



Rising Prices and Financial Management Practices of Urban Families in India

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Introduction

Inflation, defined as a sustained rise in average prices of commodities and services, has been viewed as a major obstacle that most people face in achieving their financial goals and is found to be a major constraining factor in families' resource management. To illustrate, with a general rate of inflation of 4% and a saving account that has an interest rate of 6%, an investment of Rs.1000 would grow to Rs.1060 in a year's time. However, it will now require RS.1040.00 to purchase the same amount of goods and services that the original investment would have purchased. If one pays taxes on Rs.60 or of interest at a tax rate of 28%, the tax contribution would be Rs.16.8(60*28%) and individual can keep Rs.43.2 (60-16.80). Here, investment of Rs.1000/- has only added Rs.3.2 to the purchasing power. The situation will still be worse if the rate of inflation is 5%!

The consequences of rising prices and concomitant high cost of living are adverse and cause severe hardships to the families in the form of financial difficulties. The costs associated with financial difficulties are significant for the individuals involved. Personal stress, illness, marital discord, child abuse and loss of home often coincide with financial failure. More recently, some studies have addressed the issues of identification of vulnerable groups, coping strategies against macroeconomic shocks and patterns of overspending and financial management practices. Griffiths has noted a lack of incentives to save in view of inflation and high marginal tax rates and has

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mentioned the findings of an income and expenditure survey by the Australian Bureau of Statistics (ABS), which indicated that in all income groups the ability to fund consumption from current income deteriorated substantially. The close association between financial difficulties and stress related problems within families indicates the need to address and assess the issue of management practices adopted by the families, when confronting inflation.

This paper takes a more eclectic view by recognizing that families need to adapt and adjust to rising prices and financial difficulties by altering their priorities and reallocating their expenditure plans. Rising prices of consumer goods often compel families to drastically alter their consumption and the composition of their savings.

It should also be noted that the impact and incidence of inflation could differ across families with differing income levels. Families respond by employing different financial management practices through the management of their resources. A critical review of selected literature emerging from the African, Latin American, Caribbean and Asian countries that have adopted structural adjustment programs throw light on the multidimensionality of effects at the household level and the cumulative gender implications. Major areas of concern involve around examining household survival strategies as ways of financial management practices with these impacts at the household level.

The term strategy more often connotes a continuum of adjustments made by households in response to internal and external factors to survive at the same level or attain upward mobility. Number of studies reported that households often respond by changing the way members generate income and organize expenditure and consumption. Many households cut costs and changed habits. More recent studies have identified the difficulties faced by urban poor and have argued that structural adjustment policies have created a favourable environment for intensification of multiple modes of livelihood strategies among salaried employees. Accordingly, survival strategies cannot be a substitute for equitable macroeconomic policies. The literature that repeatedly reinforced 'household survival strategies' and 'social capital' of the poor has over emphasized the resourcefulness of the poor and promoted a myth of 'survival'. The managerial subsystem incorporates financial management practices as well as coping strategies adopted by the families that ultimately facilitates meeting the demands called output in the form of quality of life (Fig. 1).

Objectives

The purpose of the study is to identify financial management practices adopted by different income groups in the wake of rising cost of living indices.

Methodology

Sample selection

It was recognized that the sample from all existing income groups should be drawn. A total 255 families were selected from five different income groups in Vadodara city of Gujarat state. For the multistage systematic random sampling technique, income slabs were provided by the municipal corporation and the residential areas were identified. Families were selected to reflect the composition of each identified residential area. The distribution of the sample according to the income groups is represented below.

