

**"THE ECONOMIC IMPACT OF RISING EQUATED MONTHLY
INSTALLMENT (EMI) PURCHASES ON CONSUMER SPENDING:
A COMPARATIVE STUDY BETWEEN URBAN AND RURAL
AREAS OF ERNAKULAM"**

Project Report Submitted to

MAHATMA GANDHI UNIVERSITY, KOTTAYAM

IN PARTIAL OF THE REQUIREMENTS

FOR THE AWARD OF THE DEGREE
BACHELOR OF ARTS: ECONOMICS

(2021-2024)

Submitted by

GAURI NAIR (REG NO: 210021011930)

JEO JOY (REG NO: 210021011907)

IAN JOSEPH (REGISTER NO: 210021011904)

UNDER THE SUPERVISION OF

MANU.M

(Assistant Professor)



BHARATA MATA COLLEGE

THRIKKAKARA, KERALA -21

DBT Star College. ISO 9001-2015 Certified

AUTONOMOUS

NAAC with A+ Grade. NIRF Ranked in the BAND 151-200

**BHARATA MATA COLLEGE THRIKKAKARA
KERALA**

MARCH 2024

BHARATA MATA COLLEGE THRIKKAKARA

DECLARATION

We hereby declare that the project **“THE ECONOMIC IMPACT OF RISING EQUATED MONTHLY INSTALLMENT (EMI) PURCHASES ON CONSUMER SPENDING-COMPARATIVE STUDY BETWEEN URBAN AND RURAL AREA ”**is our original work and has not been submitted earlier to MG University or to any other universities. We have undertaken this project work in partial fulfillment of the requirements of BA ECONOMICS in Bharata Mata College, Thrikkakara, Ernakulam affiliated to MG University Kottayam

GAURI NAIR

JEO JOY

IAN JOSEPH

THRIKKAKARA

31-03-2024

ACKNOWLEDGEMENT

The project entitled "**THE ECONOMIC IMPACT OF RISING EQUATED MONTHLY INSTALLMENT (EMI) PURCHASES ON CONSUMER SPENDING: A COMPARATIVE STUDY BETWEEN URBAN AND RURAL AREAS**" was conducted under the guidance and supervision of Manu Muralidharan. We extend our sincere gratitude to him for his invaluable guidance, assistance, and encouragement throughout the preparation of this project.

We also express our sincere appreciation to Dr. Johnson K.M for his support in completing the study. Our gratitude extends to Lt. Dr. Nithin Thomas, Head of the Department of Economics at Bharata Mata College, Thrikkakara, for his valuable guidance and suggestions during this research.

We are deeply thankful to all the faculty members of the Department of Economics for their inspiration and cooperation. Additionally, we would like to acknowledge and thank all the respondents who generously devoted their time to complete the questionnaire despite their busy schedules.

Finally, we are grateful to the Almighty for his rays and the timely and successful completion of our project.

GAURI NAIR

JEO JOY

IAN JOSEPH

CONTENTS

CHAPTER NUMBER:	TITLE	PAGE NO.
1	INTRODUCTION	
2	REVIEW OF LITERATURE	
3	DATA ANALYSIS AND INTERPRETATION	
4	HISTORY OF EMI IMPACT OF EMI IN INDIA AND KERALA	
5	FINDINGS, SUGGESTIONS AND CONCLUSION	

CHAPTER – 1
INTRODUCTION

1.1 INTRODUCTION

In the dynamic economic landscape of Ernakulam, Kerala, a noticeable shift is unfolding with the growing prominence of Equated Monthly Installment (EMI) purchases. This financial trend, characterized by the increasing adoption of installment-based payment plans for a diverse array of goods and services, has the potential to reshape consumer behavior and influence the overall economic dynamics of the region. As Ernakulam undergoes this financial transformation, it becomes imperative to explore the multifaceted aspects of EMI purchases and their repercussions on consumer spending in both urban and rural contexts.

The fundamental premise of this research project lies in the recognition of EMI purchases as a pivotal force shaping economic activities. While the proliferation of EMI options has undeniably expanded consumer access to a wide range of products, it raises crucial questions about the broader economic impact, particularly in the distinctive settings of urban and rural areas within Ernakulam.

This project aims to untangle the intricate web of consequences to the upsurge in EMI transactions and to dissect the subsequent alterations in consumer spending patterns. By undertaking a comparative analysis between urban and rural domains, the research seeks to discern potential variations in economic outcomes, offering a granular understanding of how EMI purchases intersect with diverse socio-economic landscapes. This study also aims at examining the influence of financial literacy on consumer choices related to EMI purchases.

The objectives of this research project encompass several key dimensions. Firstly, it endeavors to identify and analyze the consequences of the increasing prevalence of EMI-based financing. Secondly, it aims to explore the nuanced ways in which consumer spending behaviors are influenced by the adoption of EMI plans. The research endeavors to uncover whether discernible disparities exist between urban and rural areas, illuminating the regional specificity of the economic impact.

In pursuing these objectives, this project aspires to offer insights that extend beyond statistical trends. It seeks to unravel the narratives that underlie economic decision-making, providing a deeper understanding of how individuals navigate financial choices in the context of evolving payment structures. As such, the outcomes of this research hold implications for policymakers crafting economic strategies, financial institutions adapting their services, businesses tailoring marketing approaches, and local communities charting their development trajectories.

This research project is not merely an exploration of economic data; it is a narrative inquiry into the evolving economic story of Ernakulam. Through a comprehensive examination of the relationship between EMI purchases and consumer spending, it aspires to contribute valuable perspectives and

guide stakeholders towards informed and strategic decision-making in the dynamic economic landscape of this vibrant region.

1.2 STATEMENT OF THE PROBLEM

The economic landscape in Ernakulam is undergoing a transformation marked by the increasing prevalence of Equated Monthly Installment (EMI) purchases. This financial trend, while offering consumers greater access to goods and services, raises questions about its broader impact on consumer spending patterns and the overall economic dynamics in both urban and rural areas of the region. The statement of the problem centers on understanding the economic consequences of the rising trend in EMI purchases. Specifically, it aims to investigate how this financial phenomenon influences consumer spending behaviors, examining potential variations between urban and rural areas within Ernakulam.

Key questions include assessing the factors driving the surge in EMI-based transactions, elucidating the subsequent impact on consumer spending habits, and exploring whether urban and rural regions experience distinct economic effects. Addressing these questions is crucial for policymakers, financial institutions, businesses, and community developers seeking a comprehensive understanding of the evolving economic landscape in Ernakulam and the potential implications for sustainable economic growth and financial well-being.

Day by day, the purchases made through Equated Monthly Installments are increasing, providing the customers with the relaxation of paying the whole amount all at once. But on the other hand, this has resulted in increased debt which without proper management tactics can result in a huge burden.

1.3 OBJECTIVE

The objective of the study is as follows:

- a. Assess the impact of rising EMI purchases and overall spending trends
- b. To identify differences in consumer spending patterns using equated Monthly Installments between urban and rural areas
- c. Examine the influence of financial literacy on consumer choices related to EMI purchases

1.4 SIGNIFICANCE OF THE STUDY

The study is significant due to several reasons. The findings can inform policymakers about the potential economic consequences of increasing EMI purchases. This information is crucial for the formulation of policies that support sustainable economic growth and financial well-being. Understanding how rising EMI purchases influence consumer spending provides valuable insights into changing consumer behavior. This knowledge is beneficial for businesses, financial institutions, and marketers aiming to adapt their strategies to meet evolving consumer needs.

The study may shed light on the accessibility of financial products, particularly EMI-based financing, in both urban and rural areas. Identifying disparities can contribute to efforts aimed at improving financial inclusion.

By comparing urban and rural areas, the study may uncover economic disparities and variations in the impact of EMI purchases. This knowledge is essential for addressing regional economic inequalities and designing targeted interventions. This knowledge aids in risk assessment, helping institutions develop responsible lending practices.

For local governments and community organizations, understanding the economic impact can guide the development of community-based initiatives. This includes programs focused on financial education, economic empowerment, and support for sustainable consumer spending.

Businesses operating in Ernakulam, ranging from retailers to service providers, can benefit from understanding how EMI purchases influence consumer spending patterns. This knowledge can help optimize product offerings and marketing strategies.

Higher EMIs may indicate increased borrowing costs for individuals, impacting disposable income and consumption patterns. This can influence overall economic activity, affecting sectors like retail and real estate. It also potentially impacts savings and investment patterns. So, it is crucial to monitor the dynamics to gauge broader economic implications.

1.5 METHODOLOGY

The methodology for this research involves a comprehensive survey designed to investigate the economic impact of increasing Equated Monthly Installment (EMI) purchases on consumer spending in both urban and rural areas of Ernakulam. To achieve the research objectives, a structured survey instrument has been developed, encompassing a mix of closed-ended and open-ended questions.

The survey will collect demographic information, including age, income, and occupation, to facilitate a nuanced analysis of subgroup differences. Questions will be tailored to explore participants' attitudes and behaviors related to EMI purchases, factors influencing financial decisions, and perceptions of economic conditions. A Likert scale and rating questions will gauge respondents' agreement or satisfaction with specific statements, providing quantitative insights into consumer sentiments. The survey administration will be carried out through a combination of online surveys and face-to-face interviews, ensuring a diverse and representative sample. Ethical considerations, such as voluntary participation and confidentiality

assurances will be communicated to participants. Pilot testing will precede the full-scale survey to identify and address any issues with clarity or bias. The collected data will undergo rigorous validation and quality assurance processes, and the subsequent analysis will employ statistical techniques, including regression analysis, to uncover patterns and relationships within the dataset.

The results will be presented in a clear and organized manner, providing valuable insights into the economic dynamics of EMI purchases and consumer spending in the urban and rural landscapes of Ernakulam selectively Kakkanad as the sample for urban area and Perumbavoor for rural behavior.

The period of the survey is 2024 and a sample population of 300 people from each of the places have been selected to conduct the study.

1.6 LIMITATION OF THE STUDY

When conducting research on the economic impact of rising EMI purchases on consumer spending in urban and rural areas of Ernakulam, several limitations may arise. It's important to acknowledge these limitations to provide a transparent view of your study and to guide future research.

The sample we select may not be fully representative of the entire urban and rural populations in Ernakulam. There could be inherent biases based on the demographics or economic status of the selected participants. The accuracy and reliability of data, even if collected through surveys, may be affected by participants' recall bias or misreporting. Economic conditions can change over time, and the study may capture a specific period with unique economic circumstances. External economic factors that are beyond the scope of your study may influence consumer spending.

Establishing a causal relationship between rising EMI purchases and changes in consumer spending may be challenging. There could be other variables or factors influencing consumer behavior that are not accounted for in the given study.

Ernakulam, like any region, may have diverse urban and rural characteristics. The study may not capture the full spectrum of variations within these areas, and results may not be generalizable to other regions.

Social and cultural factors may play a significant role in shaping consumer behavior. It might be challenging to account for all these factors, and their influence on EMI purchases and spending habits may not be fully explored. Urban and rural areas may differ in terms of access to technology and financial infrastructure. These differences could impact the adoption of EMI purchases and the subsequent economic impact.

Unforeseen external events, such as economic crises or major policy changes, may influence consumer behavior and spending patterns independently of EMI purchases. These events could confuse the study results. It is crucial to address these limitations in the research.

CHAPTER 2

LITERATURE REVIEW

Nowadays Equated Monthly Installments have been evolving as a major option for payment and hence its influence on consumer behavior is crucial.

- Research by Mishra and Mahapatra (2019) highlights the importance of adoption of EMI schemes among consumers in urban areas, driven by convenience and affordability.
- Research by Sakshi Malik, Muskan Kaur and Anuj Pal Kapoor – identifies cardless EMI the next generation payment methods introduced in the Indian Market.
- A study on Sales progression of Smart Phones and introduction of EMI mechanism by Prajeesh P, Jamsheer CK and Syam Prasad K (2018) - The process of monthly small payments for expensive mobiles motivated the customers to purchase costly smart phones. The problems of high cost for high featured phones have been solved with the help of EMI mechanism.
- A study on Impact of Buy Now- Pay later mechanism through installment payment facility and impulsive purchase behavior of consumers by Madiha Khan and Shejuti Haque: The study findings suggest that buy now-pay later mechanism resulting in impulsive purchase decision may have a negative impact on the future spending on necessities due to excess current spending on some unnecessary goods. Besides, the burden of installment payment can hinder the accumulation of personal savings. In the long run, these negative impacts can be mitigated with rational policies for appropriate structure and regulation of buy-now-pay later sales mechanism.
- Studies by Kumar and Chaudhary (2020) suggest a growing trend of EMI usage in rural areas, primarily for purchasing durable goods like electronics and appliances.
- A comparative analysis by Patel et al. (2021) indicates that while urban consumers tend to use EMI for lifestyle products and electronics, rural consumers utilize it more for agricultural equipment and household essentials.
- Installment purchase arrangements are offered by many merchants and service providers to facilitate sales to buyers who cannot afford to pay for purchases up front in cash (Griebsch et al., 2007)
- A study on customer satisfaction level of purchasing products through EMI By Tharani and Sathyabama: The banking institutions EMI facility is fulfilling the customer's requirements through their effective services.
- Sharma et al. (2020) caution against excessive EMI usage leading to debt accumulation, particularly among rural households with irregular income sources.
- Psychological studies by Verma and Singh (2017) suggest that EMI schemes tap into consumer's desire for instant gratification, influencing impulsive buying behavior, especially in urban settings.

