



# Impact Of Inflation on Urban Quality of Life with Special Reference to Mumbai Suburban

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## Abstract:

Inflation refers to an increase in the general price of goods and services, adversely affecting the quality of human life. It reduces the purchasing power of the individual, which creates a multidimensional impact on people's well-being and satisfaction levels. This study aims to analyse the impact of inflation on urban quality of life in the Mumbai suburban region, focusing on middle- and lower-income groups. This study considers various dimensions to study the quality of life of urban residents, such as housing costs, purchasing power, access to material goods, fulfilment of basic needs, healthcare services, leisure activities, and educational expenses. By analysing these dimensions, this study seeks to highlight the challenges faced by these income groups due to inflation and offer insights for improving their living conditions.

**Key Words:** Urban Quality of life, Inflation, Purchasing power, healthcare services, leisure activities, recreational activities, mental health

## I) Introduction:

Inflation is a consistent challenge for Indian residents, specifically in urban areas, which adversely influences their quality of life and overall well-being. This weakens the ability to pay and the purchasing power of individuals in urban areas. There is a continuous rise in the prices of market-based goods and services, as well as living expenses such as health, education, transportation, housing, and daily expenses, indirectly impacting the quality of life in urban households.

Urban quality of life is a multidimensional concept covering various aspects such as financial capability, consumption patterns, mental health, environment, access to basic and luxurious services, and overall well-being. Rising expenses on education have increased the financial burden on urban households and adversely impacted investment in human resources. Increased healthcare expenses have also postponed medical treatment and reduced the utilization of healthcare services. Inflation reduces the purchasing power of non-essential items such as comfort and luxury goods, which impacts long-term convenience and comfort, thereby reducing the quality of life.

This study focuses on housing costs, purchasing power, material goods, basic needs, healthcare services, educational expenses, savings, and mental health to study the impact of inflation on the urban quality of life.

## II) Review of the Literature:

### i) Dasgupta and Sunny (2025) – Differential Impact of Inflation on Urban vs Rural Households

This recent study investigated the impact of inflation on rural and urban households among lower income groups for the period 2010 to 2024. The CPI and Government report revealed that urban households suffer from a greater financial stress burden than rural households. This indicates that inflation differs across geographical areas and income levels. It also indicates that lower-income urban households were the most highly impacted by inflation.

### ii) Saini, Goel and Malik (2025) – Impact of Inflation on Middle Class Families in Urban India

This study was conducted to understand the impact of inflation on middle-class families in the metro cities of India based on the cost of living, consumption patterns, savings, and lifestyle among middle-class families. The findings revealed that inflation significantly impacted savings and lifestyle, suggesting a better price stabilization policy.

### iii) Bansal and Bansal (2025) – Measuring inflation inequality in India

This study examines inflation inequality across various consumption and income groups and highlights that poor households suffer from higher inflation than richer ones. Lower income groups spend more on essentials to survive, which reduces their quality of life.

#### Objectives:

- 1) To study the concept of urban quality of life.
- 2) To understand various dimensions of urban quality of life
- 2) To study the impact of inflation on urban quality of life

#### Hypotheses:

- 1) **Ho (Null Hypothesis):** Inflation has no significant impact on the quality of life.
- 2) **H1(Alternative Hypothesis):** Inflation significantly impacts the urban quality of life.

#### Research Design

#### Research methodology: -

This research paper is based on descriptive and analytical research methodology, focusing on explaining the relationship between inflation and urban quality of life with the help of statistical tools.

#### Nature of the study: -

This study is empirical in nature, as it collected primary data from urban residents. Data were collected using structured questionnaires.

#### Source of data: -

Primary and secondary data were used to analyze the relationship between inflation and urban quality of life.

**Primary data:**

Primary data were collected from structured questionnaires from urban residents covering various aspects.

**Secondary data:**

Secondary data were collected from books, journals, reliable websites, government reports, and websites to study the literature.

**Sample Design:**

The data were collected from 101 urban residents of Mumbai suburban (Borivali) and selected convenience sampling to decide the sample design.

**Period of the study:**

The study was restricted to 2020 to 2024 i.e. for last 5 years.

**Limitations of the study:**

- 1) It is restricted to urban residents.
- 2) Due to small sample size, results may not be generalised
- 3) Possibility of bias and errors.

**VIII) Data analysis and Interpretation:**

Here is the data analysis of impact of inflation on urban quality of life.

