior studies, family economics, and household finance (Deacon & Firebaugh, 1988; Goldsmith, 2012; Parrotta & Johnson, 1998). The hypothesis has been used in earlier research to explain family decision-making during uncertain economic times, household budgeting, spending control, saving behavior, and financial resilience. More recent studies have extended its use to examine how households reorganize spending, adjust savings, seek new sources of income, and update long-term financial objectives in response to inflation, financial crises, and shifting labor market conditions (OECD, 2022; World Bank, 2022; IMF, 2023). According to these studies, household financial behavior is an adaptive process in which judgments about internal resource management are continually shaped by external economic conditions.

Because it incorporates the main concepts examined in this study—rising living expenses, household financial decision-making, financial well-being, financial stress, and coping mechanisms—FRMT offers a suitable theoretical lens (Brüggen et al., 2017; Netemeyer et al., 2018). As living expenses rise, households face financial challenges that require effective management of scarce resources. Financial decisions made in response to these constraints shape perceptions of financial well-being and can also cause financial stress, prompting households to use a variety of coping mechanisms (Lusardi & Mitchell, 2014; Xiao & O'Neill, 2018). As a result, FRMT explains not only how households respond to shifting economic conditions but also why families facing similar external constraints achieve different financial outcomes (Deacon & Firebaugh, 1988; Goldsmith, 2012).

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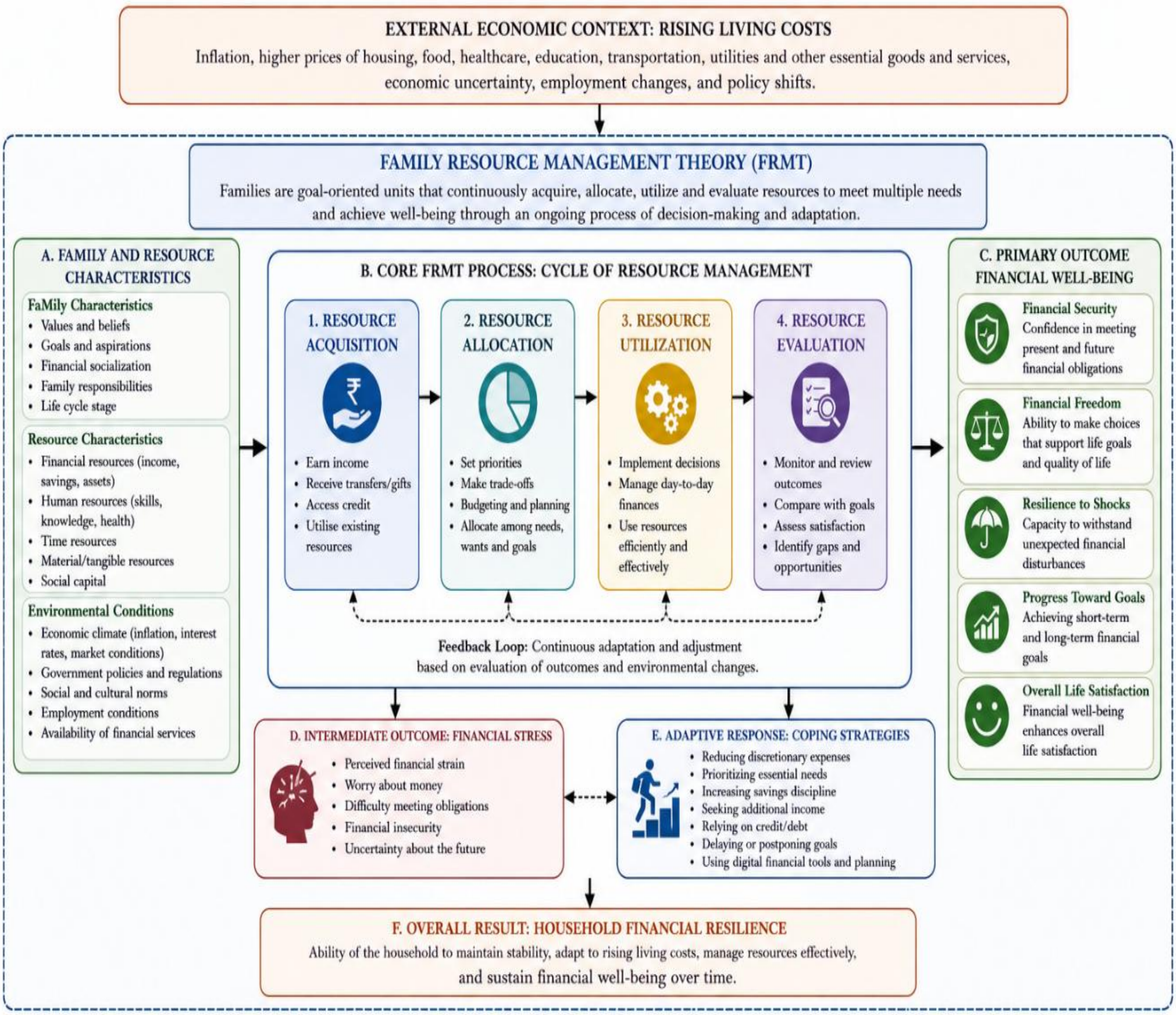
Figure 1. Theoretical Framework Based on Family Resource Management Theory (FRMT)



Note: FRMT explains how families, through an ongoing cycle of acquiring, allocating, utilizing and evaluating resources in response to rising living costs and other environmental conditions, influence financial well-being, experience financial stress, adopt coping strategies, and ultimately achieve financial resilience.

The theoretical framework supporting this investigation is shown in Figure 1. The framework illustrates how an external economic factor, rising living expenses (OECD, 2022; World Bank, 2022), affects household financial behavior. Through budgeting, spending planning, saving, borrowing, and other financial decisions, households allocate and manage their financial resources in line with Family Resource Management Theory (Deacon & Firebaugh, 1988; Goldsmith, 2012). These actions ultimately determine a household's ability to maintain financial resilience amid ongoing economic hardship and also affect financial well-being, financial stress, and coping mechanisms (Brüggen et al., 2017; Netemeyer et al., 2018; Xiao & O'Neill, 2018). This framework guides the interpretation of the empirical results and provides the conceptual foundation for understanding the lived experiences of working professionals in Uttarakhand. The study proposes a conceptual linkage among cost escalation, financial adaptation, and perceived well-being.