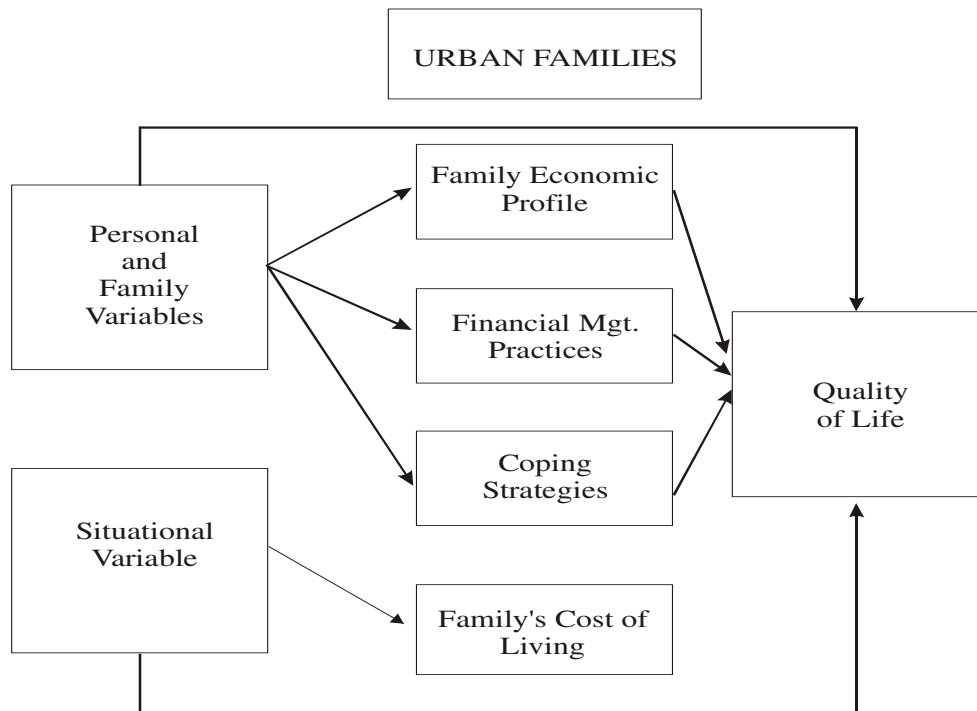
Table: 1

Income groups	Income Range (Rs./month)
Low Income (LIG)	Up to 2500 pm
Lower middle income (LMIG)	2501 to 5500
Middle income (MIG)	5501 to 8500
Higher middle income (HMIG)	8501 to 10500
Higher income (HIG)	10501 and above

Data collection

The data were collected using a structured interview schedule during the months of March–May 2001. The questionnaire comprised seven sections incorporating questions pertaining to socio-economic and demographic profile of the families, their consumption expenditure during the base year (1995–1996) and the year (1999–2000) and the financial management practices adopted by the families.

Fig. 1 CONCEPTUAL FRAMEWORK



Review of the studies

Desai (1967) conducted cross sectional study with four income groups. According to Desai's findings, conscious money management practices were not followed by the families. Dhingra (1967) studied savings from the angle of practices and opinion of the families and had identified that most of the families opined about savings as essential and followed the practice of setting aside money for some purpose like higher education of children old age security and to meet emergency. Similar findings

were obtained by Saikia (1979) in the study regarding time and money management practices of home makers.

As far as expenditure patterns were concerned, Sumitra (1963), Desai (1967), Lasha Kumari (1974) and Saikia (1979) studied expenditure pattern of low and middle income groups on different household items. Desai (1967) and Lasha Kumari (1974) revealed that of all the items of expenditure the highest percentage of families income was spent on food and related expenditure. Other items of expenditure, in order of importance were, clothing, education, housing, miscellaneous, health and recreation. Lasha Kumari's (1974) findings were supporting the findings by Bhatnagar (1973) about income expenditure ratio. According to the findings, higher the income, greater were, the eating out practices and expenditure on readymade food. The share on vegetables, ghee and oil too was raising with the increase in income level. Sinha (1977) conducted a comparative study of money expenditure on selected ceremonies by two Hindu communities and found that the savings was in form of ornaments and savings accounts with Banks. Similar were the findings by Gupta (1980) regarding major investment area as saving schemes with the banks.

Much of the literature on family financial management is descriptive in nature, including extensive discussion of what families should do in managing their financial resources. Despite the importance of effective financial management in families' lives, relatively little empirical research has focused on what families actually do. Even less research has focused on whether the prescribed financial management practices are effective in producing positive results for families. Here is one of the aspects of family financial management.

Family cash flow management is the planning, implementing and evaluating practices of families involved in allocating their flow of income. These activities, some cognitive and others overtly observable behaviour, occur in the relatively short time period and are universally engaged in by families (albeit with varying frequency and effectiveness).

Family Financial Management : Who Does It ?