CHAPTER – 3

DATA ANALYSIS AND INTERPRETATION

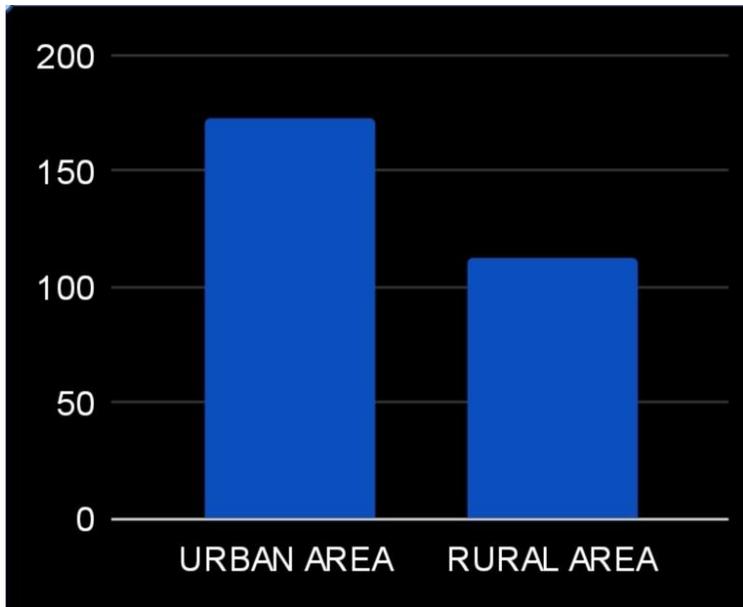
Data analysis and interpretation involve assigning meaning to collected information to determine conclusions, significance, and implications of findings. It helps categorize, manipulate, and summarize data to answer critical questions. Data can be presented using pie charts, bar charts and multiple bar charts. The following observations are based upon the 287 responses from the survey.

1. AREA OF RESIDENCE

TABLE 3.1

URBAN AREA	173
RURAL AREA	113

FIGURE 3.1



SOURCE: Researchers on estimate

ANALYSIS:

1. The survey shows that 60.28% of the respondents are from urban Area.
2. The survey shows that 39.37% of the respondents are from Rural area.

INTERPRETATION:

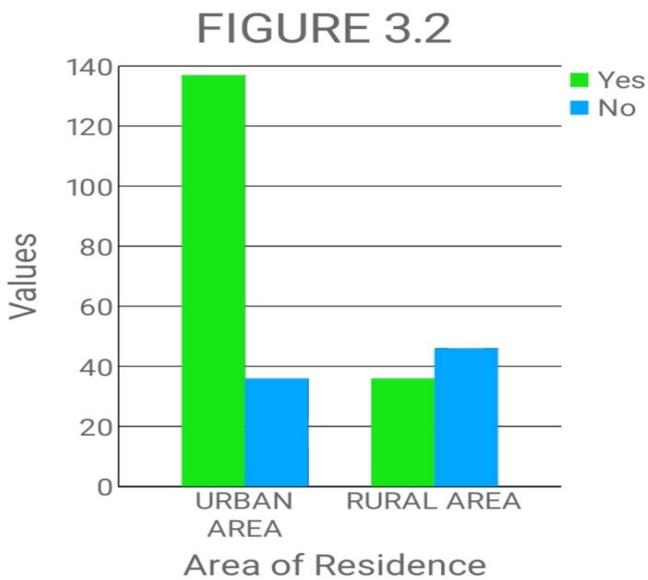
The data provided indicates the distribution of respondents based on their area of residence. Among the respondents, 173 reside in urban areas, while 113 reside in rural areas. This suggests a higher representation of respondents from urban areas compared to rural areas in the sample population.

2. INCLINATION TO MAKE HIGH VALUE PURCHASES DUE TO THE AVAILABILITY OF EMI OPTIONS

TABLE 3.2

NO	82
YES	204

	YES	NO
URBAN AREA	137	36
RURAL AREA	36	46



SOURCE: Researchers on estimate

ANALYSIS:

1. The survey shows that 79.19% of urban population are inclined to make high value purchases due to availability of EMI options
2. The survey shows that 20.80% of urban population are not inclined to make high value purchases due to availability of EMI options.
3. The survey shows that 43.9% of rural population are inclined to make high value purchases due to availability of EMI options.
4. The survey shows that 56.09 of rural population are not inclined to make high value purchases due to availability of EMI options

INTERPRETATION

In urban areas, a significant majority (79.19%) of respondents are inclined to make such purchases, indicating a strong acceptance of and utilization of EMI options for high-value purchases. Conversely, a smaller proportion (20.80%) are not inclined, suggesting that the availability of EMI options is influential in encouraging urban residents to make such purchases.

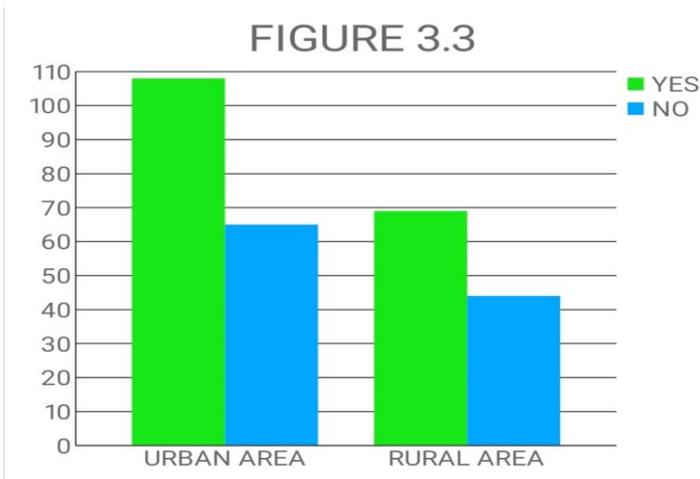
On the other hand, in rural areas, while a considerable portion (43.9%) of respondents is still inclined to utilize EMI options for high-value purchases, there is a higher percentage (56.09%) who are not inclined. This could indicate various factors at play, such as differences in financial stability, access to banking services, or cultural attitudes towards debt and installment payments.

3. INFLUENCE OF THE AVAILABILITY OF EMI ON PURCHASING DECISIONS

TABLE 3.3

YES	177
NO	109

	YES	NO
URBAN AREA	108	65
RURAL AREA	69	44



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that the purchasing decision of 62.42% of urban population has been influenced by the availability of EMI.
2. The survey shows that the purchasing decision of 37.57% of urban population has not been influenced by the availability of EMI.
3. The survey shows that the purchasing decision of 61.06% of rural population has been influenced by the availability of EMI.
4. The survey shows that the purchasing decision of 63.76% of rural population has not been influenced by the availability of EMI.

INTERPRETATION

The survey data reveals that EMI availability significantly influences purchasing decisions for 62.42% of urban and 61.06% of rural populations. However, sizable segments (37.57% urban, 63.76% rural)

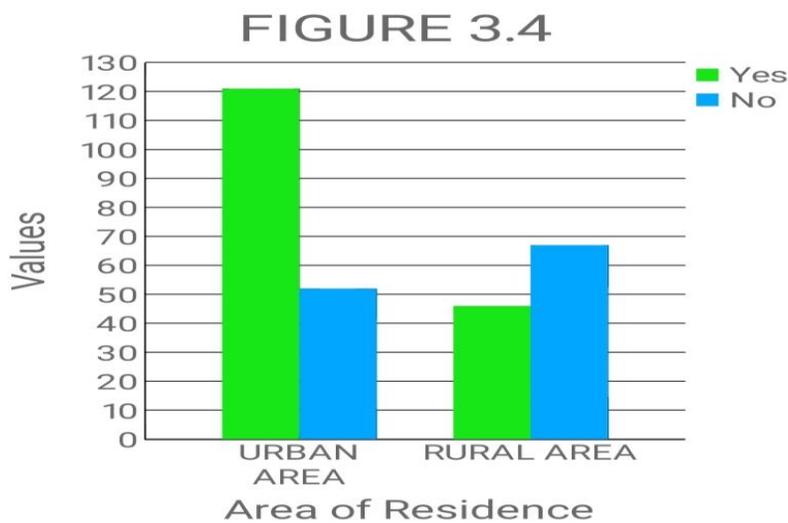
indicate their decisions are unaffected by EMI availability, suggesting varied consumer behavior influenced by socio-economic factors.

4. EFFECT OF THE RISING COST OF EMI ON ABILITY TO SAVE MONEY

TABLE 3.4

YES	167
NO	119

	YES	NO
URBAN AREA	121	52
RURAL AREA	46	67



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that the rising cost of EMI has affected the saving ability of 69.9% of the urban population.
2. The survey shows that the rising cost of EMI has not affected the saving ability of 30.05% of the urban population.
3. The survey shows that the rising cost of EMI has affected the saving ability of 40.70% of the rural population.
4. The survey shows that the rising cost of EMI has not affected the saving ability of 59.29% of the rural population.

INTERPRETATION

The survey data indicates that the rising cost of EMI has impacted the saving ability of both urban and rural populations. While a substantial portion of respondents in both groups report a negative effect on their ability to save, there are also significant proportions indicating no impact, suggesting varied financial resilience within the surveyed populations.

5. PRODUCT CATEGORIES MOST COMMONLY PURCHASED THROUGH EMI

TABLE 3.5

AUTOMOBILES	86
HOME APPLIANCES	64
GADGETS	134
OTHER FINANCIAL PURPOSES	2

	AUTOMOBILES	HOME APPLIANCES	GADGETS	OTHER FINANCIAL PURPOSES
URBAN AREA	47	36	88	1
RURAL AREA	38	28	46	1

FIGURE 3.5

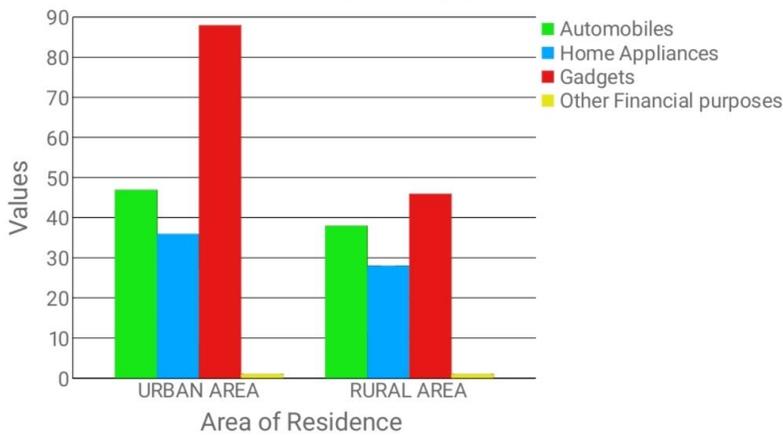


Figure 3.5 Rural

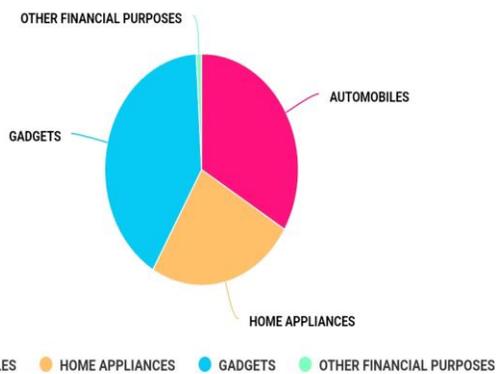
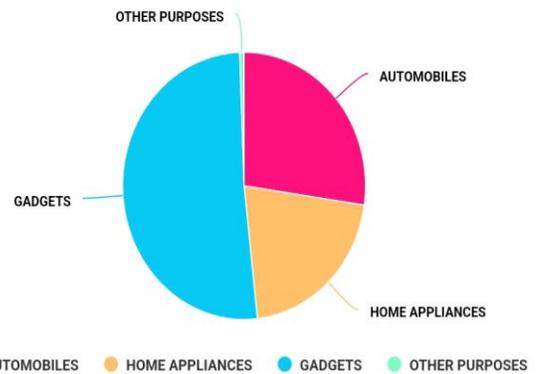


Figure 3.5 Urban



SOURCE: Researchers on estimate

ANALYSIS

The survey shows that 47.32% of the urban population most commonly purchase the product category of Automobiles, 20.93% purchase mostly home appliances, 51.16% purchases gadgets and 0.58% use EMI for other financial purposes.

The survey shows that 33.62% of the rural population most commonly purchase the product category of Automobiles, 24.77% purchase mostly home appliances, 40.70% purchases gadgets and 0.88% use EMI for other financial purposes.

INTERPRETATION

The survey reveals that both urban and rural populations commonly purchase automobiles and gadgets using EMI. While urban respondents show a slightly higher preference for gadgets, rural respondents demonstrate a relatively more balanced distribution among the three categories, with a significant portion opting for home appliances as well. Additionally, a small percentage in both groups use EMI for other financial purposes.