Empirical Evidence:

Over the past decade, empirical research on household finance has grown significantly amid shifting employment conditions, inflationary pressures, and rising economic instability (Lusardi & Mitchell, 2014; OECD, 2022; World Bank, 2022). Research repeatedly shows that rising living costs undermine financial well-being by eroding purchasing power, increasing household spending, and limiting families' ability to save and

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invest for future needs (Brüggen et al., 2017; Netemeyer et al., 2018; IMF, 2023). Across socioeconomic groups, these financial constraints are linked to heightened financial insecurity, declining financial confidence, and greater vulnerability to unforeseen economic shocks (Consumer Financial Protection Bureau, 2017; OECD, 2022).

Additionally, studies have shown that prolonged inflation makes household financial decision-making more difficult (IMF, 2023; World Bank, 2022). Households must reevaluate their financial priorities and reallocate resources as costs for housing, healthcare, education, transportation, and other necessities continue to climb. Typical behavioral responses documented in prior research include rationalizing spending, postponing discretionary purchases, altering saving habits, relying more on consumer credit, and seeking additional sources of income (Xiao & O'Neill, 2018; Lusardi et al., 2020; OECD, 2022). While these adaptive strategies help households cope with short-term financial strains, they may also undermine long-term financial stability by limiting investment and saving options (Mian, Straub, & Sufi, 2021; IMF, 2023).

According to studies in both developed and developing economies (Brüggen et al., 2017; Netemeyer et al., 2018; Lusardi & Mitchell, 2014), economic resources, financial literacy, behavioral skills, job stability, and psychological factors such as financial confidence and perceived financial control all affect financial well-being. People with similar income levels often report different financial outcomes because of differences in financial behavior, planning techniques, and resource management, even though households with higher financial capability typically exhibit greater resilience during periods of economic uncertainty (Xiao & O'Neill, 2018; Kempson, Finney, & Poppe, 2017). These results support the claim that efficient household financial management depends not only on available funds but also on how those funds are used and prioritized (Deacon & Firebaugh, 1988; Goldsmith, 2012).

Empirical research in India has largely focused on consumer finance, financial inclusion, saving behavior, and financial literacy (Reserve Bank of India, 2021; Agarwal et al., 2021). Prior research indicates that rising living expenses have exacerbated financial difficulties for poor households, especially those from middle-class backgrounds (Bhanumurthy et al., 2018; OECD, 2022). However, much of this evidence comes from national datasets or quantitative surveys conducted in large cities. Regional contexts, such as Uttarakhand, where topographical conditions, occupational arrangements, and household spending patterns may shape financial experiences differently, have received relatively little attention (Planning Commission of India, 2013; NITI Aayog, 2021).

Rising living expenses have a substantial impact on household financial behavior and well-being, according to the empirical literature (Brüggen et al., 2017; Netemeyer et al., 2018; OECD, 2022). However, three significant limitations remain. First, prior research has largely relied on quantitative methods, which has hampered our understanding of the lived experiences that underlie household financial decisions (Xiao & O'Neill, 2018; Kempson et al., 2017). Second, rather than examining the interconnectedness among financial stress, household financial decision-making, and financial well-being, most current research has treated these topics as distinct phenomena (Lusardi & Mitchell, 2014; Netemeyer et al., 2018). Third, there remains a dearth of qualitative data from local Indian contexts (Agarwal et al., 2021; Reserve Bank of India, 2021).

To address these constraints, the current study employs an exploratory qualitative methodology to provide a context-specific understanding of how working professionals in Uttarakhand manage rising living costs and make household financial decisions, drawing on the Family Resource Management Theory (Deacon & Firebaugh, 1988; Goldsmith, 2012). Indian Middle-Class Consumption Patterns (2020–2025): The Indian middle class plays a crucial role in driving consumption; however, recent studies reveal significant structural shifts in their financial behavior.

Recent evidence shows that:

- Household consumption has grown over time, but recent trends indicate stagnation and reduced discretionary spending

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- Savings rates are declining, while household debt is increasing
- Consumption is increasingly credit-driven rather than income-driven

Studies of urban households further reveal that financial behavior is influenced by income levels, employment type, and access to financial instruments, thereby shaping saving and spending patterns.

Additionally, the Indian middle class is experiencing:

- Increased financial pressure due to lifestyle expectations
- Rising dependence on loans and EMIs
- Greater vulnerability to economic shocks

Recent discussions also highlight that many middle-class households are struggling to balance consumption and financial security, often leading to hidden financial stress and long-term instability.

Updated Mapping Table with Recent Literature (2020–2025)

Themes (Findings)	Linked Literature Section	Conceptual Link / Justification (with Recent Studies)
Theme 1Increasing Financial Strain Due to Inflation	**2.1 Rising Living Costs and Household Financial Behaviour**	Recent studies confirm that inflation significantly erodes purchasing power and reshapes household consumption patterns. Research shows households reduce discretionary spending and shift toward essential goods during inflationary periods (Baker et al., 2020; Coibion et al., 2022). In the Indian context, rising food and fuel prices have disproportionately affected middle-class households, leading to constrained consumption and increased financial pressure (Reserve Bank of India, 2023; Kumar & Mishra, 2022). This directly aligns with participants' experiences of rising expenditure and reduced purchasing capacity.
Theme 2: Financial Prioritization; Budget Adjustment; Saving Behavior	**2.2 Financial Well-being and Household Financial Decision-Making**	Literature highlights that financial stress triggers behavioral adjustments such as expenditure prioritization, budget restructuring, and precautionary savings. Households adopt adaptive financial strategies to manage uncertainty (Hanspal et al., 2021; Carvalho et al., 2020). In India, middle-class households increasingly reallocate spending toward necessities and reduce savings or shift toward safer financial instruments during economic instability (Bapat, 2020; RBI, 2023). These findings strongly support observed patterns of financial prioritization and budgeting behavior.
Theme 3: Financial Security; Financial Confidence	**2.2 Financial Well-being and Household Financial Decision-Making**	Research on financial well-being identifies financial security and confidence as key subjective indicators shaped by income stability and economic conditions. Studies post-COVID show a decline in perceived financial security and confidence due to uncertainty and inflationary pressures (OECD, 2021; CFPB, 2022). In emerging economies like India, financial confidence is closely tied to employment stability and savings adequacy (Lusardi et al., 2020). This aligns with participants' perceptions of financial stability and future outlook.