Another frequently asked question is who does the various financial management tasks in families. Decidedly different answers to this question have been found depending on how and of whom this question is asked. Early studies (e.g. Ferber, 1973) reported that the most common arrangement is for wives to be the "family financial officer", at least as it relates to the implementation of routine tasks of handling money, paying bills, and allocating income. In more recent studies,

particularly those using global measures, there has been a marked increase in the number of families who report that both spouses jointly handle the family finances. For example, Dollar, (1983) reported that in almost three fourths of couples, there was joint responsibility for financial decision making. Accordingly, joint responsibility for most money management tasks was reported by a large majority of couples, regardless of life cycle stage. The only exception was that wives in most families reported taking responsibility for paying regular bills. It was observed that 59% of the couples were jointly responsible for financial decision making and implementation. However, when Abdel-Ghany and Nickols, (1984) separately analyzed financial management decision and implementation tasks, they found that husbands tended to handle the implementation tasks, such as paying bills, balancing cheque books, and reconciling financial accounts, whereas wives were more involved in decision tasks, such as policy decisions concerning the methods of savings, the number and ownership of checking accounts, and the system of budgeting.

Another outcome of families' cash flow management is the subjective financial well-being of families or their level of satisfaction with their current financial situation. A few studies have examined the relationship between the financial management behaviour of families and their level of satisfaction with their finances. Some studies have found mixed results (e.g., Godwin & Carroll, 1985; Shepard, 1984, Mueller and Hira, 1984). For example, Godwin and Carroll (1985) found a positive relationship between the extensiveness of financial management behaviour and husbands' satisfaction, but not wives' satisfaction, whereas Shepard, (1985) found the opposite (i.e., more extensive financial management positively influenced women's satisfaction but was not significantly related to men's). Several research works studying married college students, found no relationship between their satisfaction with their finances and budgeting and record keeping of expenditures. The only practice which was related to their satisfaction was record keeping of checks. In their study of Japanese families' financial management practices and satisfaction, Mueller and Hira (1984) found two behaviors – having retirement plans and less frequent arguing about money—to be positively related to spouses' satisfaction with their financial situation.

Rosenfeld, (1982) analyzed the effect of family resources, demands, and perceptions on the financial satisfaction of both spouses, even when such factors as family income and net worth were included. Spouses' aspirations for the future were also strongly related to their satisfaction with their current financial status. Bryant, (1986) studying influences on spousal satisfaction with savings, found that, regardless

of the objective situation of the family's income or net worth, couples' feelings about the importance of savings and their values regarding financial security were strongly predictive of their satisfaction. This research suggests that families' subjective financial well-being is more strongly related to their attitudes and perceptions rather than any observable management behaviour or their objectively measurable financial status.

Data Analysis and Results

Financial Management practices followed by the Families

Financial management practices were classified under planning, controlling and evaluation practices. Families had respondents in terms of never, sometimes and always. Scores were allotted to the responses as 1, 2, 3 respectively. The scores were then added to derive at the score at each respondent. Present section deals with the extent to which planning, controlling and evaluation practices were followed by the respondents.

Planning

First step of any management process is planning. For managing the resource what is most essential is to plan out the allocation of that resource on desired goals. For financial management, money income need to be allotted for various expenditures. Families may or may not undergo conscious efforts for financial management and methods and the same may vary from family to family.

Nearly half of the respondents were following this practice of estimating monthly expenditure from each income class. Fifty four percent of the total respondents were following this practice. Forty four percent families from low income group were always following this practice, whereas out of lower middle income group, higher middle income group and higher income group, respectively 59.6%, 46% and 54% of the families were regularly estimating monthly expenditure. In case of middle income group 66% of the families were always following this practice.

Out of total respondents 37.6% were following checking of past months budget regularly. Fifty two percent families of middle income group had reported that past month's records were checked while making monthly budget. This practice was otherwise followed by less than 40 percent of the families from all other income groups, that is by 26% families from lower income group, 32.7% families from lower middle income group and 38% families from higher middle and higher income group.