The table reflects impact of inflation on ability to pay housing cost, material goods, afford basic goods, purchase non-essential items, healthcare services.

**Table.1: Impact of inflation on Various Dimensions of Urban Quality of Life**

Sr.no	Impact of inflation on -	Not affected	Slightly affected	Moderately affected	Significantly affected	Extremely affected
1	Housing Cost	16	24	33	17	10
2	Material Goods	30.3	34.3	14.1	15.2	6.1
3	Basic goods	29.3	37.4	22.2	8.1	3
4	Reduction in non-essential items	9.1	45.5	26.3	17.2	2
5	Healthcare services	33.31	31.2	21.9	9.4	4.2
6	Leisure activites	12.4	35.1	20.6	21.6	10.3
7	Educational expenses	24.5	35.7	20.4	12.2	7.1
8	Mental Health	13.3	39.8	21.4	14.3	11.2

**Source: Primary data**

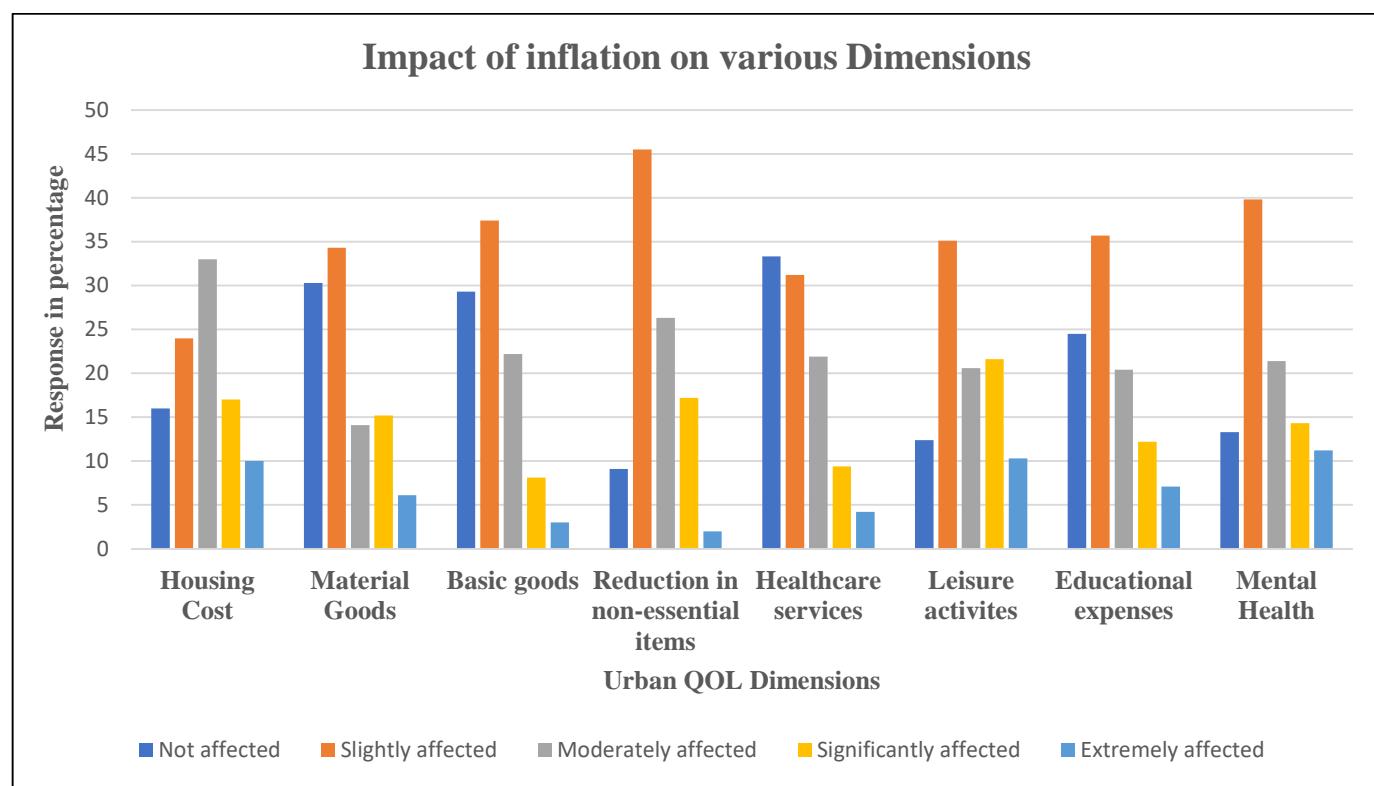


figure. 1 Impact of inflation on Urban Quality of Life

### Descriptive Analysis of impact of inflation on urban quality of life

Descriptive statistics were computed to summarize respondents' perceptions regarding the impact of inflation on different aspects of urban living. Quality of life scores were summarised by Mean and Standard Deviation for each dimension, constructed from five-point Likert scales (1= Not affected to 5= Severely affected)