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Theme 4: Financial Anxiety; Family Responsibilities	**2.3 Family Resource Management Theory (Theoretical Foundation)**	Family Resource Management Theory explains how households allocate limited financial resources under constraints, often leading to stress and anxiety. Recent research highlights increased financial anxiety due to rising living costs, particularly among households with dependents (Prawitz et al., 2021; Xiao & O'Neill, 2021). In India, family obligations such as education, healthcare, and caregiving intensify financial stress in middle-class households (Mehrotra & Parida, 2021). This supports the observed link between financial anxiety and family responsibilities.
Theme 5: Adaptive Coping; Financial Resilience	**2.3 Family Resource Management Theory + 2.4 Empirical Evidence**	Both theory and empirical studies emphasize resilience as a key outcome of financial coping mechanisms. Households adopt strategies such as income diversification, expense control, and financial planning to manage economic shocks (Masten & Motti-Stefanidi, 2020; Kira & Shuwailan, 2022). Post-pandemic evidence shows increased reliance on digital finance, informal support systems, and adaptive budgeting among Indian households (Borker, 2021; RBI, 2023). These findings align with participants' demonstrated financial resilience and coping strategies.

Research Gap and Study Contribution

Rising living expenses significantly affect household financial behavior, well-being, and decision-making, according to the literature now in print (Brüggen et al., 2017; Netemeyer et al., 2018; OECD, 2022; IMF, 2023). The importance of resource management, budgeting techniques, income stability, and financial literacy in shaping household financial outcomes has been noted in earlier research (Lusardi & Mitchell, 2014; Xiao & O'Neill, 2018; Kempson et al., 2017). However, a thorough understanding of how households respond to persistent economic pressures is hampered by several shortcomings in the current body of evidence.

First, most studies to date have relied on quantitative methods, primarily statistical models and structured surveys, to examine financial behavior. While these methods reveal correlations among financial variables, they offer limited insight into the perceptions, lived experiences, and adaptive decision-making processes of people facing rising living costs (Xiao & O'Neill, 2018; Kempson et al., 2017). Second, prior studies have largely treated financial stress, household financial decision-making, and financial well-being as separate concepts, paying little attention to how they relate within the broader framework of household resource management (Netemeyer et al., 2018; Lusardi & Mitchell, 2014). Third, despite their unique socioeconomic traits, employment trends, and cost-of-living challenges, there remains a dearth of empirical data from regional contexts in India, particularly in Himalayan states such as Uttarakhand (Agarwal et al., 2021; Reserve Bank of India, 2021; NITI Aayog, 2021).

To address these constraints, the study adopted an exploratory qualitative methodology grounded in the Family Resource Management Theory (FRMT) to examine how working professionals in Uttarakhand cope with rising living costs and manage household finances (Deacon & Firebaugh, 1988; Goldsmith, 2012). The study extends the application of FRMT in current household finance research by treating financial well-being, household financial decision-making, financial stress, and coping mechanisms as interrelated aspects of household resource management (Brüggen et al., 2017; Xiao & O'Neill, 2018).

The study makes three significant contributions. Theoretically, it advances the application of Family Resource Management Theory to explain how households adjust their finances amid ongoing economic strain (Deacon & Firebaugh, 1988; Goldsmith, 2012; Xiao & O'Neill, 2018). Empirically, it provides context-specific qualitative data from Uttarakhand, a region that has received little scholarly attention (Agarwal et al., 2021; Reserve Bank

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of India, 2021; NITI Aayog, 2021). For policymakers, employers, financial educators, and financial institutions seeking to create programs that strengthen financial resilience and improve the financial well-being of working professionals, the findings offer useful insights (OECD, 2022; Brüggen et al., 2017).

The literature review reveals substantial methodological, theoretical, and contextual gaps while highlighting the growing importance of understanding household financial behavior amid rising living costs (Netemeyer et al., 2018; Lusardi & Mitchell, 2014; IMF, 2023). To close these gaps, people's lived experiences must be thoroughly examined (Kempson et al., 2017; Xiao & O'Neill, 2018). The following section describes the qualitative approach used to examine financial well-being and household financial decision-making among working professionals in Uttarakhand.

RESEARCH METHODOLOGY

To examine the impact of rising living costs on the financial well-being and household financial decision-making of working professionals in Uttarakhand, India, this study adopts a qualitative research design grounded in an interpretivist paradigm. This approach is theoretically informed by the premise that financial behaviors and perceptions are socially constructed, contextually embedded, and shaped by subjective interpretations of economic realities (Lincoln & Guba, 1985). Unlike positivist frameworks, which emphasize objectivity, measurement, and generalizability, interpretivist inquiry facilitates a deeper understanding of how individuals construct meaning around financial stress and adapt their decision-making within dynamic socio-economic environments (Creswell & Poth, 2018).

Qualitative research is particularly well-suited to exploring complex, under-theorized phenomena, such as the lived experiences of financial strain and adaptive household strategies amid inflationary pressures. While quantitative methods effectively identify statistical relationships among variables, they often fail to capture the nuanced, process-oriented, and experiential dimensions of financial decision-making (Denzin & Lincoln, 2018). In contrast, the qualitative approach used in this study enables a critical examination of how working professionals negotiate competing financial priorities, manage resource constraints, and reinterpret financial well-being in response to rising living costs.

Furthermore, this methodological choice aligns with theoretical perspectives on household financial behavior and resource management that conceptualize financial decision-making as an adaptive, iterative process shaped by constraints, preferences, and contextual factors. The study uses a purposive sampling strategy to select 25 participants, ensuring relevance and depth of insight. The sample size is consistent with qualitative research standards and is justified by the principle of data saturation, in which data collection ceases once no new themes or insights emerge (Guest, Bunce, & Johnson, 2006). This enhances the study's credibility, trustworthiness, and analytical rigor, aligning with established criteria for qualitative validity, including credibility, dependability, and confirmability (Lincoln & Guba, 1985). While this study adopts a qualitative cross-sectional design to explore lived experiences, future studies may benefit from longitudinal approaches to examine temporal changes in financial behavior and adaptation strategies.

Research Philosophy and Research Design:

The interpretivist research philosophy, which holds that people's experiences and interactions shape social reality, serves as the study's compass. Household financial decision-making and financial well-being are subjective phenomena that vary with individual circumstances, family obligations, work environments, and broader socioeconomic contexts. Therefore, rather than relying solely on objective financial metrics, understanding these experiences requires direct contact with people.

The study employs an exploratory qualitative design and an inductive approach, consistent with the interpretivist viewpoint. It aims to gain a thorough understanding of how working professionals cope with rising living costs and manage household finances, rather than testing preconceived notions. The Family Resource Management Theory (FRMT), which provides a conceptual lens for understanding how households acquire, allocate, use, and assess available resources in response to shifting economic conditions, serves as the study's theoretical foundation.

Study Area and Participants:

The study was conducted in the Indian state of Uttarakhand, which is known for its diverse employment, economic, and topographical conditions. Households in both urban and semi-urban areas are facing financial difficulties due to rising costs of housing, healthcare, transportation, education, and other necessities. Therefore, the study focuses on working professionals who live in districts that are important administrative, educational, industrial, and commercial hubs in the state, such as Dehradun, Haridwar, Haldwani, Rudrapur, and Rishikesh.

