

Rising Inflation and Its Impact on Cost of Living Among Middle-Class Families in India

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Abstract—This research paper examines the growing impact of inflation on the cost of living among middle-class families in India. The study focuses on understanding the changes in consumption patterns, savings behavior, and financial coping strategies used by households in response to rising prices of essential goods and services. Primary data was collected from 50 middle-class families through a structured questionnaire. The findings reveal that inflation has significantly increased household expenditure and reduced the overall savings rate. The study concludes with suggestions to improve price control mechanisms and financial literacy.

I. INTRODUCTION

Inflation represents the sustained increase in the general price level of goods and services over a period of time. In recent years, India has faced notable inflationary pressures driven by rising food, fuel, and housing costs. The middle-class population, which forms the backbone of India's economy, is highly sensitive to such price fluctuations. This paper investigates how inflation affects the cost of living, purchasing power, and lifestyle of the Indian middle class.

II. REVIEW OF LITERATURE

Several studies have examined the impact of inflation on consumer behavior and household welfare. According to the Reserve Bank of India (2024), inflation has consistently remained above 5% in major urban centers. A study by NITI Aayog (2023) highlighted that middle-income households experience the strongest effect of inflation because of their fixed income sources and high dependency on

essential goods. Previous research also points to a growing shift in consumption habits, where families reduce discretionary spending to accommodate higher food and utility costs.

III. OBJECTIVES OF THE STUDY

1. To analyze inflation trends in India over the past five years.
2. To examine the impact of inflation on middle-class household expenditure patterns.
3. To assess how inflation affects family savings and lifestyle.
4. To suggest policy measures to reduce inflation's negative effects.

IV. HYPOTHESIS

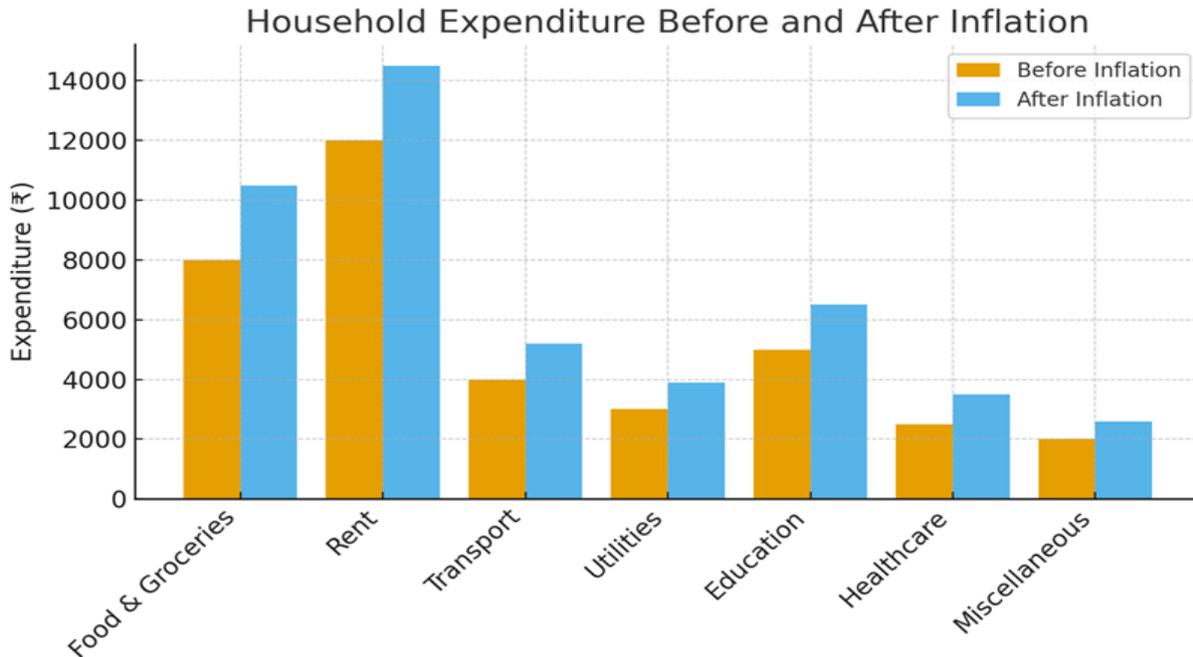
H1: Inflation has significantly increased the cost of living for middle-class families in India.

V. RESEARCH METHODOLOGY

The research is descriptive and analytical in nature. Primary data was collected from 50 middle-class families living in Delhi, Mumbai, and Lucknow using a structured questionnaire. The data included monthly income, expenses, and savings before and after inflation. Secondary data was obtained from government sources such as the RBI, Economic Survey of India, and National Statistical Office (NSO). The results were analyzed using percentages and graphical tools.

Table 1: Average Monthly Household Expenditure (Before and After Inflation)

Category	Before Inflation (₹)	After Inflation (₹)	Percentage Increase (%)
Food & Groceries	8000	10500	31.25
Rent	12000	14500	20.80
Transport	4000	5200	30.00
Utilities	3000	3900	30.00
Education	5000	6500	30.00
Healthcare	2500	3500	40.00
Miscellaneous	2000	2600	30.00



VI. FINDINGS AND DISCUSSION

The analysis shows that household expenses across all major categories have risen substantially, with healthcare and rent showing the highest increases. The average total expenditure per family rose by approximately 30% over the last two years, while income levels have increased by only 10–12%. This imbalance has resulted in a decline in savings and a shift towards low-cost or substitute products.

VII. SUGGESTIONS AND POLICY RECOMMENDATIONS

1. Government should strengthen monetary policies to maintain inflation below 5%.
2. Encourage domestic production and supply chain efficiency to reduce import dependency.

3. Promote financial literacy and investment awareness among middle-class families.
4. Subsidize essential goods and control fuel price fluctuations.
5. Increase tax benefits for salaried middle-class citizens.

VIII. CONCLUSION

Inflation continues to pose a serious challenge for India’s middle-class population. The findings indicate a clear erosion in purchasing power and savings, which in turn affects consumption patterns and overall welfare. Effective policy interventions and public awareness can help mitigate the negative impact of inflation and stabilize the cost of living.

IX. ACKNOWLEDGEMENT

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X. AUTHOR DECLARATION

We are Khushi Saini and Radhika Goyel declare that this manuscript is original and has not been published or submitted elsewhere.

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