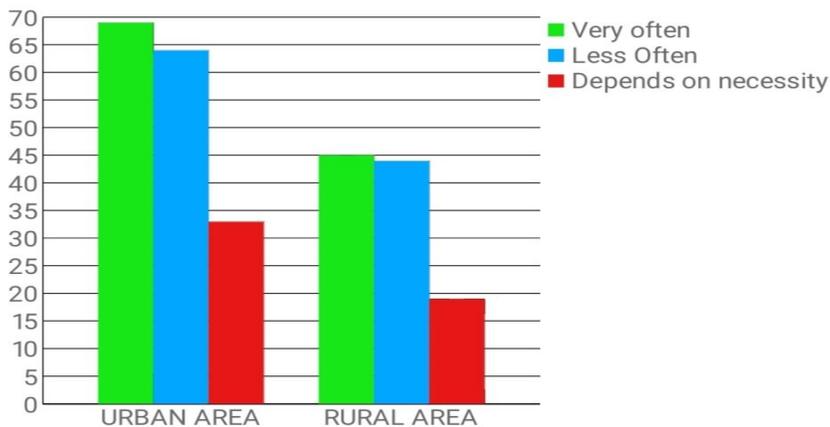
6. FREQUENCY OF PURCHASING VIA EMI OPTIONS

TABLE 3.6

VERY OFTEN	114
LESS OFTEN	119
DEPENDS ON NECESSITY OF THE ITEM	52

	VERY OFTEN	LESS OFTEN	DEPENDS ON THE NECESSITY OF THE ITEM
URBAN AREA	69	64	33
RURAL AREA	45	44	19

FIGURE 3.6



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that 41.56% of urban population make EMI purchases very often, 38.55% make it less often and for 19.87% of the population the purchase depends on necessity of the item.
2. The survey shows that 41.66% of rural population make EMI purchases very often, 40.74% make it less often and for 17.59% of population the purchase depends on necessity of the item.

INTERPRETATION

The survey reveals that a considerable portion of both urban and rural populations frequently make EMI purchases, indicating a reliance on installment payment options for acquiring goods. Additionally, a significant percentage in both groups base their EMI purchases on the necessity of the item, reflecting a pragmatic approach to spending.

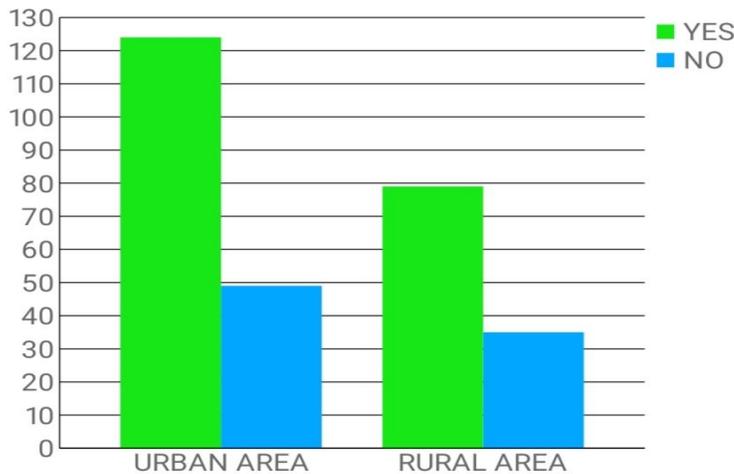
7. STRATEGIES TO MITIGATE THE IMPACT OF RISING EMI PURCHASES

TABLE 3.7

YES	202
NO	84

	YES	NO
URBAN AREA	124	49
RURAL AREA	79	35

FIGURE 3.7



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows 71.67% of urban population has considered alternative payment options or budget adjustments to mitigate the impact of rising EMI purchases.
2. The survey shows 28.32% of urban population have not considered any alternative payment options or budget adjustments to mitigate the impact of rising EMI purchases.
3. The survey shows 69.29% of rural population have considered alternative payment options or budget adjustments to mitigate the impact of rising EMI purchases.
4. The survey shows 30.70% of rural population have considered alternative payment options or budget adjustments to mitigate the impact of rising EMI purchases.

INTERPRETATION

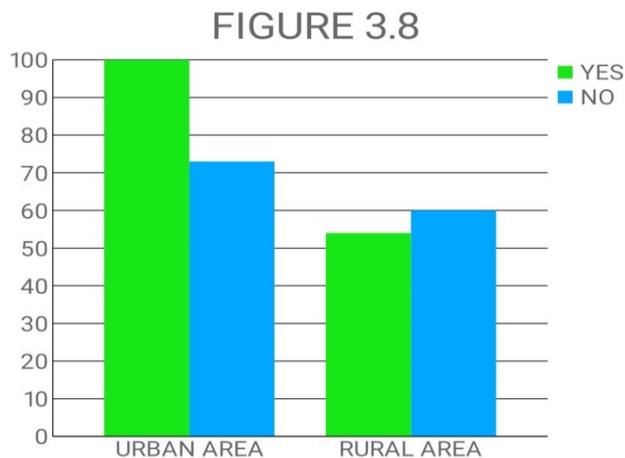
The survey reveals that both urban and rural populations are actively considering alternative payment options or adjusting their budgets in response to the increasing costs associated with purchases made through Equated Monthly Installments (EMIs). This indicates a widespread awareness and effort to mitigate the financial impact of rising EMI purchases among both urban and rural demographics.

8. SPENDING MORE PROPORTION OF YOUR BUDGET THAN EARLIER DUE TO EMI OR NOT.

TABLE 3.8

YES	153
NO	133

	YES	NO
URBAN AREA	100	73
RURAL AREA	54	60



SOURCE: Researchers on Estimate

ANALYSIS

1. The survey shows that 57.80% of urban population are finding themselves spending a more proportion of their budget than earlier due to availability of EMI.
2. The survey shows that 42.19% of urban population are not finding themselves spending a more proportion of their budget than earlier due to availability of EMI.
3. The survey shows that 47.36% of rural population are finding themselves spending a more proportion of their budget than earlier due to availability of EMI.
4. The survey shows that 52.63% of urban population are not finding themselves spending a more proportion of their budget than earlier due to availability of EMI.

INTERPRETATION

The survey reveals a split response between urban and rural populations regarding the impact of EMIs on their budget. While a portion of both groups are experiencing increased spending, another segment remains unaffected by the availability of EMIs. The study reveals that a greater proportion of urban population are finding themselves more whereas the major proportion of rural population are not showing such a behavior.

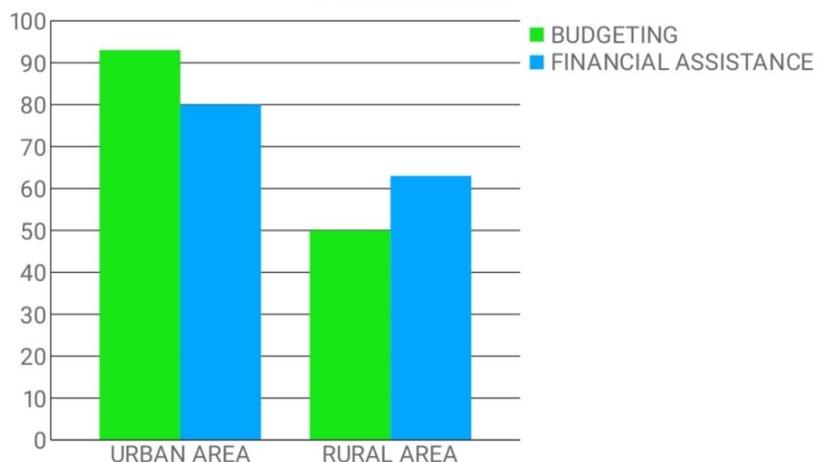
9. MANAGEMENT OF MULTIPLE ONGOING EMI COMMITMENTS, IF ANY, WITHOUT COMPROMISING THE FINANCIAL GOALS

TABLE 3.9

BUDGETING AND PLANNING	143
FINANCIAL ASSISTANCE	143

	BUDGETING AND PLANNING	FINANCIAL ASSISTANCE
URBAN AREA	93	80
RURAL AREA	50	63

FIGURE 3.9



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that 53.75% of urban population manage multiple ongoing EMI commitments without compromising their financial goals.
2. 46.24% of urban population are not able manage multiple ongoing EMI commitments without compromising their financial goals.
3. The survey shows that 44.24% of rural population manage multiple ongoing EMI commitments without compromising their financial goals.
4. 55.75% of rural population could not manage multiple ongoing EMI commitments without compromising their financial goals.

INTERPRETATION

The survey reveals that in urban areas, a significant number of people can handle multiple ongoing EMI commitments without compromising their financial goals, but a sizable portion struggle to do so. In rural areas, a considerable segment manages these commitments without affecting their financial goals, but a larger group finds it difficult, risking the compromise of their financial objectives.

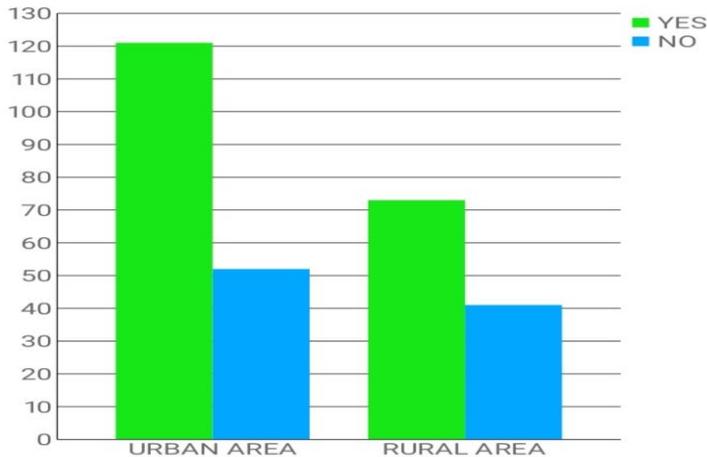
10. BUDGETARY SACRIFICES TO ACCOMMODATE EMI PAYMENTS

TABLE 3.10

YES	193
NO	93

	YES	NO
URBAN AREA	121	52
RURAL AREA	73	41

FIGURE 3.10



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that 69.94% of the urban population had to make sacrifices in other areas of your budget to accommodate EMI payments.
2. The survey shows that 30.05% of urban population need not make sacrifices in other areas of your budget to accommodate EMI payments.
3. The survey shows that 64.03% of rural population had to make sacrifices in other areas of your budget to accommodate EMI payments.
4. The survey shows that 23.69% of rural population need not make sacrifices in other areas of your budget to accommodate EMI payments.

INTERPRETATION

The survey indicates that in both urban and rural areas, a considerable portion of the population has had to cut back on other expenses in their budgets to accommodate EMI payments. However, there are also

significant numbers in both areas who have managed to make EMI payments without sacrificing spending in other areas of their budgets.

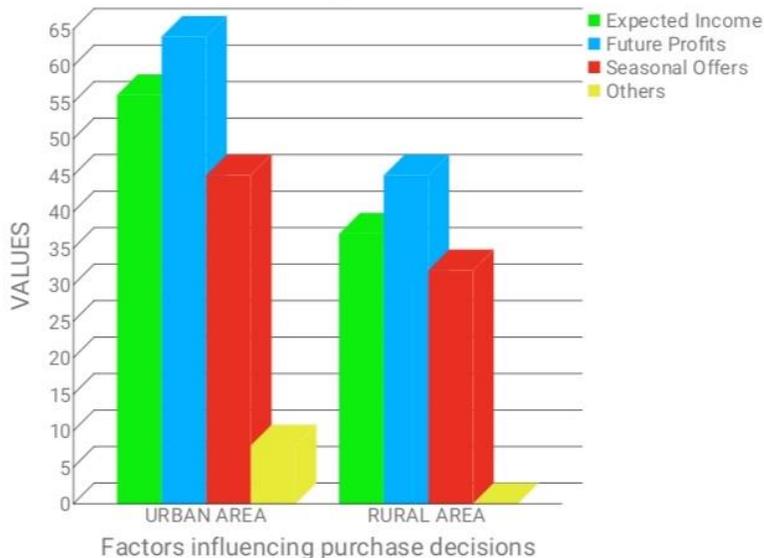
11. FACTORS INFLUENCING DECISIONS TO MAKE PURCHASES ON EMI

TABLE 3.11

EXPECTED INCOME	92
FUTURE PROFITS	109
SEASONAL OFFERS	77
OTHERS	8

	EXPECTED INCOME	FUTURE PROFITS	SEASONAL OFFERS	OTHERS
URBAN AREA	56	64	45	8
RURAL AREA	37	45	32	0

Figure 3.11



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that for 32.36% of urban population the decision to make purchase on EMI depends on expected income, 36.99% depends on future profits, 26.01% depends on seasonal offers and for 4.62% of population other reasons influence their decision.
2. The study shows that for 32.45% of rural population the decision to make purchase on EMI depends on expected income, for 39.47% it depends on future profits, 28.07% depends on seasonal offers.

INTERPRETATION

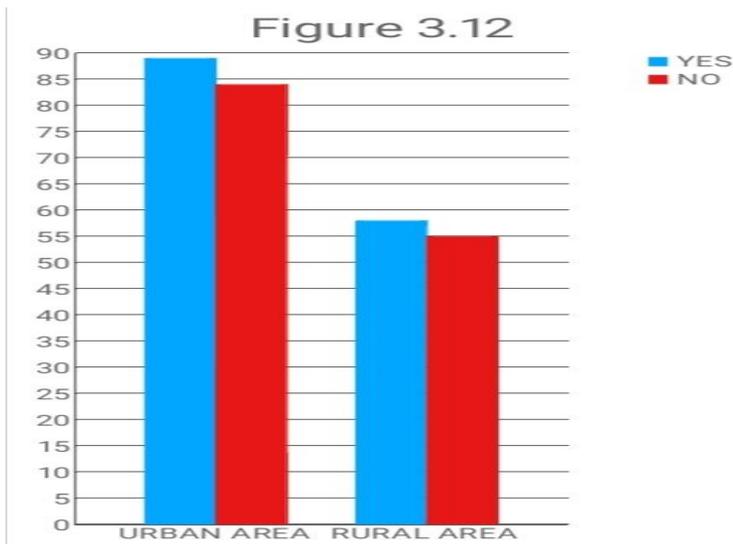
The study reveals that most of the population among rural and urban areas are influenced by expected income, future profits and seasonal offers on their decision for purchases by EMI.