Employees in the public and private sectors who actively manage household finances constitute the target audience. Participants were chosen because they frequently make financial decisions that directly affect their households' financial well-being, such as budgeting, spending planning, saving, investing, and managing debt.

Sampling Strategy

Purposive sampling was used to identify people with extensive knowledge who could provide in-depth explanations of the phenomenon under study. In qualitative research, purposive sampling is often recommended when participants have particular experiences relevant to the study's goals. Participants were selected from a range of age groups, genders, family backgrounds, and occupational sectors to ensure a diversity of viewpoints.

The following requirements had to be met for participation:

1. employment in the public or private sector;
2. at least three years of work experience;
3. regular income; and
4. active participation in household financial decision-making. These requirements ensured that participants had sufficient experience to discuss the financial effects of rising living costs.

Sampling Limitation:

While purposive sampling facilitated the selection of information-rich participants—specifically working professionals directly experiencing rising living costs—it inherently limits the breadth of representation across occupational categories, income strata, and socioeconomic backgrounds within Uttarakhand. As a nonprobability sampling strategy, it prioritizes depth, contextual richness, and relevance over statistical representativeness; consequently, the findings are analytically robust but not intended for population-level generalization (Creswell & Poth, 2018; Patton, 2015). To partially mitigate this limitation, elements of maximum variation sampling were incorporated by intentionally including participants from diverse income levels, professions, and family structures, thereby enhancing the heterogeneity of perspectives within the sample (Patton, 2015).

From a critically reflexive standpoint, this methodological choice also shapes the knowledge produced in this study. By focusing primarily on formally employed professionals, the research may inadvertently privilege relatively stable, visible, and institutionally embedded financial experiences, while underrepresenting the more precarious, informal, or marginalized economic realities within Uttarakhand's broader socio-economic landscape. Although maximum variation sampling sought to broaden representation, it cannot fully overcome the structural exclusion of certain groups, particularly those outside formal employment systems. This selective visibility has implications for how financial well-being and household financial decision-making are conceptualized and interpreted, reinforcing the need for reflexivity in qualitative inquiry (Denzin & Lincoln, 2018).

Within the study’s conceptual framework—where financial well-being is understood as a multidimensional construct influenced by income stability, cost pressures, and subjective financial perceptions, and household financial decision-making is viewed as an adaptive process constrained by limits—the sample’s limitations become more pronounced. Variations in employment security, access to financial resources, and vulnerability to

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inflationary shocks are likely to differentially shape both financial well-being and decision-making strategies. While the inclusion of diverse participant profiles through maximum variation sampling enhances analytical depth, these variations may still not be fully captured due to the sample's bounded, non-probabilistic nature.

Furthermore, the framework assumes dynamic, context-sensitive interactions between rising living costs and household financial adjustments; yet the methodological focus may limit how fully structurally embedded inequalities—such as urban–rural disparities or formal–informal sector divides—are theorized in the findings. As such, the study's conclusions should be interpreted as contextually situated and theoretically generative, contributing to analytical generalization and conceptual refinement rather than universal claims. This reflexive acknowledgment strengthens the research's transparency, rigor, and epistemological coherence, in line with established qualitative standards of trustworthiness, including credibility and transferability (Lincoln & Guba, 1985). A key limitation of the present study is its cross-sectional design, which captures financial experiences at a single point in time. Because financial well-being and decision-making are dynamic processes, a longitudinal approach would provide deeper insights into how coping strategies evolve over time amid changing economic conditions.

A key limitation of the present study is its cross-sectional design, which captures financial experiences at a single point in time. Because financial well-being and household financial decision-making are inherently dynamic, future research could adopt a longitudinal design to examine changes over time. Longitudinal approaches enable researchers to track evolving behavioral patterns, causal relationships, and adaptive coping strategies across time (Creswell & Poth, 2018; Menard, 2002). This would be particularly valuable for understanding how financial resilience and decision-making processes develop in response to sustained inflationary pressures and economic uncertainty.

Data Collection

The study employed thematic analysis to explore patterns in qualitative data (Braun & Clarke, 2006). This choice aligned with the interpretivist framework and aimed to understand participants' experiences with rising living costs and financial well-being. Data from semi-structured interviews were analyzed using this well-established, rigorous, and adaptable method to identify, examine, and interpret key themes.

All interviews were first transcribed verbatim. Interviews conducted in Hindi were carefully translated into English to ensure analytical consistency while preserving the original meaning and context of participants' responses. To enhance accuracy, transcripts were cross-checked against audio recordings and field notes.

The data analysis followed a systematic six-step process.

1. Familiarization with Data: The researcher repeatedly read the transcripts to develop a deep understanding of participants' experiences, noting initial ideas and observations.

2. Generating Initial Codes: Open coding identified meaningful segments of data. Codes were both data-driven (inductive) and theory-informed (deductive), with particular guidance from the Family Resource Management Theory (FRMT).

3. Searching for Themes: Related codes were grouped into broader categories to form initial themes. For example, codes such as "increased expenses," "reduced savings," and "budget adjustments" were grouped under the category of financial strain.

4. Reviewing Themes: Themes were reviewed and refined to ensure internal consistency and clear distinctions between them. This step ensured that the themes accurately reflected the dataset.

5. Defining and Naming Themes: Final themes and sub-themes were clearly defined and aligned with the research objectives. Key themes included financial strain, financial stress, coping strategies, and financial decision-making.

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6. Interpretation and Reporting: The themes were interpreted in light of FRMT, Behavioral Finance, and Consumption Theory, enabling a deeper understanding of how households adapt to rising living costs.

To enhance the credibility and trustworthiness of the analysis, several strategies were employed. Triangulation was achieved by integrating interview data with field notes and existing literature. Member sensitivity was maintained by ensuring that interpretations accurately reflected participants' perspectives. Additionally, peer review and iterative coding helped minimize researcher bias.

Data collection and analysis were conducted simultaneously, allowing emerging themes to inform subsequent interviews. Data collection continued until thematic saturation was reached, at which point no new significant patterns or insights emerged.

Future Scope

The present study aimed to explore how rising living costs influence financial well-being and household financial decision-making among working professionals in Uttarakhand. Building on these objectives, several avenues for future research emerge that can deepen, validate, and extend the current findings.

First, to understand the impact of rising living costs on financial well-being, future studies could conduct comparative analyses across Indian states. Given that Uttarakhand represents a unique socio-economic context marked by urban–rural transitions and regional cost-of-living disparities, such research would help determine whether the patterns identified in this study are context-specific or reflect broader national trends. Such work would strengthen the external validity and generalizability of the identified conceptual relationships.