Sixty seven percent of total families reported that expenditure was handled by a single person. Planning the expenditure was handled by a single individual in more than 70% families from low income and lower middle income groups. In case of 67.3% of the families from lower middle income group, expenditure planning was always handled by a single individual. This practice was followed to the greatest extent by the families from middle income group. i.e. 90.6%. From higher middle income group and higher income group, respectively 46% and 60% of the families always followed this practice. Forty three percent of the total respondents always kept aside funds for savings in monthly budget. Half of the respondents from HMIG, HIG and LIG were following this practice whereas this practice was rarely followed by LMIG families. Thirty nine percent of the middle income families followed the practice of keeping aside funds for saving regularly.

Specific amount was kept aside only for food items at the time of planning money expenditure by 23% of the total families. This practice was followed by 38% of the families from LIG and 35% from MIG. It was reported to be never followed by majority of the families from other income groups. For other items fixed amount was never planned and kept aside by the families from LIG and LMIG. Expenditure on nonfood items was planned regularly by 48% of the HMIG families. By the families from MIG and HIG respectively 43% and 40% were rarely following this practice.

Monthly income was allotted for each and every item on expected expenses by more than 60 to 65 percent families belonging to higher middle income and higher income groups. Amount for personal entertainment was not planned by most of the families of all income groups. Other than higher income group, families from all other groups had reported the practice of planning fixed amount to be spent on vegetables & milk every month. As far as distributing income between husband and wife was concerned this practice was followed by 20% of the total families and 36% of the MIG families. Otherwise in case of all other income groups this practice was followed by very few families. Regular allotment of funds for tax and bills was nil in case of low income families, whereas in case of middle income and higher income families nearly 60 percent were following this practice. Forty two percent of total families used to plan expenditure for seasonal items. Nearly 50 to 55 percent families belonging to low income, middle income and higher middle income group were planning for expenditure on seasonal food items. Hence, planning the expenditure was observed most in case of low income and middle income groups.

To purchase the commodities, as and when need arises was the practice always followed by 49% of the total families. In case of low income and high income

groups, more than 70 percent families reported the purchase accessing to the need, rather than planned expenditure. Majority of the families from all income classes were taking care of priorities and requirements of the family members while planning the monthly budget. Fifty six percent of total families always used to follow this practice and 58% to 64% families from LMIG, MIG, HMIG and HIG were following this practice.

Controlling

Planning the use of resource makes sense only when it is implemented. For the present study, controlling was studied as part of financial management practices along with planning and evaluation.

Estimating the expenditure for each month was the practice followed by families in more than 60 percent of cases. It was found that it was rather opposite picture in case of implementing the practice to stick to the estimated expenditure. Yet 60% of the middle income families had shown the strict implementation and in case of higher middle income group it was found in 48 percent cases. High income group families rarely implemented this practices & low income families rather never used to implement it (54 percent). Higher middle & higher income families and middle-income families followed actual saving practice for education of children, respectively 76%, 60% and 58.5% of families.

Expenditure was being planned for food products more in case of low income families. Similarly the practice to stick to the estimate while spending on eatables too was found in case of the same income group. Overall 46.7% of the families used to do so. In case of middle income group, expenditure on food was incurred as per planning by 50.9% of the families and for other income groups that is, lower middle, higher middle and higher income groups it was respectively 38% and 44%. In case of fluctuation in price of vegetables the quantity was increased or decreased by almost 40 percent families from all income groups except the higher income group. As far as making changes in the quantities of and quality of seasonal grains was concerned, lower middle & middle income families followed this practice, that is, 84.6 and 67.9% of the families were following this practice regularly. From other income groups, 56% of low income & higher middle income families and 40% of higher income families followed this practice regularly. According to current price level, the quantity and quality of the product was being decided to bring income and expenditure in alignment.

For clothing, out of the total respondents 60% were always trying to meet the estimate. From low income group, 72%, lower middle income group 63.5%, middle income group 47.2%, higher middle income group 68% and higher income group 52% did follow this practice. Making the expenditure as per planning on vehicle petrol was never followed by 43% families out of the total sample. Yet 58% of families from HMIG did follow this practice regularly.

Planning the amount to be spent on non food items was followed in case of higher middle income families and the purchase of clothing and transportation expenditure too was found to be strictly followed by same income group families that is, 58%. Whereas 43% and 41% of lower middle and middle income families and 38% of higher income families used to try to meet the estimate on vehicle petrol while actually spending on it.