12. FREQUENCY OF EMI TRANSACTIONS

TABLE 3.12

YES	147
NO	139

	YES	NO
URBAN AREA	89	84
RURAL AREA	58	55



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 51.44% of urban population frequently engage in EMI transactions.
2. The study shows that 48.55% of urban population do not frequently engage in EMI transactions.
3. The study shows that 51.32% of rural population frequently engage in EMI transactions.
4. The study shows that 48.67% of rural population do not frequently engage in EMI transactions.

INTERPRETATION

The study indicates that most of the urban population frequently participates in EMI transactions, while a significant minority does not. Similarly, in rural areas, a substantial portion of the population engages frequently in EMI transactions, with a notable proportion abstaining from such activities.

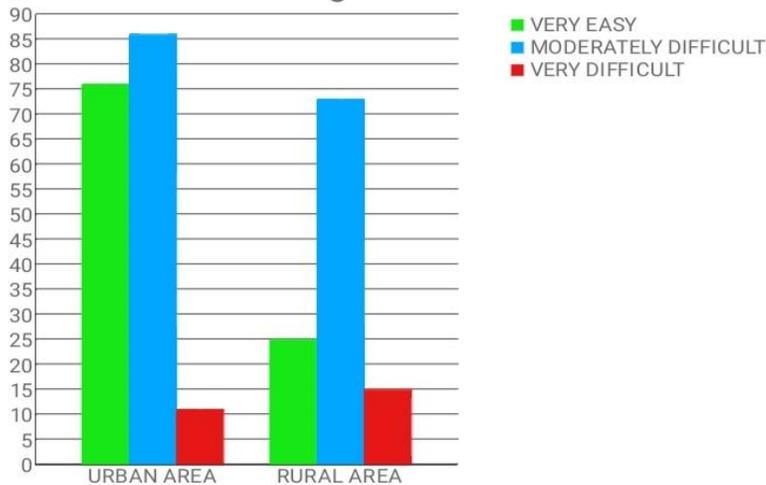
13. ACCESSIBILITY OF FINANCIAL SERVICES IN YOUR AREA

TABLE 3.13

VERY EASY	101
MODERATELY DIFFICULT	159
VERY DIFFICULT	26

	VERY EASY	MODERATELY DIFFICULT	VERY DIFFICULT
URBAN AREA	76	86	11
RURAL AREA	25	73	15

Figure 3.13



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that among urban population 43.93% find it easy to access financial services in their area, 49.71% find it moderately difficult in accessing and 6.35% find it very difficult for accessing financial services.
2. The study shows that among rural population 22.12% find it easy to access financial services in their area, 64.60% find it moderately difficult in accessing and 13.27% find it very difficult for accessing financial services.

INTERPRETATION

The study reveals differing experiences between urban and rural populations regarding access to financial services. Among urban residents, a significant portion finds it moderately difficult to access such services, while a smaller percentage finds it easy. A notable fraction faces very difficulty in accessing financial services. In rural areas, fewer individuals find it easy to access financial services, with a majority perceiving it as moderately difficult. Similarly, a significant portion also finds it very difficult to access financial services, indicating challenges in rural areas as well.

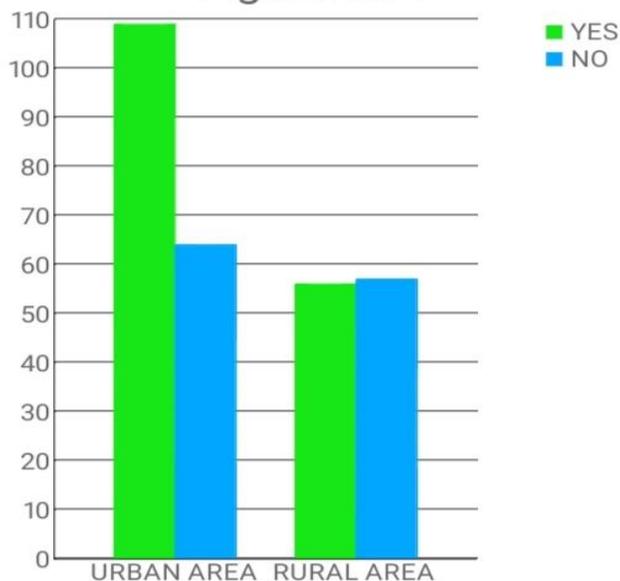
14. INFLUENCE OF ACCESSABILITY TO FINANCIAL SERVICES ON SPENDING PATTERNS

TABLE 3.14

YES	165
NO	121

	YES	NO
URBAN AREA	109	64
RURAL AREA	56	57

Figure 3.14



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that for 63.05% of the urban population access to financial services has influenced their spending patterns.
2. The survey shows that for 36.99% of the urban population access to financial services did not influence their spending patterns.
3. The survey shows that for 49.55% of the rural population access to financial services has influenced their spending patterns.
4. The survey shows that for 48.67% of the rural population access to financial services did not influence their spending patterns.

INTERPRETATION

The survey reveals that access to financial services has had a significant impact on the spending patterns of the urban population, with a majority reporting influence. Conversely, a substantial minority does not perceive access to financial services as affecting their spending behavior. Similarly, among rural residents, access to financial services has influenced the spending patterns of nearly half the population, while the remaining individuals report no influence on their spending behavior despite access to financial services.

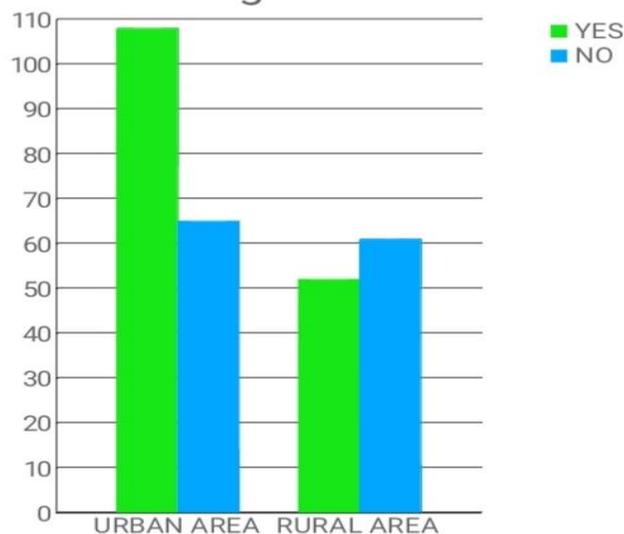
15. EMI OPTIONS MAKE EXPENSIVE ITEMS MORE AFFORDABLE OR NOT

TABLE 3.15

YES	160
NO	126

	YES	NO
URBAN AREA	108	65
RURAL AREA	52	61

Figure 3.15



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that 62.42% of the urban population believes that EMI options make expensive items more affordable.
2. The survey shows that 37.57% of the urban population believes that EMI options do not make expensive items more affordable.
3. The survey shows that 46.01% of the rural population believes that EMI options make expensive items more affordable.

4. The survey shows that 53.98% of the rural population believes that EMI options do not make expensive items more affordable.

INTERPRETATION

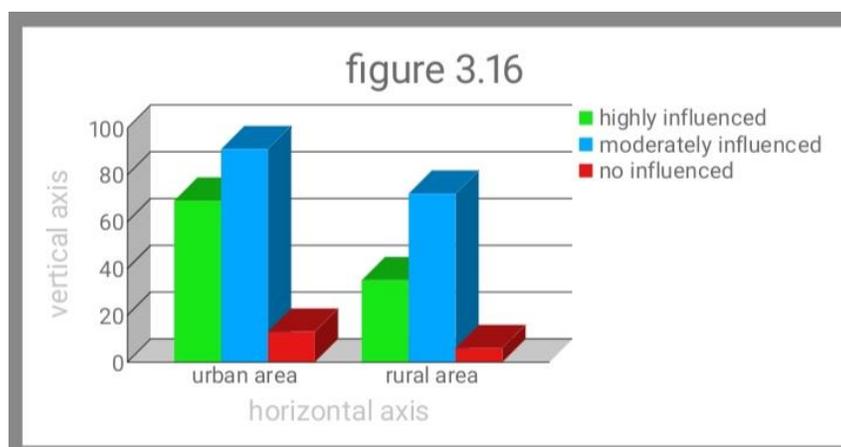
The survey indicates that among the urban population, a majority perceives EMI options as making expensive items more affordable. However, a significant minority does not share this belief. In rural areas, a slightly smaller proportion believes that EMI options make expensive items more affordable, with a majority holding the opposite view.

16. EXTENT OF ACCESS TO TECHNOLOGY AND ITS IMPACT ON ABILITY TO USE EMI SERVICES

TABLE 3.16

HIGHLY INFLUENTIAL	104
MODERATELY INFLUENTIAL	163
NO INFLUENCE	19

	HIGHLY INFLUENTIAL	MODERATELY INFLUENTIAL	NO INFLUENCE
URBAN AREA	69	91	13
RURAL AREA	35	72	6



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that for 39.88% of urban population access to technology has high influence on their ability to use EMI services, for 52.06% of population access to technology have moderate influence and for the rest of 7.51% of population access to technology have no influence.
2. The study shows that for 30.97% of rural population access to technology has high influence on their ability to use EMI services, for 63.71% of population access to technology have moderate influence and for the rest of 5.30% of population access to technology have no influence.

INTERPRETATION

In urban areas, a significant portion perceives access to technology as having a moderate influence, followed by a substantial minority seeing it as highly influential. A small fraction doesn't view access to technology as influential in using EMI services.

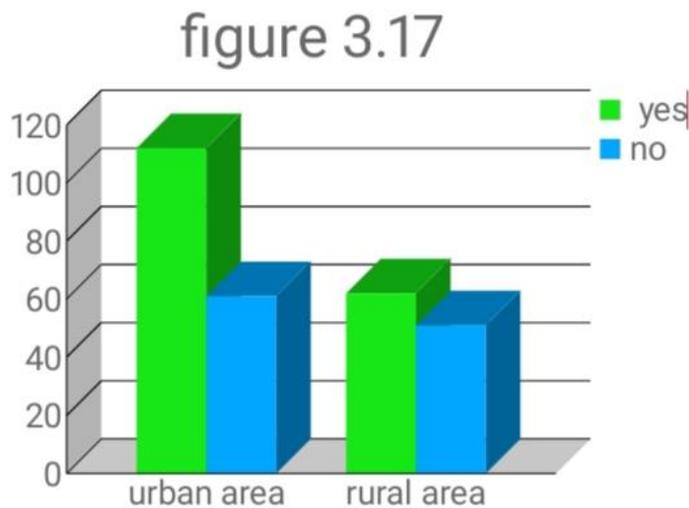
Similarly, in rural regions, the majority believes that access to technology moderately influences their ability to use EMI services. However, a notable minority perceives it as highly influential. A smaller proportion doesn't consider access to technology as influential in using EMI services.

17. PREFERENCE TO TRADITIONAL PAYMENT METHODS OVER EMI OR VICE VERSA

TABLE 3.17

YES	174
NO	112

	YES	NO
URBAN AREA	112	61
RURAL AREA	62	51



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 64.73% of urban population prefer traditional payment options over EMI schemes and 35.26% of them prefer EMI options.
2. The study shows that 54.86% of rural population prefer traditional payment options over EMI schemes and 45.13% of them prefer EMI options.

INTERPRETATION

The study indicates that among the urban population, a majority prefer traditional payment options over EMI schemes, while a significant minority prefers EMI options.

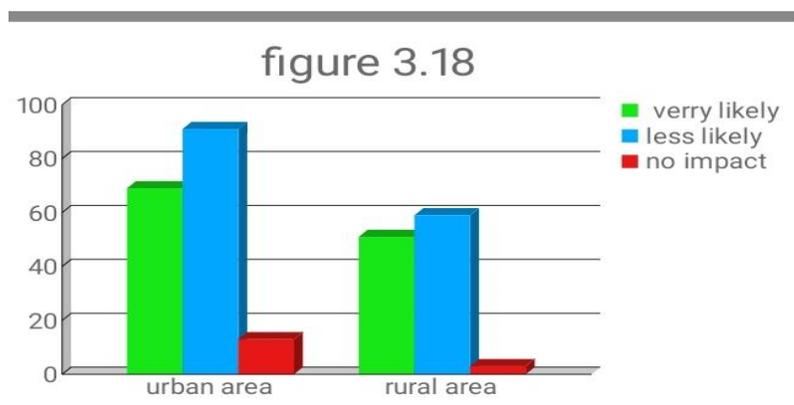
Similarly, among the rural population, the majority also favor traditional payment options, though to a lesser extent than in urban areas. However, a notable portion of rural residents still prefer EMI options.

18. THE AVAILABILITY OF EMI AND IMPACT ON CHOICE OF WHERE TO MAKE PURCHASES

TABLE 3.18

VERY LIKELY	120
LESS LIKELY	150
NO IMPACT	16

	VERY LIKELY	LESS LIKELY	NO IMPACT
URBAN AREA	69	91	13
RURAL AREA	51	59	3



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 39.88 % of urban population find it very likely that the availability of EMI impacts their choice of where to make purchases.
2. The study shows that 52.60 % of urban population find it less likely that the availability of EMI impacts their choice of where to make purchases.
3. The study shows that 7.5% of urban population find it that the availability of EMI has no impact on their choice of where to make purchases.
4. The study shows that 45.13% of rural population find it very likely that the availability of EMI impacts their choice of where to make purchases.
5. The study shows that 34.10% of rural population find it less likely that the availability of EMI impacts their choice of where to make purchases.
6. The study shows that 1.73% of rural population find that the availability of EMI has no impact on their choice of where to make purchases.