Second, to examine household financial decision-making processes, future research could use quantitative or mixed-methods approaches to test the conceptual framework developed in this study. Advanced statistical techniques, such as Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM), would enable researchers to validate the multidimensional constructs of financial well-being and empirically assess the causal pathways linking cost-of-living pressures to financial decision-making behaviors.

Third, given the study's focus on working professionals, future research could broaden its scope to include informal-sector workers, rural households, and economically vulnerable populations. This would provide a more inclusive understanding of financial well-being and decision-making across diverse socioeconomic groups, particularly those who may face more acute financial constraints and limited access to formal financial systems. Such expansion would directly address the current study's sampling boundaries and enhance the framework's theoretical comprehensiveness.

Fourth, to capture lived financial experiences amid changing economic conditions, future studies could adopt longitudinal designs to examine how financial well-being and household decision-making evolve over time. This approach would be particularly valuable for understanding the long-term effects of sustained inflation, policy interventions, or economic shocks, thereby contributing to a more dynamic, process-oriented understanding of financial behavior.

Finally, future research could extend the study's conceptual framework by incorporating additional theoretical perspectives, such as behavioral economics, financial capability theory, and resilience frameworks. This would enable a more integrated analysis of the cognitive, psychological, and structural determinants of financial decision-making, thereby advancing both theoretical development and practical relevance.

Future research could adopt a longitudinal design to capture the dynamic nature of financial well-being and household financial decision-making. A longitudinal approach would allow researchers to track changes in financial coping strategies over time, particularly in response to persistent inflationary pressures, policy shifts, and economic uncertainties.

Overall, this analytical approach ensured a robust, transparent, and theory-driven interpretation of the qualitative data, yielding meaningful insights into household financial behavior amid rising living costs.

Data Analysis

The data collected through semi-structured interviews were analyzed using thematic analysis, following Braun and Clarke's (2006) six-phase framework. This method was selected for its flexibility, suitability for identifying patterns in qualitative data, and alignment with the study's interpretivist approach.

All interviews were transcribed verbatim, and those conducted in Hindi were carefully translated into English to ensure analytical consistency while preserving the original meaning and context. The researcher engaged in manual coding, which facilitated close engagement with the data and a deeper understanding of participants' lived financial experiences. This approach also enabled the identification of subtle patterns and context-specific insights that may not emerge from automated coding techniques.

The analytical process followed six systematic steps:

1. Familiarization with the Data: Interview transcripts were read multiple times to gain an in-depth understanding of participants' responses, supported by field notes and initial observations.
2. Generating Initial Codes: Preliminary codes were developed by identifying meaningful segments of data. A hybrid coding approach was used, combining inductive (data-driven) coding with deductive (theory-informed) coding based on the Family Resource Management Theory (FRMT).
3. Searching for Themes: Codes were grouped into broader categories to identify emerging themes related to financial behavior, financial stress, coping strategies, and decision-making processes.
4. Reviewing and Refining Themes: Themes were critically examined to ensure internal consistency, coherence, and clear differentiation. Redundant or overlapping themes were merged or eliminated to enhance clarity.
5. Defining and Naming Themes: Each theme was clearly defined and aligned with the research objectives. The thematic structure reflected key dimensions, including financial strain, adaptive financial strategies, and perceived financial well-being.
6. Developing the Interpretive Narrative: An analytical narrative was constructed by integrating themes with representative participant quotes, ensuring that findings remained grounded in participants' lived experiences.

Throughout the analysis, the Family Resource Management Theory (FRMT) served as the primary theoretical lens for interpreting how households allocate and manage financial resources under economic pressure. In addition, insights from Behavioral Finance (e.g., mental accounting, perceived financial stress) and Consumption Theory were incorporated to provide a more comprehensive understanding of financial decision-making amid rising living costs.

To address potential methodological limitations and enhance rigor, several strategies were implemented. Reflexivity was maintained by continuously acknowledging the researcher's role in interpretation. Peer debriefing and iterative coding were used to reduce subjective bias and improve analytical consistency. Additionally, data triangulation was achieved by integrating interview data with field notes and existing literature. Data collection and analysis were conducted concurrently, allowing emerging insights to inform subsequent interviews. The process continued until thematic saturation was achieved, at which point no new significant themes emerged, ensuring the depth and completeness of the findings.

Overall, this analytical approach ensures a systematic, transparent, and theoretically grounded interpretation of the data, strengthening the study's validity and credibility.

Trustworthiness and Ethical Considerations:

To ensure methodological rigor, this study adhered to the four criteria of trustworthiness proposed by Lincoln and Guba (1985): credibility, transferability, dependability, and confirmability. Several systematic strategies were employed to strengthen each of these dimensions.

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Credibility was enhanced through prolonged engagement with participants and the data, allowing for a deeper understanding of their financial experiences. Interviews were transcribed verbatim, and transcripts were repeatedly reviewed alongside audio recordings and field notes to ensure accuracy. Additionally, iterative data analysis—in which emerging themes were continuously compared with the raw data—helped ensure that the findings authentically represented participants' perspectives.

Transferability was supported by providing thick descriptions of the research context, including the socio-economic background of participants, the study setting (Uttarakhand), and detailed methodological procedures. This enables readers to assess the applicability of the findings to other contexts with similar characteristics.

Dependability was ensured by maintaining a comprehensive audit trail that documented all stages of the research process, including interview procedures, coding decisions, theme development, and analytical reflections. This systematic documentation enhances transparency and allows for potential replication or methodological review.

Confirmability was strengthened through researcher reflexivity and efforts to minimize subjective bias. The researcher maintained reflective notes throughout the study to acknowledge personal assumptions and their potential influence on interpretation. Furthermore, the use of verbatim participant quotations in the findings ensured that interpretations remained grounded in the data. Peer debriefing and iterative coding were also employed to enhance analytical neutrality and consistency.

Ethical standards were strictly maintained throughout the research process. Participants were fully informed about the purpose, scope, and voluntary nature of the study prior to participation. Informed consent was obtained from all participants, ensuring that they clearly understood their rights.

To protect privacy, confidentiality and anonymity were maintained by assigning identification codes (e.g., P1, P2, P3) instead of using personal identifiers. Participants were also informed of their right to decline any question or withdraw from the study at any stage without any consequences.

All interview recordings and transcripts were securely stored and used exclusively for academic purposes. Data handling complied with institutional research ethics guidelines. The study adhered to the university's ethical standards for research involving human participants, ensuring integrity, respect, and the protection of participants

FINDINGS

Participant Profile:

25 working professionals from Uttarakhand's public and private sectors participated in the survey. Because the participants' ages, occupations, genders, and levels of work experience varied, they offered diverse perspectives on managing household finances.