Expenditure on entertainment was checked by families from all income groups. It never used to exceed in case of 66.7% cases overall. From lower income group, in 90% cases, and from lower middle, middle, higher middle, and higher income group respectively in 67%, 56% and 64% cases actual expenditure on entertainment never used to exceed the estimate.

Expenditure on social rituals was incurred according to the planned amount by 47% of total families, 46% families in case of lower & higher income groups, by 52% & 56% families of middle income & higher middle income group and 36.5% families of lower middle income group. Expenditure on religion was incurred by 48 percent families regularly from higher middle and higher income groups only.

To meet the exceeding expenditure compared to planned expenditure, the practice of postponed payment was followed by 28.6% families from all income groups except higher income group. Charge account system was availed by nearly 40 percent families from lower income and 42.3% families of lower middle income groups, otherwise it was not found to be commonly used. To allow the planned and actual expenditure to meet in case of transportation expenditure, nearly 55 percent families from lower income and lower middle income reported that they preferred to walk under such conditions. Forty five percent of middle income families and 40% of higher middle income families too followed this practice. Planning the income was followed by the practice of maintaining the records of expenditure which was handled by single individual. Fifty six percent families reported the use of diary to maintain and check expenditure records. Nearly 72% percent families from low income group, and middle income group followed this record keeping practice. Sixty six percent families from higher middle income group, 60% of the families from higher income

group and 63.5% of the families from lower middle income group followed this practice. Maintaining the collection of cash and credit bills was the practice followed by 38% percent cases from all income groups. This practice was most regularly followed by the families from middle income group, that is 60.4%. In case of 50% of middle income 46% of lower middle income and 44% of higher middle families the practice of collecting bills of one place was never followed. From higher income group, 38% families always followed this practice.

The practice to visit the market after making a list was always followed by total 58.4% families. This practice was followed by 70% families from higher income group, 66% and 63.5% of families from middle income and lower middle income groups and 56% of the families from higher middle income group, whereas from low income group this practice was rarely followed by 54% families.

To purchase the goods as and when the need arise was always done by 82% of the families from low income group, 71% of lower middle income group and 70% of higher income group. This practice was also found in case of middle income group, that is by 52.8% families, whereas in case of higher middle income families this practice was rarely found.

The practice to curtail pre-planned expenditure on essentials due to unforeseen entertainment expenditure was never found in total 47.8% of cases. From low income families, 84% families never followed this practice.

Evaluation

Along with planning and controlling evaluation was the part of management process applied to money resource by families.

The difference between actual expenditure and planned expenditure was checked and studied by 47 percent of the families from middle income group only. More than 55 percent families from higher income. Higher middle income and lower middle income group families were utilizing the feedback from evaluation of meeting the demands of family members and were then prioritizing the purchase plan for the left demands in next month's plan. As far as taking decisions regarding seasonal bulk purchase was concerned past records were certainly checked by 71 percent and 62 percent families respectively from lower middle income and middle groups. Whereas in case of rest of the income groups, by 42 to 48 percent families this practice was followed.

While incurring expenditure on religious and social reasons, nearly 40 to 60 percent families used to check past records to take decisions, from all the three middle

income groups. It was never practiced by 52 percent families from higher income group and was rarely followed by majority of the families from low income group.

Out of total families 45.5% expressed that educational expenditure was never maintained as per the estimate. This fact was identified by following the evaluation practice. Eighty two percent of lower income families, 40.4% of lower middle income families, 28.3% of middle income families and respectively 44% and 34% of higher middle and higher income families revealed that it was not possible to maintain the expenditure on education as per the estimated figure.

Regarding educational expenditure exceeding the planned figure, 74% of the families from low income group expressed that it rarely happened, whereas 46% of lower middle income families and 54% of higher middle income families expressed that educational expenditure always exceeded the planned figure. From middle income and higher income groups nearly 30% of the families did express the same.

Forty nine percent of the total families responded that heavy expenditure was rarely made on the rituals and 38% revealed that it was always made. Thirty six percent families from lower income group, 30.8% of lower middle income group, 28.3% from middle income group and 48% families from higher middle and higher income group were making heavy expenditure on rituals.