INTERPRETATION

The study highlights varying perceptions among both urban and rural populations regarding the impact of EMI availability on their choice of where to make purchases.

In urban areas, a notable proportion finds it very likely that the availability of EMI influences their purchasing decisions. However, a larger segment considers it less likely to have such an impact, with a smaller fraction perceiving no impact.

Similarly, in rural areas, a significant portion finds it very likely that EMI availability affects their purchasing choices. However, a smaller proportion than in urban areas considers it less likely to influence their decisions, with an even smaller percentage believing EMI availability has no impact on their purchasing choices.

19. ACCESSIBILITY OF PRODUCTS OR SERVICES THAT OFFER EMI OPTIONS IN YOUR LOCALITY

TABLE 3.19

HIGHLY ACCESSIBLE	125
MODERATE ACCESSIBILITY	122
NOT AVAILABLE	39

	HIGHLY ACCESSIBLE	MODERATE ACCESSIBILITY	NOT AVAILABLE
URBAN AREA	80	72	21
RURAL AREA	45	50	18

figure 3.19



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that for 46.24% of urban population the products or services that offer EMI options are highly accessible.
2. The study shows that for 41.61% of urban population the products or services that offer EMI options are moderately accessible.
3. The study shows that for 12.13% of urban population the products or services that offer EMI options are not available.
4. The study shows that for 39.82% of rural population the products or services that offer EMI options are highly accessible.
5. The study shows that for 44.24% of rural population the products or services that offer EMI options are moderately accessible.
6. The study shows that for 15.92% of urban population the products or services that offer EMI options are not available.

INTERPRETATION

The study reveals the accessibility of products or services offering EMI options among both urban and rural populations.

In urban areas, nearly half of the population perceives such products or services as highly accessible, while a significant portion considers them moderately accessible. A smaller fraction finds them unavailable.

Similarly, in rural regions, a substantial proportion perceives products or services offering EMI options as highly accessible, with a slightly smaller segment considering them moderately accessible. A small percentage report them as unavailable.

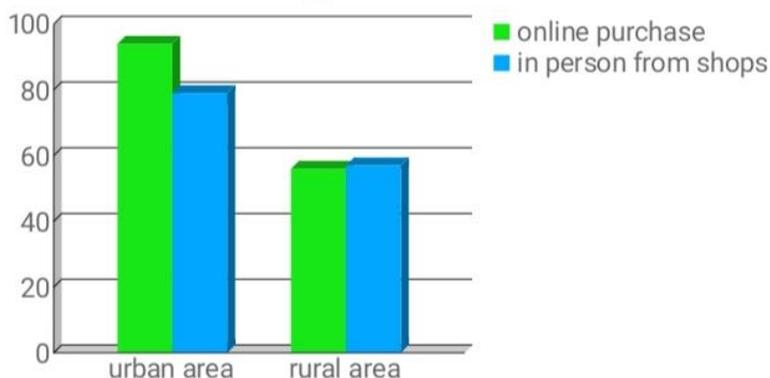
20. TYPE OF EMI PURCHASES ARE DONE

TABLE 3.20

ONLINE PURCHASES	150
IN PERSON FROM SHOPS	136

	ONLINE PURCHASES	IN PERSON FROM SHOPS
URBAN AREA	94	79
RURAL AREA	56	57

figure 3.20



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 54.33% of urban population do online EMI purchases and 45.66% of them prefer in-person EMI purchases.
2. The study shows that 49.55% of rural population make online EMI purchases and 50.44% of them do in-person EMI purchases from retail shops.

INTERPRETATION

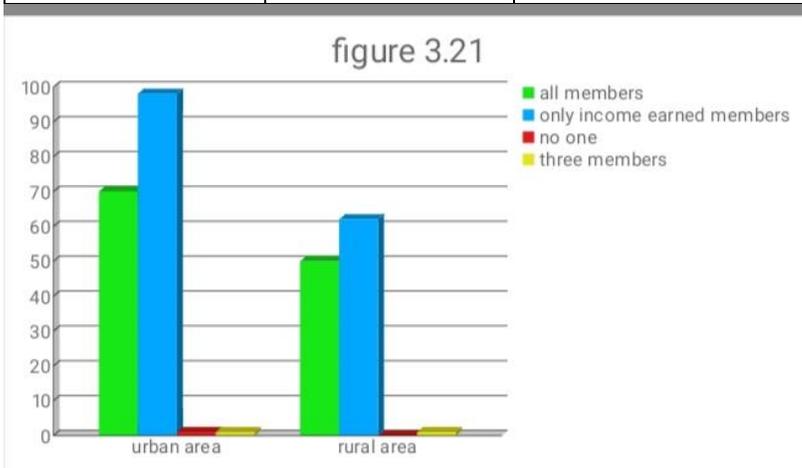
The study indicates that among the urban population, a majority prefer to make EMI purchases online, while a significant minority opt for in-person purchases. Similarly, among the rural population, a substantial portion makes online EMI purchases, while an almost equal percentage prefers in-person purchases from retail shops.

21. NUMBER OF MEMBERS OF YOUR FAMILY WHO HAVE MADE EMI PURCHASES

TABLE 3.21

ALL MEMBERS	119
ONLY INCOME EARNING MEMBERS	160
NO ONE	1
THREE MEMBERS	2

	ALL MEMBERS	ONLY INCOME EARNING MEMBERS	NO ONE	THREE MEMBERS
URBAN AREA	70	98	1	1
RURAL AREA	50	62	0	1



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that among the urban population 40.46% have all the members of their family taken an EMI purchase, 56.64% have only income earning members taken an EMI purchase and 0.57% have no one in their family who have done EMI purchases.
2. The study shows that among the rural population 44.24% have all the members of their family taken an EMI purchase, 54.86% have only income earning members taken an EMI purchase and 0.57% have three members in their family who have done EMI purchases.

INTERPRETATION

The study reveals the distribution of EMI purchases among families in both urban and rural populations. In urban areas, a notable portion of families have all members engaged in EMI purchases, while a larger

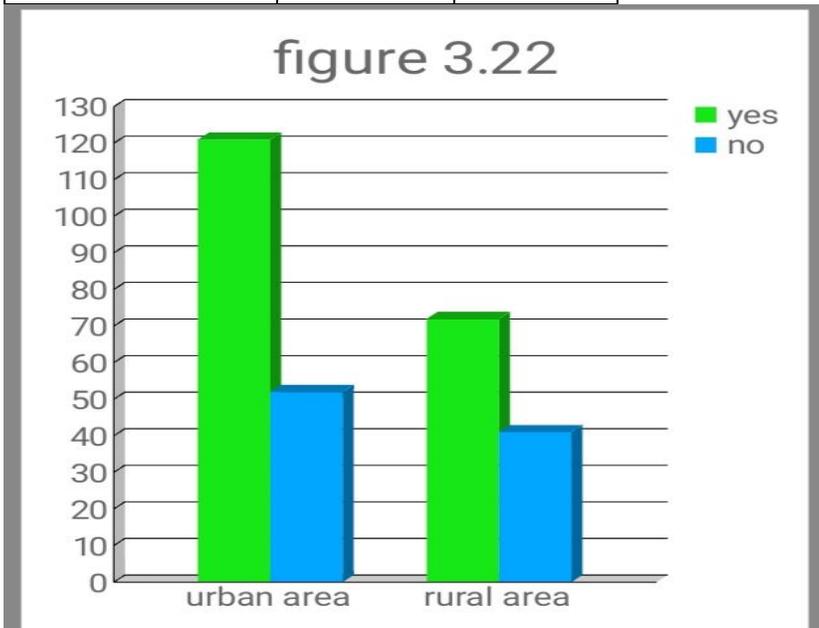
segment has only income-earning members involved. A very small fraction reports no family members engaged in EMI purchases. Similarly, in rural areas, a significant proportion of families have all members participating in EMI purchases, with a slightly smaller portion having only income-earning members involved. Additionally, a tiny percentage mentions three family members engaged in EMI purchases.

22. INFLUENCE OF THE LEVEL OF EDUCATION OR OCCUPATION STATUS IN YOUR AREA ON EMI UTILIZATION

TABLE 3.22

YES	193
NO	93

	YES	NO
URBAN AREA	121	52
RURAL AREA	72	41



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that the level of education or occupation status of 69.94% of urban population play a role in their EMI utilization.
2. The survey shows that the level of education or occupation status of 30.05% of urban population does not play a role in their EMI utilization.
3. The survey shows that the level of education or occupation status of 63.71% of rural population play a role in their EMI utilization.
4. The survey shows that the level of education or occupation status of 36.28% of rural population does not play a role in their EMI utilization.

INTERPRETATION

The survey indicates that for a majority of both urban and rural populations, the level of education or occupation status plays a role in their EMI utilization. However, there are also significant percentages in both groups for whom these factors do not influence their EMI utilization. This suggests that while education and occupation status are factors for many individuals, there are also other considerations at play in EMI utilization among both urban and rural populations.

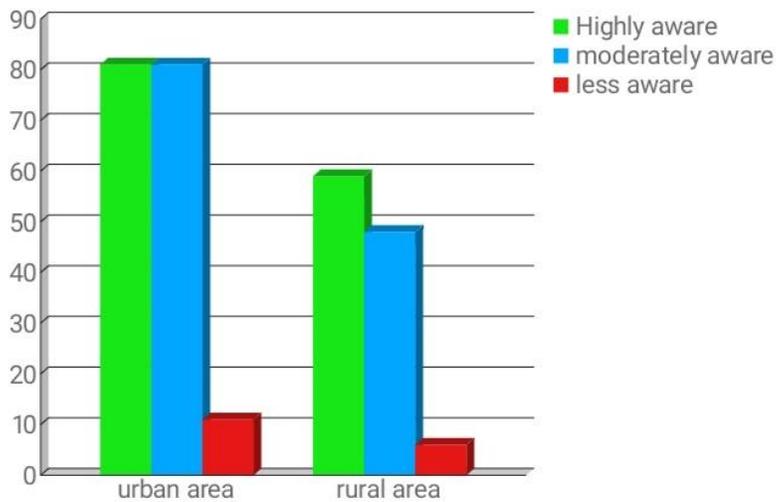
23. ACCESSIBILITY AND AWARENESS OF EMI PAYMENTS, INTEREST RATES AND TERMS AND CONDITIONS

TABLE 3.23

HIGHLY AWARE	140
MODERATELY AWARE	129
LESS AWARE	17

	HIGHLY AWARE	MODERATELY AWARE	LESS AWARE
URBAN AREA	81	81	11
RURAL AREA	59	48	6

figure 3.23



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 46.82% of urban population are highly aware of EMI payments, interest rates and terms and conditions.
2. The study shows that 46.82% of urban population are moderately aware of EMI payments, interest rates and terms and conditions.
3. The study shows that 6.35% of urban population are less aware of EMI payments, interest rates and terms and conditions.

4. The study shows that 52.21% of rural population are highly aware of EMI payments, interest rates and terms and conditions.
5. The study shows that 42.47% of rural population are moderately aware of EMI payments, interest rates and terms and conditions.
6. The study shows that 3.46% of rural population are less aware of EMI payments, interest rates and terms and conditions.

INTERPRETATION

The study indicates varying levels of awareness regarding EMI payments, interest rates, and terms and conditions among both urban and rural populations.

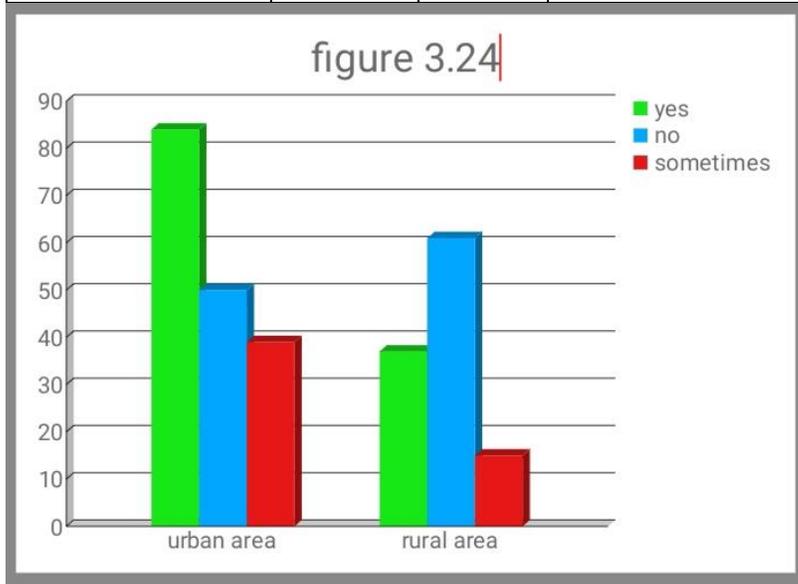
In urban areas, a significant portion of the population demonstrates either high or moderate awareness of these aspects, while a smaller fraction has less awareness. Similarly, in rural regions, a majority show either high or moderate awareness, with a smaller percentage exhibiting less awareness of EMI payments, interest rates, and terms and conditions.

24. EVALUATING EMI OPTIONS BEFORE PURCHASE DECISION

TABLE 3.24

YES	121
NO	111
SOMETIMES	54

	YES	NO	SOMETIMES
URBAN AREA	84	50	39
RURAL AREA	37	61	15



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that 48.55% of urban population actively compare and analyze different EMI options before making a purchase decision.
2. The survey shows that 28.90% of urban population does not actively compare and analyze different EMI options before making a purchase decision.
3. The survey shows that 22.52% of urban population sometimes compare and analyze different EMI options before making a purchase decision.
4. The survey shows that 32.74% of rural population actively compare and analyze different EMI options before making a purchase decision.
5. The survey shows that 53.98% of rural population does not actively compare and analyze different EMI options before making a purchase decision.