Characteristic	Distribution
Government Sector	12
Private Sector	13
Male	14
Female	11
Age Range	28–56 years
Average Experience	11 years

Overview of Themes

As shown below, the thematic analysis identified 15 supporting subthemes and 5 main topics.

Theme	Sub-themes
Theme 1	Increasing Financial Strain Due to Inflation
Theme 1.1	Reduced savings

Theme 1.2	Lifestyle adjustments
Theme 1.3	Debt dependency
Theme 2	Financial Prioritization; Budget Adjustment; Saving Behavior
Theme 3	Financial Security; Financial Confidence
Theme 4	Financial Anxiety; Family Responsibilities
Theme 5	Adaptive Coping; Financial Resilience

Theme 1: Increasing Financial Strain Due to Inflation

Participants consistently reported experiencing heightened financial strain due to rising inflation and the increasing cost of living. Essential household expenditures—particularly on food, housing, healthcare, transportation, and children's education—have risen significantly in recent years. Although most participants indicated stable employment, they emphasized that income growth has not kept pace with escalating expenses, resulting in reduced financial flexibility.

One participant noted:

"Earlier we could save a reasonable amount every month, but now grocery prices, school fees, and electricity bills have increased so much that most of our income goes towards essential expenses." (P7, Government Worker)

Another participant stated:

"We have to update our household budget each month due to rising costs. We now just purchase necessities." (P12, Private Sector Employee)

These responses illustrate a clear shift in financial behavior, with households compelled to prioritize essential consumption and reduce discretionary spending.

From a theoretical perspective, this aligns with Family Resource Management Theory, which posits that households continuously adjust resource allocation in response to external pressures, such as inflation. Rising living costs act as economic constraints, forcing families to re-evaluate spending priorities and optimize limited financial resources.

At the macro level, this trend is supported by recent data. India's retail inflation rose to 4.38%, largely driven by increases in food and essential commodity prices (MoSPI, 2026). Additionally, data from the National Sample Survey Office (NSSO) indicate a significant rise in household consumption expenditure, particularly on non-food essentials such as transport, clothing, and services (MoSPI, 2024). These trends suggest a broader decline in purchasing power, as rising prices outpace income growth (MoSPI, 2024; 2026).

Theme 1.1: Reduced Savings

A prominent consequence of rising inflation is the decline in household savings. Participants frequently reported that rising monthly expenditures leave little to no surplus for savings. Financial reserves, which once provided security against emergencies, are now being depleted to cover routine expenses. This decline in savings reflects a shift from future-oriented financial planning to meeting current consumption needs, driven by necessity rather than choice. Empirical studies have similarly found that inflation reduces real disposable income, thereby limiting households' capacity to save (Reserve Bank of India [RBI], 2023; World Bank, 2022).

Theme 1.2: Lifestyle Adjustments

Participants also highlighted significant lifestyle changes as a coping strategy. These adjustments include reducing discretionary spending, postponing major purchases, limiting leisure activities, and choosing lower-cost alternatives in daily consumption.

Such behavioral changes indicate a shift toward austerity-driven consumption patterns, in which households focus primarily on essential goods and services. This is consistent with existing literature, which suggests that rising living costs lead to consumption smoothing and prioritization of necessities (OECD, 2021).

As noted by participants, the need to frequently revise household budgets further reflects the dynamic nature of financial decision-making under economic pressure.

Theme 1.3: Debt Dependency

Another significant observation is the escalating dependence on credit and debt to address financial shortfalls. Participants stated that when income is insufficient to meet rising expenses, borrowing becomes an essential strategy for sustaining household consumption.

This growing dependence on debt underscores a structural vulnerability: households rely on external financial resources to sustain their standard of living. Studies in the Indian context have similarly reported a rise in household indebtedness, particularly among middle-income groups, due to inflationary pressures and stagnant wages (RBI, 2023).

While debt provides short-term relief, it may contribute to long-term financial instability and stress, reinforcing the cycle of financial strain. India's retail inflation rose to 4.38%, driven by food and essential goods, signalling increasing cost-of-living pressures (MoSPI, 2026). NSSO data show a significant rise in household consumption expenditure, with increased spending on non-food essentials such as transport, clothing, and services (MoSPI, 2024). These findings reflect broader macroeconomic trends, in which rising inflation (4.38%) and rising expenditure on essential and non-essential items have reduced household purchasing power (MoSPI, 2024; 2026).

Theme 2: Household Financial Decision-Making Becomes More Strategic

According to the participants, financial decisions at home have become more thoughtful and cooperative. Regular home procedures included budgeting, planning expenses, and setting priorities for necessities. Many participants said that family members now discuss purchases before making large purchases.

One participant clarified:

"In the past, we made a lot of impulsive purchases. My partner and I now analyze every significant expense since we need to consider our future obligations." (P4, Bank Employee)

Another participant noted:

"We've started monitoring our monthly spending and cut back on pointless internet purchases. Budgeting is no longer an option, but a requirement. (IT Professional, P18)

The results indicate that regular spending management has given way to more structured resource allocation in financial decision-making. Participants demonstrated ongoing planning, execution, and assessment of financial decisions to maximize scarce household resources, consistent with FRMT. Household net financial savings declined to 5.2% of GDP in 2022–23, down from 6.7% the previous year (RBI, 2023). At the same time, household liabilities increased to 5.9% of GDP, indicating growing dependence on borrowing (RBI, 2023). The observed shift toward budget adjustments and reduced savings aligns with national trends, as household financial savings declined to 5.2% of GDP while borrowing increased (RBI, 2023).

Theme 3: Financial Well-being Extends Beyond Income

Rather than just having a high salary, participants typically linked financial well-being to the ability to meet family obligations, maintain savings, and feel confident about future financial commitments.

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One participant said:

"Financial well-being is not about earning more; it is about feeling confident that you can manage your family's needs without constant worry." (P15, Teacher at School)

An additional participant disclosed:

"Even though my salary has increased over the years, I don't feel financially stronger because expenses have increased faster." (P21, Medical Expert)

According to these testimonies, participants assessed their financial well-being primarily based on their subjective perceptions of financial stability rather than on their actual income. By showing that efficient resource management—rather than just income—contributes to household financial well-being, this research supports FRMT. India's gross domestic savings rate declined to around 29.7%, indicating weakening long-term financial security (RBI, 2024). Household financial surplus has also declined, reflecting lower financial buffers and reduced confidence (RBI, 2023).

Declining perceptions of financial security align with macro-level evidence showing a fall in domestic savings rates and shrinking household financial surplus (RBI, 2023; 2024).