By following the evaluation practice, 60.8% of the total families identified that the fulfilment of monetary requirements of the family members as per planning was ensured. Though compared to other income groups in case of low income groups it was found only in 34% cases. Evaluation was always carried out to ensure the fulfilment of monetary requirements by 77% of the families from middle income group, 60% from high income group and nearly 65% of the families from lower middle and higher middle income group.

Through evaluation, 39% of the total families found that total actual expenditure always exceeded the estimated expenditure. This was found by 46% of low income families, nearly 40% of lower middle income & middle income families, and 36% and 34% of high middle income and high income families.

Out of total number of families 41% reported that payments were postponed when expenditure was found exceeding the capacity of paying the bills. This was found mainly in case of lower income (30%) and lower middle income (34.6%) families compared to other three income groups.

Planned budget was evaluated after expenditure were incurred on all the items during the month. This was done through the notebook method, where accounts were noted down. This practice was followed by 38.8% of total families. Higher middle income, middle income and lower middle income families used to regularly follow evaluation practice for expenditure using notebook method, respectively, 48%, 47% and 40.4% cases. Whereas from high income group 32% of the families always used to evaluate the expenditure using notebook method.

For evaluating the expenditure, cross checking was done through collected bills by 40.4 of the total families. In case of middle income & higher middle income groups this practice was followed by 56% of the families. This was less frequently followed by low income families. Out of high income families 42% did follow this practice.

Matching the difference between actual expenditure and estimated expenditure was always done by 30.6% of the total number of families. The same was never done by 34% of the total families and was rarely done by 35.3% of the total families. This practice was followed most by the families from middle income group (47.2%) compared to other income groups.

Through evaluation, items were identified to be given the priority for purchase. These were the items which were left un-purchased in the previous month. Fifty percent of the total respondents had followed this practice. Fifty six percent of the families from higher middle income & higher income group and 59.6% of those from middle income group followed this evaluation practice. Forty five percent of the families from middle income group were following this practice, whereas 46% families from low income group rarely followed this evaluation practice. Feedbacks through the past records were utilized for the purchase of seasonal goods by 54% of the total families. This practice was followed by 71% of the lower middle income group families and 62% of the middle income group families. In case of lower income, higher middle income and higher income group it was followed by 46%, 48% and 42% of the families. Similarly the past records were examined while deciding expenditures on rituals and social expenditures by 37.6% of the total families. Forty six percent families from higher middle group always used to follow this practice while 46% of the families from low income group rarely followed this practice. From higher income group only 22% of the families followed this practice of taking feedback from past records and from lower middle income and middle income groups respectively 42.3% and 41.5% of the families followed this evaluation practice.

Table 1 Percentage Distribution : Financial Management Practices

Financial Management Score – Range	Income Group											
	LIG		LMIG		MIG		HMIG		HIG		Total	
	N=50		N=52		N=53		N=50		N=50			
Planning	N	%	N	%	N	%	N	%	N	%	N	%
Low (15-25)	15	30.0	13	25.0	6	11.3	17	34.0	5	10.0	56	22.0
Medium (26-35)	31	62.0	31	59.6	27	50.9	13	26.0	33	66.0	135	52.9
High (36-45)	4	8.0	8	15.4	20	37.7	20	40.0	12	24.0	64	25.1
Total	50	100	52	100	52	100	50	100	50	100	255	100
Mean	28.4		29.3		33.0		32.2		32.0		31.0	
S.D.	4.2		4.9		4.8		6.5		4.9		5.4	
Controlling	N	%	N	%	N	%	N	%	N	%	N	%
Low (18-34)	14	28.0	16	30.8	9	17.0	17	34.0	13	26.0	69	27.1
Medium (35-44)	28	56.0	34	65.4	31	58.5	13	26.0	31	62.0	137	53.7
High (45-54)	8	16.0	2	3.8	13	24.5	20	40.0	6	12.0	49	19.2
Total	50	100	52	100	52	100	50	100	50	100	255	100
Mean	36.9		37.8		40.5		41.0		38.6		39.0	
S.D.	5.9		5.3		7.2		7.4		5.9		6.5	
Evaluation	N	%	N	%	N	%	N	%	N	%	N	%
Low (12-20)	18	36.0	10	19.2	9	17.0	8	16.0	8	16.0	53	20.8
Medium (21-28)	28	56.0	18	34.6	14	26.4	18	36.0	28	56.0	106	41.6
High (29-36)	4	8.0	24	46.2	30	56.6	24	48.0	14	28.0	96	37.6
Total	50	100	52	100	52	100	50	100	50	100	255	100