6. The survey shows that 13.27% of rural population sometimes compare and analyze different EMI options before making a purchase decision.

INTERPRETATION

The survey reveals how urban and rural populations approach comparing and analyzing different EMI options before making purchase decisions.

Among the urban population, nearly half actively engage in comparing and analyzing EMI options, while a smaller segment does not. Another portion of the urban population sometimes undertakes this comparison.

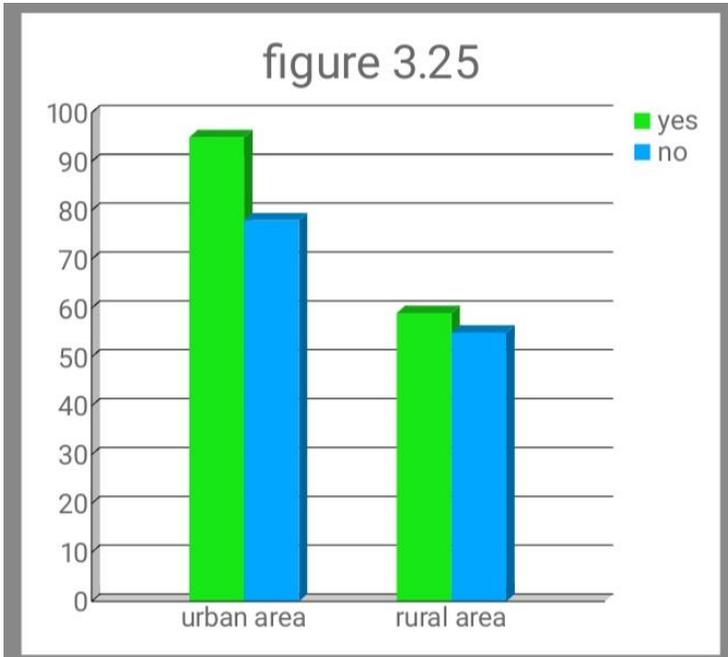
In rural areas, a significant minority actively compares and analyzes different EMI options, while a majority does not. Additionally, a smaller fraction of the rural population sometimes engages in this comparison.

25. ASSESSING EMI OPTIONS PRIOR TO PURCHASE DECISION

TABLE 3.25

YES	153
NO	133

	YES	NO
URBAN AREA	95	78
RURAL AREA	59	55



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that 54.91% of urban population sought financial advice before opting for EMI schemes.
2. The survey shows that 45.08% of the urban population doesn't seek financial advice before opting for EMI schemes.
3. The survey shows that 51.75% of rural population sought financial advice before opting for EMI schemes.
4. The survey shows that 48.24% of rural population doesn't seek financial advice before opting for EMI schemes.

INTERPRETATION

The survey indicates the prevalence of seeking financial advice before opting for EMI schemes among both urban and rural populations.

Among the urban population, a majority sought financial advice before opting for EMI schemes, while a significant minority did not.

Similarly, in rural areas, more than half sought financial advice before opting for EMI schemes, while a notable minority did not.

Both urban and rural populations exhibit a relatively high tendency to seek financial advice before opting for EMI schemes, indicating a proactive approach to financial decision-making. However, there are slight differences between the two groups in the proportions seeking advice, suggesting potential variations in financial literacy and access to advisory services.

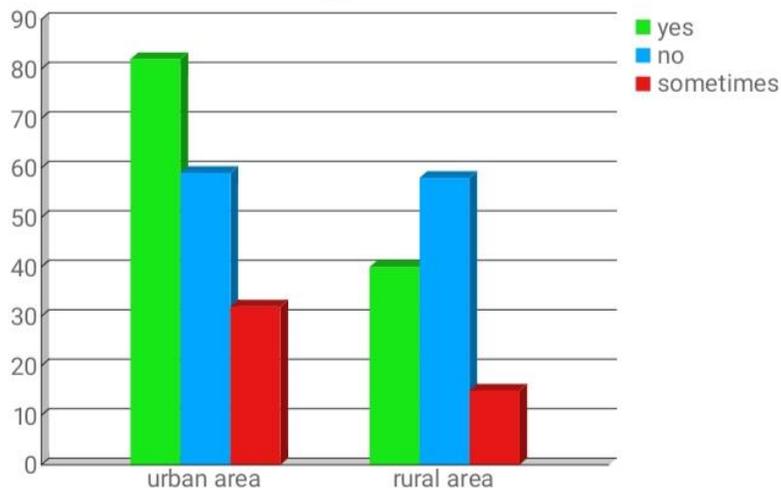
26. INFLUENCE OF PROMOTIONAL OFFERS AND DISCOUNTS ON EMI DECISIONS

TABLE 3.26

YES	122
NO	117
SOMETIMES	47

	YES	NO	SOMETIMES
URBAN AREA	82	59	32
RURAL AREA	40	58	15

figure 3.26



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that 47.39% of the urban population is influenced by promotional offers and discounts on purchases by EMI.
2. The survey shows that 34.10% of urban population is not influenced by promotional offers and discounts on purchases by EMI.
3. The survey shows that 18.49% of the urban population is sometimes influenced by promotional offers and discounts on purchases by EMI.
4. The survey shows that 35.39% of rural population is influenced by promotional offers and discounts on purchase by EMI.
5. The survey shows that 51.32% of urban population is not influenced by promotional offers and discounts on purchase by EMI.

6. The survey shows that 13.27% of urban population is sometimes influenced by promotional offers and discounts on purchase by EMI.

INTERPRETATION

The survey reveals the impact of promotional offers and discounts on purchases made through EMI schemes among both urban and rural populations.

In the urban population, a significant portion is influenced by such promotional offers and discounts, while a notable minority is not influenced. Additionally, a smaller fraction is sometimes influenced by these offers.

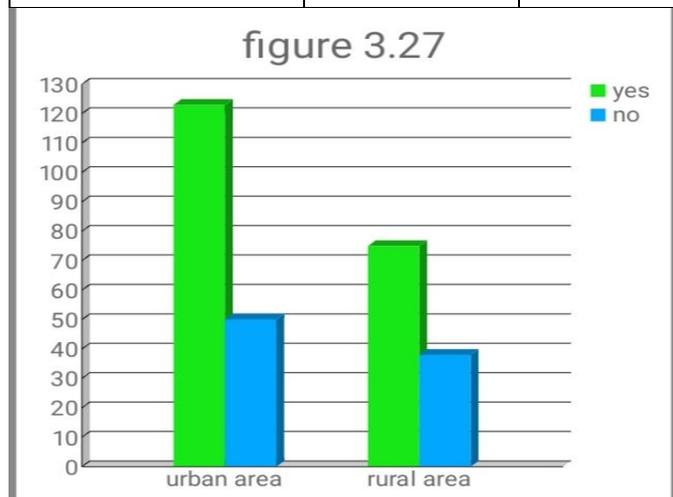
Similarly, in rural areas, a considerable segment is influenced by promotional offers and discounts on purchases made through EMI schemes. However, a larger percentage is not influenced by these offers, with a smaller fraction sometimes being influenced.

27. ENGAGEMENT WITH FINANCIAL LITERACY WORKSHOPS AND ONLINE RESOURCES

TABLE 3.27

YES	198
NO	88

	YES	NO
URBAN AREA	123	50
RURAL AREA	75	38



SOURCE: Researchers on estimate

ANALYSIS

1. The survey shows that 71.09% of urban population have attended financial literacy workshops or online resources to enhance financial knowledge.
2. The survey shows that 28.09% of urban population have not attended any such financial literacy workshops or online resources to enhance financial knowledge.
3. The survey shows that 63.55% of rural population have attended financial literacy workshops or online resources to enhance financial knowledge.
4. The survey shows that 32.20% of rural population have not attended any such financial literacy workshops or online resources to enhance financial knowledge.

INTERPRETATION

The survey highlights the participation of both urban and rural populations in financial literacy workshops or online resources to enhance their financial knowledge.

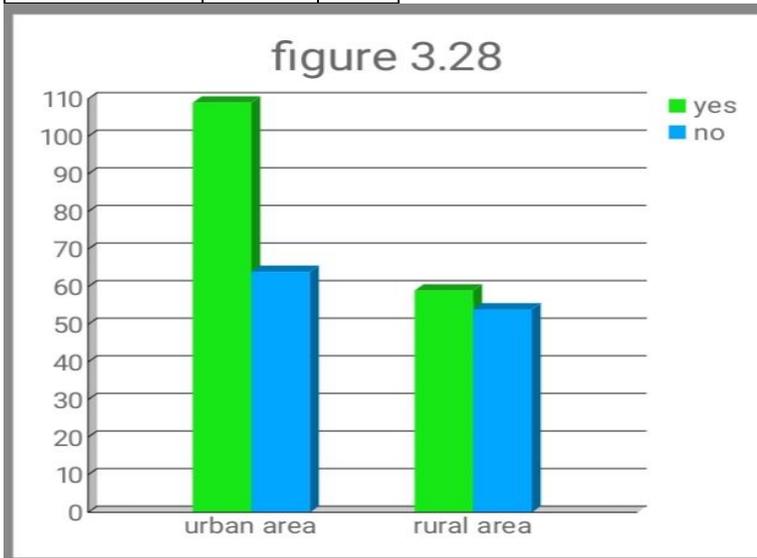
Among the urban population, a significant majority have attended such workshops or utilized online resources. However, there is also a notable minority who have not participated in any financial literacy activities.

Similarly, in rural areas, a substantial proportion have engaged in financial literacy workshops or online resources. Nonetheless, there is also a significant fraction who have not utilized such resources to enhance their financial knowledge.

27. UNDERSTANDING THE IMPACT OF EMI PAYMENTS ON YOUR CREDIT SCORE

TABLE 3.28

YES	168	
NO	118	
	YES	NO
URBAN AREA	109	64
RURAL AREA	59	54



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 63.005% of urban population are aware of how EMI payments can impact their credit score.
2. The study shows that 36.99% of urban population are not aware of how EMI payments can impact their credit score.
3. The study shows that 52.21% of rural population are aware of how EMI payments can impact their credit score.
4. The study shows that 47.78% of rural population are not aware of how EMI payments can impact their credit score.

INTERPRETATION

The study reveals the level of awareness among both urban and rural populations regarding how EMI payments can affect their credit score.

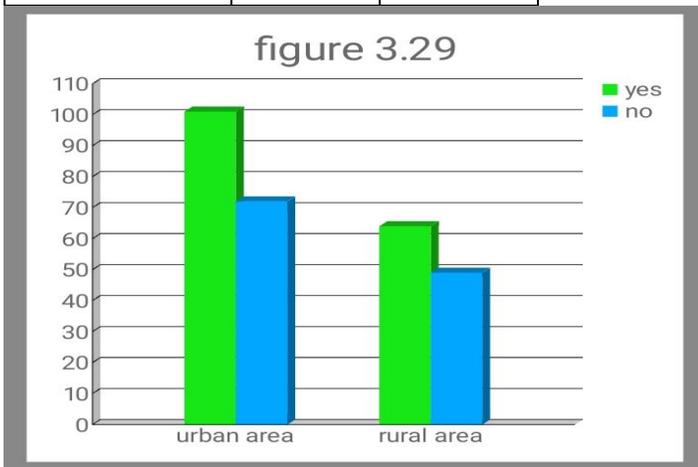
Among the urban population, a majority are aware of the impact of EMI payments on their credit score, while a significant minority are not.

Similarly, in rural areas, a majority also demonstrate awareness of this impact, with a notable portion lacking awareness of how EMI payments can affect their credit score.

28. DECISIONS TO AVOID EMI PURCHASES DUE TO FINANCIAL RISK CONCERNS

TABLE 3.29

YES	165	
NO	121	
	YES	NO
URBAN AREA	101	72
RURAL AREA	64	49



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 58.38% of urban population have avoided an EMI purchase due to concerns about financial risk.
2. The study shows that 41.61% of urban population have not avoided an EMI purchase due to concerns about financial risk.
3. The study shows that 56.63% of rural population have avoided an EMI purchase due to concerns about financial risk.
4. The study shows that 43.36% of rural population have not avoided an EMI purchase due to concerns about financial risk.

INTERPRETATION

The study indicates the prevalence of avoiding EMI purchases among both urban and rural populations due to concerns about financial risk.

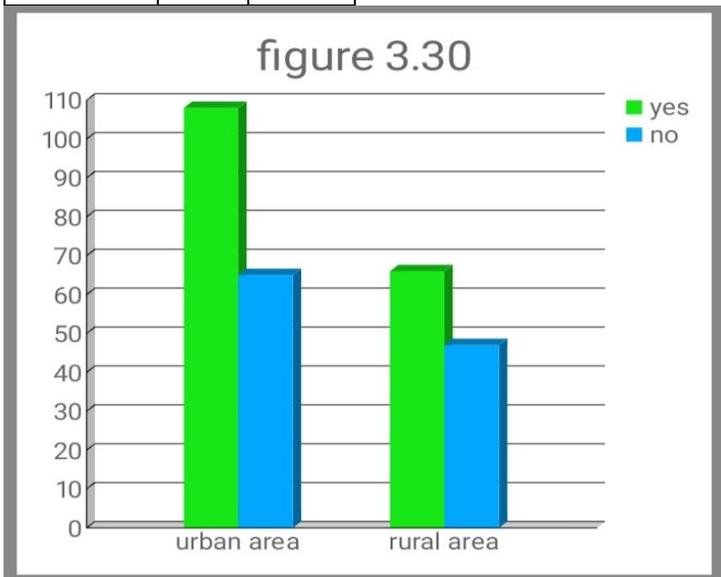
Among the urban population, a majority have avoided EMI purchases because of financial risk concerns, while a significant minority have not.