Table.2 Impact of inflation on different aspects of urban living

Variables	Mean	Standard Deviation
Inflation has raised overall cost of living	3.82	0.89
Problems in meeting daily household expenses	3.69	1.01
Decline in household savings due to inflation	3.54	0.97
Rise in financial stress due to inflation	3.88	0.85
Consumption patterns changes	3.61	0.93
Inflation induced to take additional work/loans	3.26	1.08
Deterioration in overall quality of life	3.74	0.90

Source: Primary survey data

## Interpretation

The descriptive statistics shows that urban quality of life is influenced from moderate to high due to inflation. The mean scores for most variables are above the neutral value of 3, participants express significant concern over raised cost of living, financial stress, and declined savings. It is observed that the highest mean score for financial stress (Mean = 3.88), indicating that inflation has substantially heightened psychological as well as economic burden on urban households. The values of standard deviation range from 0.85 to 1.08, reflecting moderate variability in responses, which reflects differences in income levels, coping strategies, and employment tenure.

### One-Sample t-Test to examine impact of inflation on urban quality of life.

#### Hypotheses

- **H<sub>0</sub>:** Inflation has no significant impact on the Quality of Life of urban residents.
- **H<sub>1</sub>:** Inflation has a significant impact on the Quality of Life of urban residents.

### One-Sample t-Test Results for Inflation Impact (Test Value = 3) on dimensions of Quality of life Applied

To determine whether the perceived impact of inflation significantly deviates from a neutral level, one-sample t-tests were conducted for each Quality-of-Life dimension. A test value of 3 (moderate impact) was used as the reference point.

**Table.3 Impact of inflation in dimensions of quality of life**

Dimension	Mean	t-value	Sig. (p-value)	Result
Housing Costs (H1)	2.81	—	> 0.05	Not Significant
Purchasing Power (H2)	3.00	—	> 0.05	Not Significant
Material Goods (H3)	2.79	-2.491	0.015	Significant
Basic Needs (H4)	3.02	—	> 0.05	Not Significant
Healthcare Services (H5)	2.65	-3.702	0.0005	Significant
Leisure Activities (H6)	3.05	—	> 0.05	Not Significant
Educational Expenses (H7)	2.68	-3.650	0.0005	Significant

### One-Sample t-Test

- Test Value = 3 (Moderate impact)

## Interpretation

The One-Sample t-Test was carried out to understand whether the mean Quality of Life impact score differs significantly from the test value of 3. The result revealed that the calculated mean value is higher than the test value, suggesting that respondents experienced more than moderate impact of inflation on urban quality of life.

The above result indicates t-value is statistically significant at the 5% level (Sig. < 0.05). Hence, the null hypothesis is rejected and the alternative hypothesis is accepted. This result confirms that inflation has a statistically significant impact on the Quality of Life of urban residents.

## Application of One-Sample t-Test to study overall impact of inflation on Quality-of-Life

To study whether the mean perception of the impact of inflation on urban quality of life significantly differs from the neutral level.

### Hypotheses

- **H<sub>0</sub> (Null Hypothesis):**

The mean score of quality-of-life indicators is **not significantly different** from the neutral value ( $\mu = 3$ ).

- **H<sub>1</sub> (Alternative Hypothesis):**

The mean score of quality-of-life indicators is **significantly different** from the neutral value ( $\mu \neq 3$ ).