Mean	21.8	24.4	26.2	25.3	24.5	24.5
S.D.	4.0	3.6	3.6	3.6	4.0	4.0

In order to obtain a view regarding the extent to which financial management practices were followed by families from different income group, the responses were given weighted scores. Scores obtained for various financial management practices were added to arrive at a total score of each respondent. The respondents were categorized into low, medium and high categories on equal interval basis.

As seen from the table 1, planning of expenditure as a part of financial management was followed less frequently by families from all income groups. Majority of the families had medium affinity towards planning. Higher middle income group had relatively higher scores for planning the expenditure. Similarly, controlling was also not exercised more frequently by other income group families but the middle income and higher middle income groups. On the other hand, expenditure pattern was evaluated by the families belonging to all the three middle income groups.

As far as planning of expenditure is concerned, an observation can be made that lower income families due to severe scarcity of money-resource do not have enough room to plan the expenditure wide variety of commodities. While for high income families, the abundance of the monetary resource makes it insignificant for them to plan the expenditure in advance. It is the middle income group which shows conscious managerial behaviour towards money.

Conclusion

Financial management practices followed by the families

1. Planning practices were followed by nearly half of the total respondents.
2. Majority of the respondents planned the expenditure on food items.
3. Compared to higher income groups, families belonging to low income group followed planning practices to a lesser extent due to lack of funds.
4. Majority of the respondents were estimating the expenditure on various items.
5. Respondents from HIG, HMIG and LIG had the practice of keeping aside the sum for savings. This practice was less frequently followed by the families from lower middle income group and middle income group.

6. For the consumption of consumer durables expenditure planning was not followed. Similarly no provision in expenditure planning was made for health care.
7. Regarding controlling practices, majority of the families followed regular record keeping practice. Family finance records were handled by i.e. single person in 66 percent cases out of the total sample.
8. Changes in expenditure were made for eatables with the change in price by nearly 40 to 47 percent families from all income groups except higher income group.
9. Expenditure incurred was regularly evaluated by nearly 60 percent of the families out of which, middle income families most frequently followed this practice.
10. Compared to other income groups, more number of low income families expressed that actual expenditure used to exceed planned expenditure every month.
11. Using the feed back from previous months expenditure was the practice followed by lower middle and middle income families compared to those from other income groups.

Implications of the study

Findings of the study brought out a number of implications for action programs for various social service institutions, educationalists, economists, policy makers and home scientists.

Certain implications have been enlisted below:

1. Families were reluctant to change their savings and investment pattern. This fact endorses the truth that families are more cautious about the safety of principle rather than income yield on their principle. The reason behind this reluctance may be the ignorance about the pros and cons of different savings and investment plans. Knowledge regarding the same should be imparted to the families in layman's language. This task can be taken up by economists, journalists and home scientists.
2. Controlling practices were more frequently adopted by the families for financial management compared to planning. This behaviour indicated lack of careful budget making on part of urban families. Home- scientists and educationists should combine their efforts to create skill amongst the families and impart adequate information about financial management to the family money managers.

3. High prices of essential commodities of daily requirements cause burden on low income, lower middle income and middle income group families. This fact was identified through the results of the present study. Families from these three groups were forced to cut down the expenditure on items of daily requirement. Further to maintain the level of living with increasing cost of living, families were forced to go for lower quality of edible items. This problem is the cardinal problem of our society. Policy makers need to take concrete steps against constant increase in the price of essential items. 'Inflation hits the poor the most' is the fact which needs to be dealt with.
4. Further, the study is significant because it reflects the picture of how families cope with their problems. Social organizations can take up the task of enlightening people regarding effective strategies to cope with the financial problems. Researchers and specialists from the field of home management can further contribute through imparting knowledge to the families regarding the ways to improve quality of life. By helping families to gain knowledge and skills to i) manage their financial resources ii) improve their economic profile and iii) adopting effective and successful coping strategies, home management specialist can impart remarkable contribution to the society.

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