Similarly, in rural areas, a majority have also avoided EMI purchases due to financial risk concerns, though to a slightly lesser extent than in urban areas. Additionally, a notable portion of the rural population has not avoided EMI purchases despite concerns about financial risk.

30. DEPENDENCE ON ALTERNATIVE FINANCIAL INSTITUTIONS FOR EMI REPAYMENTS**

TABLE 3.30

YES	174	
NO	112	
	YES	NO
URBAN AREA	108	65
RURAL AREA	66	47



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 62.42% of urban population have faced the situation when they were forced to depend on other financial institutions for EMI repayment.
2. The study shows that 37.57% of urban population have not faced the situation when they were forced to depend on other financial institutions for EMI repayment.
3. The study shows that 58.40% of rural population have faced the situation when they were forced to depend on other financial institutions for EMI repayment.
4. The study shows that 41.59% of rural population have not faced the situation when they were forced to depend on other financial institutions for EMI repayment.

INTERPRETATION

The study reveals the occurrence of situations where both urban and rural populations had to rely on other financial institutions for EMI repayment.

Among the urban population, a majority have encountered such situations, while a significant minority have not.

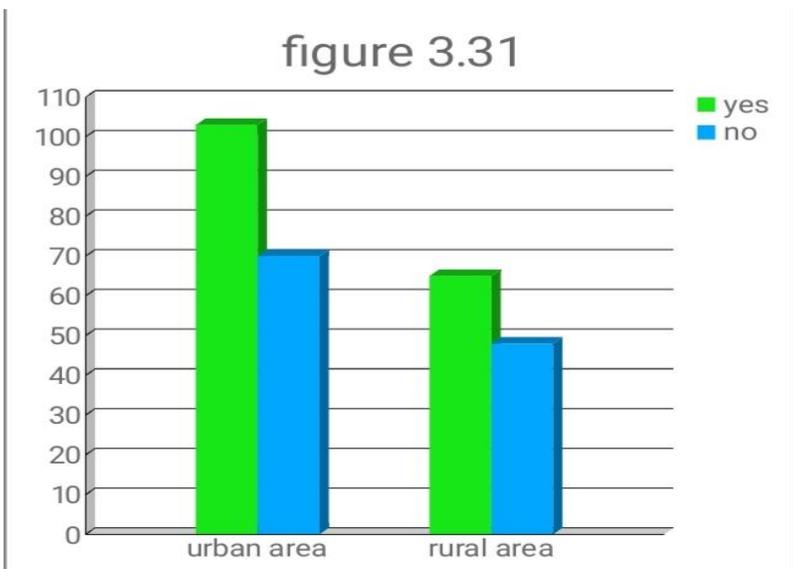
Similarly, in rural areas, a majority have also faced instances where they had to depend on other financial institutions for EMI repayment. However, a notable portion of the rural population has not encountered this situation.

31. AWARENESS OF HIDDEN COSTS IN EMI PURCHASES

TABLE 3.31

YES	168
NO	118

	YES	NO
URBAN AREA	103	70
RURAL AREA	65	48



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 59.53% of the urban population are aware of any hidden costs associated with EMI purchases.
2. The study shows that 40.46% of the urban population are not aware of any such hidden costs associated with EMI purchases.
3. The study shows that 57.52% of the rural population are aware of any hidden costs associated with EMI purchases.
4. The study shows that 42.47% of the rural population are not aware of any such hidden costs associated with EMI purchases.

INTERPRETATION

The study indicates the level of awareness among both urban and rural populations regarding hidden costs associated with EMI purchases.

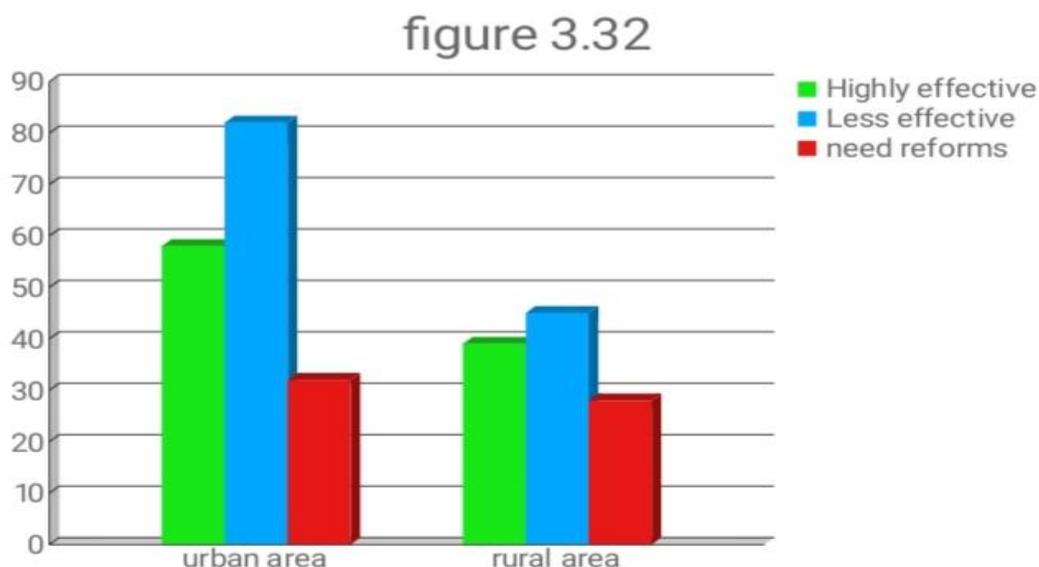
Among the urban population, a majority are aware of any hidden costs linked to EMI purchases, while a significant minority are not. Similarly, in rural areas, a majority also demonstrate awareness of hidden costs associated with EMI purchases. However, there is also a notable portion of the rural population who are not aware of any such hidden costs.

32. EVALUATION OF EFFECTIVENESS OF FINANCIAL LITERACY INITIATIVES REGARDING EMI PURCHASES**

TABLE 3.32

HIGHLY EFFECTIVE	97
LESS EFFECTIVE	127
NEED REFORMS	60

	HIGHLY EFFECTIVE	LESS EFFECTIVE	NEED REFORMS
URBAN AREA	58	82	32
RURAL AREA	39	45	28



SOURCE: Researchers on estimate

ANALYSIS

1. According to 33.52% of the urban population, current educational initiatives are highly effective in promoting financial literacy related to EMI purchases, 47.12% it is less effective and 18.39% suggest reforms.
2. According to 34.51% of the rural population, current educational initiatives are highly effective in promoting financial literacy related to EMI purchases, 39.82% suggest it is less effective and 24.77% suggest reforms.

INTERPRETATION

The paragraph discusses the perceptions of both urban and rural populations regarding the effectiveness of current educational initiatives in promoting financial literacy related to EMI purchases.

Among the urban population, a notable portion views these initiatives as less effective, while a smaller segment perceives them as highly effective. Additionally, there are suggestions for reforms from a significant minority.

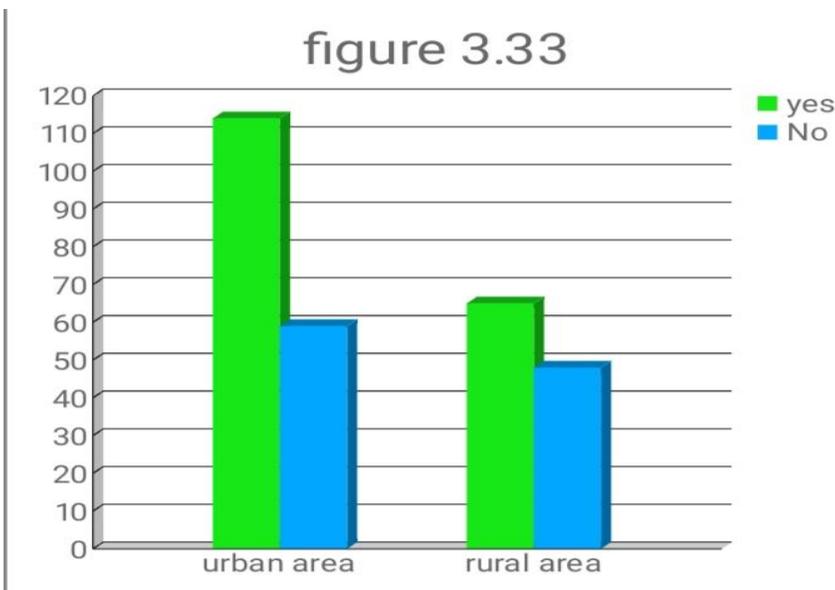
Similarly, among the rural population, there is a significant portion that suggests these initiatives are less effective, while a smaller segment considers them highly effective. Moreover, there are suggestions for reforms from a notable minority.

These findings suggest a mixed perception among both urban and rural populations regarding the effectiveness of current educational initiatives, with a notable portion advocating for reforms to improve financial literacy related to EMI purchases.

33. SEEKING FINANCIAL ADVICE AND CREDIT COUNSELING PRIOR TO EMI PURCHASES

TABLE 3.33

YES	179	
NO	107	
	YES	NO
URBAN AREA	114	59
RURAL AREA	65	48



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 65.89% of urban population have sought financial advice or credit counselling before committing EMI purchases.
2. The study shows that 33.90% of urban population have not sought financial advice or credit counselling before committing EMI purchases.
3. The study shows that 57.52% of rural population have sought financial advice or credit counselling before committing EMI purchases.
4. The study shows that 42.47% of rural population have not sought financial advice or credit counselling before committing EMI purchases.

INTERPRETATION

The paragraph highlights the prevalence of seeking financial advice or credit counseling among both urban and rural populations before committing to EMI purchases.

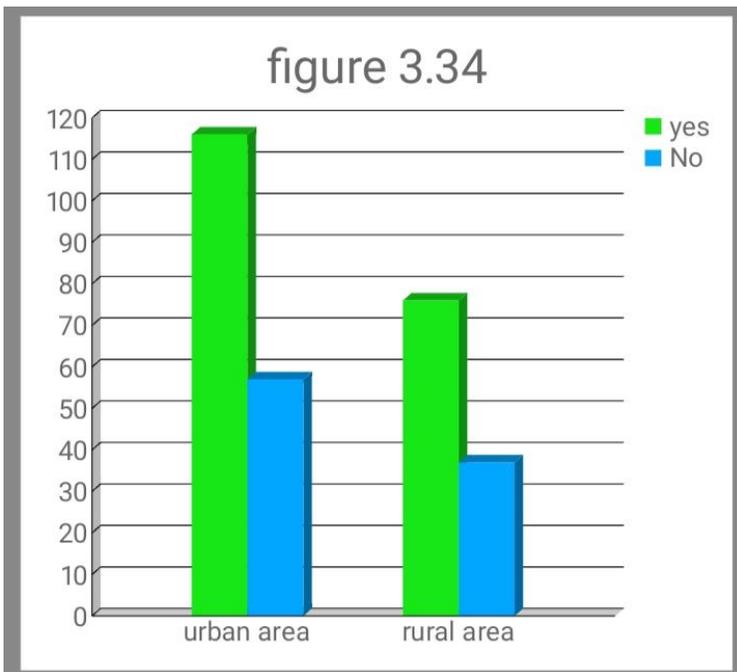
Among the urban population, a majority have sought such advice or counseling before making EMI purchases, while a significant minority have not.

Similarly, among the rural population, a majority have also sought financial advice or credit counseling before committing to EMI purchases. However, there is also a notable portion of the rural population who have not sought such advice or counseling before making EMI purchases.

34. CONSUMER RIGHTS AWARENESS IN EMI PURCHASES

TABLE 3.34

YES	192	
NO	94	
	YES	NO
URBAN AREA	116	57
RURAL AREA	76	37



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 67.05% of urban population are aware of their right as a consumer when purchasing using EMI.
2. The study shows that 32.94% of urban population are not aware of their right as a consumer when purchasing using EMI.
3. The study shows that 67.25% of rural population are aware of their right as a consumer when purchasing using EMI.

4. The study shows that 32.74% of urban population are not aware of their right as a consumer when purchasing using EMI.

INTERPRETATION

Among the urban population, a significant majority are aware of their consumer rights in this context, while a notable minority are not.

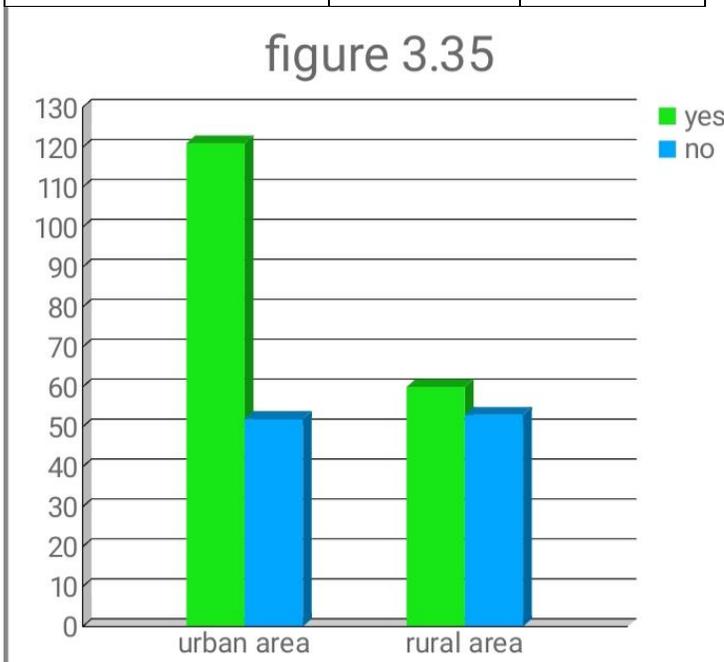
Similarly, in rural areas, a majority also demonstrate awareness of their consumer rights when purchasing using EMI. Conversely, there is also a significant minority who are not aware of their consumer rights in this regard.