### Test Value

- **Test Mean = 3 (Neutral point on 5-point Likert scale)**
- **Level of Significance = 0.05**

### Table: One-Sample t-Test Results

( $N = 101$ )

Variables	Mean	t-value	Sig. (p-value)	Result
Inflation has raised overall cost of living	3.82	9.45	0.000	Significant
Problems in meeting daily household expenses	3.69	7.88	0.000	Significant
Decline in household savings due to inflation	3.54	5.96	0.000	Significant
Rise in financial stress due to inflation	3.88	10.12	0.000	Significant
Consumption patterns changes	3.61	6.72	0.000	Significant

Inflation induced to take additional work/loans	3.26	2.84	0.006	Significant
Deterioration in overall quality of life	3.74	8.31	0.000	Significant

(Test value = 3)

### Interpretation

The results of the one-sample t-test reveal that the mean scores of all quality-of-life indicators are significantly higher than the neutral value of 3 at the 5 per cent level of significance. This indicates that urban respondents strongly perceive inflation as adversely affecting their quality of life. The highest t-value is observed for financial stress, suggesting that inflation has significantly intensified economic and psychological pressure on households. Since the p-values for all variables are less than 0.05, the null hypothesis is rejected for each indicator.

### Conclusion Based on t-Test

The study concludes that inflation has a statistically significant negative impact on the quality of life of urban residents. Increased prices have resulted into raising financial stress, reduced savings, changed consumption patterns, and a decline in overall well-being.

### Chi-Square Test between Employment status and ability to afford basic necessities

To study the association between employment status and the ability to afford basic necessities due to inflation.

### Hypotheses

- **H<sub>0</sub>:** There is no significant relation between employment status and ability to afford basic needs.
- **H<sub>1</sub>:** There is a significant relation between employment status and ability to afford basic needs.

### Chi-Square Test of Independence

### Interpretation

The output shows that the calculated Chi-square value is significant (Sig. < 0.05).

Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. It shows that there is a significant association between employment status and affordability of basic needs, which implies that unemployed and informally employed respondents are more adversely affected by inflation.

## Chi-Square Test to analyse the association between income level and mental stress due to inflation.

### Hypotheses:

- **H<sub>0</sub>:** There is no association between income and mental stress due to inflation
- **H<sub>1</sub>:** There is an association between income and mental stress due to inflation

### Interpretation

The Chi-Square analysis revealed that the **Sig. value is less than 0.05** which indicate significant association between income and mental stress. The lower- and middle-income households are significantly affected and found difficulties to cope with rising inflation which increases financial burden and mental stress. This is psychological impact of inflation on urban households.

Therefore, the null hypothesis is rejected.

## One-Way ANOVA test to analyse association between income groups and quality of life across different income groups

### Hypotheses

- **H<sub>0</sub>:** There are no differences across income groups due to inflation.
- **H<sub>1</sub>:** There are significant differences across income groups due to inflation.

### One-Way ANOVA test applied

### Interpretation

**Result** = the F-value is statistically significant (Sig. < 0.05).

Therefore, null hypothesis is rejected.

Above result revealed that there are significant differences across income groups due to inflation on urban households.

It means that lower income groups face severe challenges to cope with rising inflation which reduced their standard of living.

Sr.no	Test	Interpretation
1	<b>Mean and standard deviation</b>	Moderate to high impact on urban QOL
2	<b>One sample T-test impact on dimensions</b>	Having more than a moderate impact on urban QOL
3	<b>One sample T-test overall impact</b>	Adversely affecting the urban QOL
4	<b>Overall result of t-test</b>	Negative impact on Urban QOL
5	<b>Chi-square Test</b>	<ul style="list-style-type: none"> <li>Strong association between employment status and affordability of basic needs</li> <li>Strong association between inflation and mental health</li> </ul>
6	<b>One-way Anova</b>	Impact of inflation on QOL significantly varies across various groups.

### Overall Interpretation

The above analysis clearly demonstrates that inflation has a significant and multidimensional impact on the Quality of Life of urban residents. Economic pressure due to rising prices has affected basic consumption, healthcare access, education, and mental well-being. The impact is unevenly distributed, with lower and middle-income groups being the most vulnerable.

### Conclusion:

Inflation is consistently becoming a challenge in urban areas to improve the quality of life of residents. It reduces the ability to pay the healthcare services, educational expenses and to purchase non-essential goods. It not only affects the financial stability but also adversely impacting the mental health by increasing financial stress to cope with rising inflation. The lower income group is the most affected income group by inflation. Statistically, inflation has a negative impact on quality of life of urban residents by reducing their purchasing power, savings, changing consumption pattern and overall well-being. It is also found that different income groups have different impact on quality of life due to inflation. Lower income group experienced severe impact on their standard of living. It is necessary to frame the policies to control the level inflation by the intervention of RBI for the welfare of the society.

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