Theme 4: Financial Stress Influences Household Relationships

According to participants, one of the most important effects of rising living expenses is financial stress. Anxiety and uncertainty were often caused by worries about future savings, housing costs, healthcare bills, and children's schooling.

One participant clarified:

"Sometimes financial discussions become stressful because we want to save more, but monthly expenses leave very little." (P9, Official)

Another participant said:

"Unexpected medical expenses create the biggest financial pressure because they disturb the entire monthly budget." (Private Sector Manager, P5)

The results show that financial stress was associated with uncertainty about future financial responsibilities and insufficient income. According to FRMT, this stems from an imbalance between household resources and rising environmental demands. Rising costs of essential services (healthcare, education, and food) have significantly increased household financial stress (RBI, 2023). Inflation trends indicate persistent pressure on essential consumption categories, especially food prices (MoSPI, 2026). Increased financial anxiety among participants reflects broader inflationary pressures, particularly in essential sectors such as food and services, which disproportionately affect household financial stability (RBI, 2023; MoSPI, 2026).

Theme 5: Adaptive Coping Strategies Enhance Financial Resilience

Participants reported using a variety of coping mechanisms to manage rising living costs. These included cutting back on discretionary spending, delaying large purchases, strengthening savings discipline, seeking new sources of income, and improving household budgeting techniques.

A participant observed:

"Instead of spending on luxury items, we now focus on building an emergency fund because financial security has become more important." (Lecturer, P11)

Another person made the following comment:

"I started doing freelance work during weekends to support household expenses and maintain our savings." (Software Engineer, P23)

These adaptive behaviors show how households changed their financial habits over time to maintain stability amid economic volatility. These coping mechanisms are adaptive resource management techniques that support long-term household financial resilience, according to FRMT. Households are increasingly drawing down savings and increasing borrowing, indicating adaptive coping mechanisms (RBI, 2023). NSSO data show a shift in expenditure patterns toward non-food essentials, reflecting behavioral adaptation to changing economic conditions (MoSPI, 2024). The coping strategies identified in this study align with national evidence showing increased borrowing and shifting consumption patterns as households adapt to economic pressures (RBI, 2023; MoSPI, 2024).

The findings indicate that increasing living expenses significantly influence household financial behavior by altering spending habits, elevating financial stress, and encouraging more strategic financial choices. Participants highlighted that effective management of household resources, financial planning, and adaptable coping strategies are crucial to financial well-being, alongside income. These results suggest that households constantly adjust their resource allocation in response to external economic pressures to maintain resilience and stability, as understood through the Family Resource Management Theory.

DISCUSSION

This study explored how rising living costs impact the financial health and decision-making of working professionals in Uttarakhand. Based on the Family Resource Management Theory (FRMT), it shows that increasing expenses significantly alter household financial behaviors by raising financial stress, prompting adaptive coping mechanisms, and leading to more intentional resource distribution. Instead of passively reacting to economic challenges, households actively modify their financial routines by regularly adjusting their budgets, spending habits, and savings. These results strongly support FRMT's main idea that families manage limited resources dynamically in response to changing environmental factors (Deacon & Firebaugh, 1988).

One of the most prominent findings concerns the perceived impact of rising living costs on household spending patterns. Participants consistently reported higher spending on essentials such as housing, food, healthcare, transportation, and children's education. This aligns with Consumption Theory, particularly the notion that households prioritize essential consumption when income constraints tighten (Keynes, 1936; Friedman, 1957). Recent empirical studies (e.g., Baker et al., 2023; World Bank, 2022) likewise show that inflation disproportionately affects essential consumption, thereby reducing discretionary spending and savings capacity. However, this study extends the literature by capturing the lived experiences behind these adjustments, showing that households actively rebalance competing financial priorities rather than merely experiencing reduced purchasing power.

The findings further reveal a shift toward more strategic and deliberate financial decision-making. Participants emphasized budgeting, expenditure tracking, and intra-household financial discussions as essential practices. This aligns with prior research indicating that financial planning and budgeting are key determinants of financial well-being (Xiao & Porto, 2020). From a theoretical perspective, this behavior can be interpreted through Behavioral Finance Theory, particularly mental accounting (Thaler, 1999), in which individuals categorize and control spending to manage financial constraints. The study shows that financial decision-making is not purely rational but is shaped by cognitive and social processes within households, reinforcing FRMT's view of financial management as an ongoing cycle of planning, implementation, and evaluation.

An important aspect of this study is its multidimensional view of financial well-being. Participants linked financial well-being not just to income, but also to financial security, confidence, and the capacity to fulfill family responsibilities. This supports current frameworks that see financial well-being as both a measurable and personal experience (Netemeyer et al., 2018; CFPB, 2020). Additionally, many participants noted that increasing income did not always lead to greater well-being, as rising living costs often offset income gains. This indicates that financial satisfaction is more about balancing income with spending needs rather than the absolute level of income.

Financial stress has become a key outcome of increasing living costs. Participants voiced worries about future savings, healthcare costs, children's education, and emergencies. These results agree with recent research (OECD, 2021; Lusardi et al., 2023), which points to inflation and economic instability as major sources of financial anxiety. Notably, the study shows that financial stress often stems from uncertainty about the future rather than immediate income shortages. This matches Behavioral Finance theories such as loss aversion and perceived uncertainty (Kahneman & Tversky, 1979), where individuals are more sensitive to possible future losses, intensifying stress even when current income is steady.

The identified adaptive coping strategies—such as cutting discretionary spending, delaying major purchases, enhancing budgeting, creating emergency funds, and finding additional income—strengthen the explanatory power of FRMT. These behaviors exemplify the cyclical resource management process highlighted in the theory, where households continually assess and modify their financial approaches to maintain stability. Furthermore, these coping methods align with recent studies on household financial resilience (Mian et al., 2022; RBI, 2023), indicating that proactive financial adjustments are crucial in reducing the negative impacts of inflation.

A significant contribution of this research is its focus on Uttarakhand. Unlike most existing studies that depend on nationwide or city-specific data, this work shows how regional economic factors, employment patterns, and family obligations influence financial decision-making. The results indicate that strategies for financial adaptation vary by context, reinforcing the need for localized economic analysis in household finance studies (World Bank, 2022). This underscores the importance of considering regional diversity when creating financial policies and interventions.

The study extends the applicability of the Family Resource Management Theory by integrating it with insights from Behavioral Finance and Consumption Theory. While FRMT explains the structural process of resource allocation, Behavioral Finance offers a deeper understanding of psychological responses to financial stress, and Consumption Theory explains shifts in spending behavior under income constraints. Together, these frameworks provide a more comprehensive explanation of how households respond to persistent increases in the cost of living.