35. AWARENESS OF ONLINE EMI PLANS

TABLE 3.35

YES	181
NO	105

	YES	NO
URBAN AREA	121	52
RURAL AREA	60	53



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that 69.94% of urban population are aware of the existence of online EMI plans.
2. The study shows that 30.05% of urban population are not aware of the existence of online EMI plans.
3. The study shows that 53.09% of rural population are aware of the existence of online EMI plans.
4. The study shows that 46.90% of rural population are not aware of the existence of online EMI plans.

INTERPRETATION

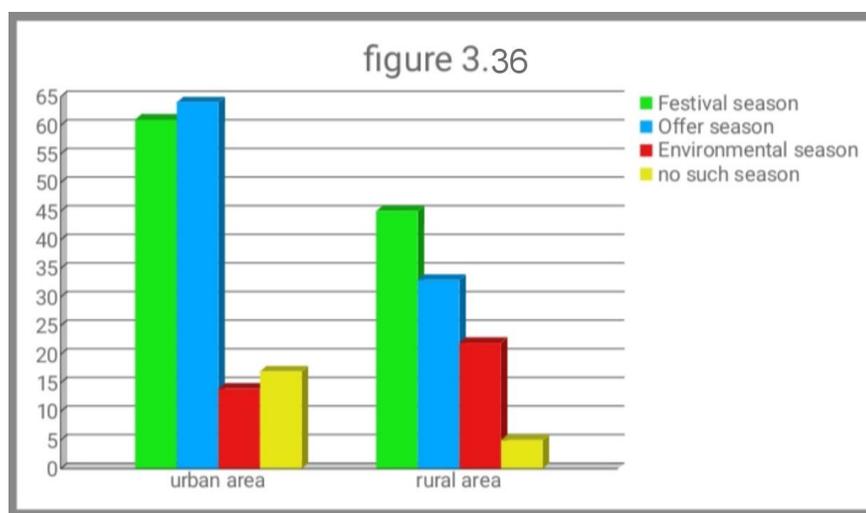
Among the urban population, a significant majority are aware of the existence of online EMI plans, while a notable minority are not. Similarly, among the rural population, a majority demonstrate awareness of the existence of online EMI plans. However, there is also a significant minority who are not aware of their existence.

36. SEASONAL TRENDS IN EMI USAGE

TABLE 3.36

FESTIVAL SEASONS	105
OFFER SEASONS	112
ENVIRONMENTAL SEASONS	36
NO SUCH SEASONS	22

	FESTIVAL SEASONS	OFFER SEASONS	ENVIRONMENTAL SEASONS	NO SUCH SEASONS
URBAN AREA	61	64	14	17
RURAL AREA	45	33	22	5



SOURCE: Researchers on estimate

ANALYSIS

1. The study shows that for 39.10% of urban population festival season is the specific season or occasion where EMI usage is more prevalent.
2. The study shows that for 41.02% of urban population the offer season is the specific season or occasion where EMI usage is more prevalent.
3. The study shows that for 8.97% of urban population environmental differences cause increased EMI.

4. The study shows that for 10.89% of urban population, there are no specific seasons or occasions where EMI usage is prevalent.
5. The study shows that for 42.85% of rural population festival season is the specific season or occasion where EMI usage is more prevalent.
6. The study shows that for 31.42% of rural population, the offer season is the specific season or occasion where EMI usage is more prevalent.
7. The study shows that for 20.95% of rural population environmental differences cause increased EMI.
8. The study shows that for 4.76% of rural population, there are no specific seasons or occasions where EMI usage is prevalent.

INTERPRETATION

The findings indicate that among urban residents, festival seasons are associated with heightened EMI usage for a significant portion of the population, while the offer season is similarly influential for another segment. Additionally, a small proportion attribute increased EMI usage to environmental disparities, while some urban individuals do not associate EMI usage with specific seasons or occasions.

Similarly, among rural inhabitants, festival seasons appear to be a notable time for increased EMI usage for a considerable fraction of the population, while the offer season holds similar significance for a smaller group. Environmental differences also seem to play a role for a portion of the rural population, although to a lesser extent than in urban areas. Additionally, a minority of rural residents do not tie EMI usage to specific seasons or occasions.

CHAPTER 4

4.1 HISTORY OF EMI

There's evidence of installment payments even during barter systems, where goods were exchanged in parts over time. This highlights the basic idea of credit existing for millennia.

During ancient Greek and Roman times different forms of loans were there. Under many civilizations lending under interest rates was prohibited. Ancient civilizations like Mesopotamia and Egypt had documented debt repayment plans with installments. This suggests a more structured approach to credit.

Other religious scriptures such as Manu Smriti and Artha shastra have references to lending, interest rates, creditor and other loan-related details. As civilizations progressed, advancements in loans and lending happened, which contributed towards the present form of lending. As civilization became more advanced, the concept of credit also became organized, legitimate and commercial.

The exact origin of the EMI system we know today is unclear, but it likely emerged alongside modern banking and loan structures. Initially, EMIs were calculated manually by financial institutions based on the principal amount, interest rate, and loan tenure. This process was time-consuming and prone to errors. The key innovation of EMIs is the fixed monthly payment calculated based on interest and principal, ensuring a predictable repayment schedule.

EMIs revolutionized how people access and manage loans. Today, EMIs are crucial for mortgages, auto loans, and various consumer goods, making them more accessible to borrowers.

As internet usage became pervasive, financial institutions began offering online EMI calculators on their websites. These tools allowed borrowers to input their loan details and instantly receive information about the monthly installments, total interest payable, and amortization schedule. Many banks and financial institutions integrated EMI calculators into their mobile banking apps, making it even more convenient for customers to plan their loans and make informed decisions on borrowing.

Regulatory authorities have introduced various guidelines and regulations governing EMIs to protect consumer interests and ensure responsible lending practices. These regulations may include caps on interest rates, disclosure requirements, and guidelines for fair lending practices. With the rise of e-commerce, EMIs are often offered as a payment option for purchasing goods and services online. Customers can convert their purchases into EMIs, spreading the cost over several months without incurring high-interest charges. Emerging payment technologies such as digital wallets and buy-now-pay-later (BNPL) services are reshaping the landscape of EMIs. These platforms offer flexible repayment options and seamless integration with online and offline transactions.

4.2 IMPACT OF EMI IN INDIA

The introduction of Equated Monthly Installments (EMIs) has had a significant impact on the Indian economy and individual financial behavior.

Positive Impacts:

- **Increased Consumption:** EMIs allow people to purchase expensive items like homes, vehicles, and appliances by spreading the cost over time. This fuels demand and economic growth.
- **Financial Inclusion:** EMIs make loans more accessible, especially for those with moderate incomes. This fosters financial inclusion and improves living standards.
- **Improved Budgeting:** Fixed EMIs help with budgeting as borrowers know exactly how much they need to allocate every month.
- **Growth of Consumer Durables Market:** The easy availability of EMIs has led to a boom in the market for consumer durables like electronics and furniture.
- **Real Estate Growth:** EMIs have been instrumental in the growth of India's real estate market, making homeownership a more realistic aspiration for many.

IMPACT OF EMI IN KERALA

Positive Impacts:

- **Boosting Consumption:** Kerala has a high standard of living and a growing middle class. EMIs can help residents purchase vehicles, white goods, and even invest in education or small businesses, which can stimulate the local economy.
- **Growth in Specific Sectors:** Similar to the national trend, EMI options could fuel growth in sectors like consumer durables, real estate (especially in urban areas), and auto dealerships in Kerala.
- **Financial Inclusion:** EMIs can be particularly helpful for bringing underbanked populations in Kerala into the formal financial system, allowing them to access credit and improve their financial well-being.

Potential Challenges:

- **Risk of Over-indebtedness:** Keralites are known for their affinity for gold, which traditionally served as a financial safety net. However, easy EMI access might lead to a shift towards accumulating debt, especially if not managed carefully.
- **Impact on Traditional Practices:** The prevalence of gold ownership and chit funds (informal lending circles) in Kerala might see some changes due to easier access to bank loans through EMIs.

- **Rural vs. Urban Divide:** The benefits of EMIs might be more pronounced in urban areas with higher disposable income. Rural populations might require financial literacy initiatives to ensure responsible borrowing practices.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

This survey provides valuable insights into the economic impact of rising equated Monthly Installment (EMI) purchases on consumer spending and the comparison of it from urban and rural areas. Some key findings of the survey include:

- 60.28% of the respondents are from urban areas and 39.37% are from rural areas.
- 79.19% of urban population and 43.9% of rural population are inclined to make high value purchases due to availability of EMI.
- The purchasing decisions of 62.42% of urban population and 61.06% of rural population has been influenced by the availability of EMI.
- The rising cost of EMI has affected the ability to save money of 69.9% of urban population and only 40.7% of rural population.
- 71.67% of urban population and 69.29% of rural population have considered alternative payment options or budget adjustments to mitigate the impact of rising EMI purchases.
- 57.80% of urban population and 47.36% of rural population are finding then self-spending more proportion of their budget than earlier due to EMI
- 53.75% of urban population and 44.24% of rural population can manage multiple ongoing EMI commitments without compromising their financial goals
- 43.93% of urban population and 22.12%of rural population verry easy access to financial services in their area
- For 49.71% of urban population 64.6 % of rural population access to financial services is moderately difficult
- The spending pattern of 63.55 of urban population and 49.55% of rural population has been influenced by access to financial services
- For 39.88 % of urban population 30.97% of rural population access to technology in highly influential in their ability to use EMI services
- 63.73% of urban population and 54 .86% of rural population prefer traditional payment options over EMI schemes
- 54.33% of urban population to online EMI purchases and 50.44% of rural population do in person EMI purchases from retail shops
- The level of education and occupation status of 69.94 % urban population and 63.71% of rural population play role in the EMI utilization
- 46.82 % of urban population and 52.21% of rural population are highly aware of EMI payments interest rates and terms and conditions
- 54.91% of urban population and 51.75% of rural population sought financial advice before opting for EMI schemes

- 49.39% urban population 35.39% of rural population are influenced by promotional offers and discounts on choosing EMI
- 36.99 % of urban population and 47.78% of rural population are not aware of how EMI payments can impact on their credit score
- 62.42 % of urban population and 58.40 % of rural population were forced to depend on other financial institutions for EMI repayment
- 67.05% of urban population 67.25% of rural population are aware of their rights as a consumer when purchasing using EMI

5.2 SUGGESTIONS

Based on the study, the following suggestions were formed for increasing financial literacy and reducing impulsive spending behavior of the people:

- To increase financial literacy, development of educational campaigns should be encouraged with a focus on rural areas.
- To reduce the rural and urban differences in financial inclusion, more financial institutions are to be encouraged.
- Promote alternative payment options and budgeting strategies to mitigate the impact of rising EMI costs, especially among those who find themselves spending a higher proportion of their budget due to EMI purchases.
- Introduce incentives or discounts for EMI purchases specifically targeting rural consumers to encourage adoption and mitigate financial strain.
- Increase awareness of consumer rights, particularly among rural populations, to empower individuals to make informed decisions and protect themselves when utilizing EMI schemes.
- Collaborate with educational institutions and community organizations to integrate financial literacy programs into school curriculums and community initiatives.
- Implement measures to monitor and regulate EMI schemes to ensure transparency, fair practices, and protection of consumer rights, particularly in rural areas where access to information and recourse may be limited.
- Foster partnerships between government agencies, financial institutions, NGOs, and community organizations to address the challenges associated with EMI utilization and enhance financial inclusion for all segments of society.

5.3 CONCLUSION

The purpose of the study was to find out the consumer behavior towards Equated Monthly Installments (EMI) and a comparative study between urban and rural areas. The study was conducted during the academic year 2023-24. The usage of EMI has been increasing over the years and it is gaining importance among the people due to its advantage of purchase-now and pay-later strategy. The urban population are inclined to make more high value purchases due to EMI availability than rural population. It is notable that the availability of EMI has a significant influence on the purchasing decisions of both urban and rural population. The rising cost of EMI is affecting the ability to save money among urban population, but no

such effect could be seen among the rural population. Electronic gadgets are the most preferred categories of products which are most purchased through EMI. A major proportion of urban and rural population have considered alternative payment options or budget adjustments to mitigate the impacts of rising EMI purchases. While a major proportion of urban population spends a greater portion of their budget than earlier due to EMI availability, rural population is showing negative trend.

It is very easy to access financial services in urban areas than in rural areas. And this access has a significant influence on spending patterns too. While most of the urban population believe that EMI options make expensive items more affordable, rural population have an opposite view. Technology has moderate influence on their ability to use EMI services. Most of the urban and rural population prefer traditional payment methods over EMI. In urban area online EMI purchases are of large number and rural population prefer EMI purchases in-person from retail shops.

Both urban and rural populations are moderately aware of EMI payments, interest rates and terms & conditions. While urban population actively compare, and Analyse different EMI options rural population are not following such a trend. Most of the people are seeking financial advice on EMI services. In urban area promotional offers and discounts have a high influence. Most people are aware of the impact of EMI payments on credit score and their rights as a consumer. It is during festival seasons the EMI purchases are high.