This study enriches the growing body of household finance research by providing a detailed qualitative insight into financial behavior during inflationary periods. It highlights that financial well-being relies not just on resource availability but also on effective management within fluctuating economic conditions. Therefore, policy efforts should go beyond boosting income, incorporating financial literacy, budgeting assistance, workplace wellness programs, and policies aimed at enhancing household resilience. These strategies are vital for helping households adapt to ongoing economic challenges and increasing living expenses.

Implications

This study enhances understanding of how increasing living costs affect the financial well-being and decisions of working professionals. Using a qualitative method and drawing on the Family Resource Management Theory (FRMT), this study highlights the adaptable and dynamic nature of household financial behavior under economic stress.

Unlike most quantitative research, this study offers detailed, experiential insights into how people perceive and react to financial difficulties in real-life situations. Additionally, combining views from Behavioral Finance and Consumption Theory provides a deeper understanding of financial decision-making, especially during inflation and economic uncertainty. Therefore, the study's results have significant implications for three main areas: advancing theory, practical use, and shaping public policy.

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Theoretical Implications

By extending the application of the Family Resource Management Theory (FRMT) to address the challenge of rising living costs, this research significantly enhances knowledge in household finance. It demonstrates how FRMT can explain the connections among rising living costs, household financial decisions, financial well-being, stress, and coping strategies, whereas previous studies have primarily used it to analyze budgeting, resource allocation, and expenditure. The findings suggest that the availability and management of financial resources amid economic shifts influence family financial success. Additionally, the study provides valuable qualitative insights that complement the predominantly quantitative research in household finance, highlighting contextual and behavioral factors that affect financial well-being through individuals' experiences. It also expands the geographical scope of FRMT and offers a deeper understanding of household financial behavior in emerging economies by presenting context-specific data from Uttarakhand, an understudied region.

Practical Implications

Employers, financial institutions, educators, and professionals can all gain from these insights. The report highlights the importance of employee financial well-being for enhancing workplace performance, job satisfaction, and productivity. To support employees facing financial challenges, organizations might implement financial wellness programs such as debt management, retirement planning, budgeting workshops, and financial counseling. Financial institutions can use this data to develop customer-centric financial products and advisory services tailored to the evolving needs of salaried households. Digital budgeting tools, emergency financial aid, and flexible savings options can help individuals become more resilient and proficient at managing their finances.

The report also stresses the vital role of financial education in enhancing household financial skills. Educational institutions and community groups can promote practical financial literacy programs that focus on long-term planning, managing debt, budgeting, and saving. The findings underscore the importance of proactive financial planning, disciplined budgeting, emergency savings, and regular review of household financial goals as essential strategies for maintaining financial stability, especially during uncertain economic periods for working professionals.

Policy Implications

For legislators aiming to bolster household financial resilience, this report offers essential insights. Governments should promote financial inclusion alongside literacy initiatives by emphasizing practical money management skills. Policies that reduce housing, transportation, healthcare, and education costs could further improve the financial health of middle-class working families. Moreover, establishing comprehensive financial wellness programs that encourage sustainable household money management can be achieved through greater collaboration among government agencies, businesses, academic institutions, and financial service providers. Such partnerships can enhance long-term financial security, reduce stress, and build resilience among working professionals. Overall, the study delivers valuable theoretical, practical, and policy insights that advance household finance research and support evidence-based strategies to improve financial well-being and sustainable household decision-making amid increasing living costs.

Limitations and Future Research

This study has limitations that should be considered when interpreting the findings, as with any empirical research. Initially, 25 working professionals from Uttarakhand took part in semi-structured interviews as part of the qualitative approach. These findings are not meant for statistical generalization to the broader population but offer rich, context-specific insights into participants' lived experiences. They provide a detailed understanding of household financial behavior within Uttarakhand's unique socioeconomic environment.

Furthermore, the research focuses solely on employees in the public and private sectors with regular wages. Consequently, it does not capture the experiences of self-employed individuals, business owners, daily-wage

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workers, agricultural laborers, or households without formal employment. These groups may face different challenges related to the cost of living due to variations in financial resources, job stability, and income security.

Third, the study looks at household financial decisions and well-being at a single point in time. Since household financial behavior is dynamic and can change due to shifting circumstances, policy updates, or economic shifts, a longitudinal study could provide deeper insights into how these behaviors evolve over time. Future research could expand on this work in several ways. Larger and more diverse samples in quantitative studies could help confirm and extend the findings across India. Comparative research examining households in different states, occupational groups, or urban versus rural areas could shed light on regional differences in financial behavior. Additionally, integrating other theoretical frameworks—like the Theory of Planned Behavior, Financial Capability Theory, or Behavioral Finance Theory—could enhance understanding of household decision-making. Lastly, employing mixed methods to explore how rising living costs influence household resource management, financial resilience, and overall well-being could offer a more comprehensive picture.

CONCLUSION

Rising living costs have become a global concern, impacting household financial security and well-being. This study explores how increasing expenses influence decision-making among working professionals in Uttarakhand. Using a qualitative approach guided by the Family Resource Management Theory (FRMT), this study examines the links among rising costs, financial well-being, stress, coping strategies, and household management. Findings indicate that higher living expenses lead to more careful resource allocation, budgeting, and prioritization of spending. Participants highlighted that financial security and confidence, along with the ability to manage household responsibilities, are closely tied to overall financial well-being, which extends beyond just having a sufficient income. The study also finds that households continually adapt to economic changes by employing strategies such as restructuring spending, strict budgeting, saving improvements, and generating additional income. These adaptive behaviors reflect the dynamic resource management process described in the Family Resource Management Theory.

By applying FRMT to address the rising living costs and incorporating qualitative data from Uttarakhand's understudied regional context, this study enriches the existing literature. It offers a deeper understanding of the lived experiences and financial decision-making of working professionals facing ongoing economic challenges, in contrast to previous research that primarily used quantitative methods. Practically, the findings emphasize the importance of stronger financial literacy initiatives, workplace financial wellness programs, and supportive public policies to bolster household financial resilience. Organizations and policymakers can better support working professionals in tackling persistent economic difficulties by promoting effective financial planning and resource management.

Overall, the study indicates that a household's ability to effectively manage resources, adapt to changing economic situations, and make sound financial decisions is more crucial for financial well-being than income alone. It concludes that sustaining financial health despite rising living costs depends on efficient resource management. By applying the Family Resource Management Theory to the Indian context, this research lays the groundwork for future studies on household financial resilience and provides practical insights to enhance financial well-being amid growing economic uncertainty.

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