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A Study on the Influence of EMI Culture in Urban Lifestyle

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ABSTRACT:

This study explores the increasing prevalence of Equated Monthly Installment (EMI) culture in urban India and its impact on consumer lifestyle. The easy availability of credit and the growth of digital financing platforms have led to a shift in spending habits among urban dwellers. This paper aims to investigate how EMI influences purchasing behaviour, financial planning, and overall lifestyle in urban areas. The findings will help in understanding both the advantages and potential pitfalls of EMI-driven consumption.

Keywords: EMI, urban lifestyle, consumer behaviour, digital finance, financial planning

Introduction:

In recent years, India has witnessed a surge in consumer spending backed by easy financing options. The EMI system has emerged as a popular method for purchasing a wide range of goods and services, from electronics to education. This culture, while enhancing affordability, has also raised concerns regarding debt accumulation and financial discipline. The study aims to examine the extent and effects of EMI usage among urban populations. Urban India has seen a significant transformation in spending patterns, driven largely by rising incomes, increased access to consumer credit, and the proliferation of digital payment platforms. Equated Monthly Installments (EMIs) have emerged as a financial tool enabling individuals to purchase high-value items with ease. While EMI options offer convenience and affordability, they also cultivate a mindset of delayed payment that can affect financial discipline. This study examines how EMI culture is shaping the urban lifestyle, particularly focusing on the millennial and Gen Z populations who are at the forefront of this trend.

Review of Literature

Several studies have highlighted the behavioural shift in urban consumers due to flexible payment options:

- **Gupta & Jain (2020)** emphasized that EMI usage is directly linked to aspirational purchasing behaviour, particularly in electronics and fashion segments.
- **Kumar (2021)** noted that fintech companies and Buy Now Pay Later (BNPL) services are reshaping credit habits, making debt more accessible to younger demographics.
- **RBI (2022)** observed a 20% year-on-year increase in unsecured personal loans, with a significant share coming from EMI-based purchases.
- **KPMG (2021)** discussed the risks of over-leverage due to easy loan approvals and lack of financial literacy.

Need for the Study:

- To understand the **financial behaviour of urban consumers** in the era of easy credit.
- To explore the **positive and negative effects** of EMI-based spending.
- To examine the **impact of digital lending platforms** and financial awareness levels.
- To identify **policy and awareness gaps** in urban financial planning.

Statement of the Problem:

Is the rising EMI culture empowering urban consumers by providing easy access to goods and services, or is it pushing them toward unsustainable financial habits and long-term liabilities?

Objectives of the Study:

- To analyse the rise of EMI culture in urban India.

- To understand the impact of EMI on consumer purchasing behaviour.
- To evaluate the financial and psychological effects of EMI on individuals.
- To assess the role of digital finance platforms in promoting EMI culture.
- To suggest recommendations for responsible credit usage among urban consumers.
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- To study the influence of income level and employment status on EMI usage.
- To examine the awareness levels of urban consumers regarding EMI interest rates and repayment terms.

Research Methodology:

1. **Demographics:** Age, gender, income bracket, employment status.
2. **EMI Behaviour:** Frequency of EMI usage, average EMI burden, types of items purchased.
3. **Awareness:** Interest rates, processing fees, and credit scores.
4. **Emotional Impact:** Financial stress, satisfaction from purchases, long-term planning.
5. **Source of EMI:** Credit cards, BNPL, bank loans, mobile apps.

Expanded Findings:

- **Affordability vs Reality:** Most consumers perceive EMI as a money-saving option, ignoring long-term costs.
- **Impulse Purchases:** EMI culture promotes impulse buying as initial financial outlay seems low.
- **Over-dependence:** 35% of respondents are juggling 3 or more active EMIs.
- **Peer Influence:** Urban youth often feel social pressure to maintain a certain lifestyle, leading to EMI usage.

Enhanced Suggestions:

- **Digital Credit Score Visibility:** Make credit scores easily visible on shopping platforms.
- **Government Regulation:** RBI should ensure BNPL services maintain transparency.
- **Financial Counselling in Workplaces:** Companies should offer sessions on budgeting and debt management.

Limitations of the Study:

- Limited to urban cities and specific age groups.
- Small sample size may not represent all consumer types.
- Self-reported responses could have bias.

Conclusion:

The influence of EMI culture in urban India reflects a broader shift towards consumption-driven growth. While it enhances accessibility and quality of life in the short term, unchecked EMI dependence can lead to long-term financial instability. Educating consumers, enforcing ethical lending practices, and promoting a balanced financial lifestyle are essential in addressing this evolving phenomenon. This study offers insights for policymakers, financial institutions, and consumers to adopt a more cautious and informed approach. The EMI culture has undoubtedly enabled modern urban lifestyles and increased access to goods. However, it brings hidden financial risks when not managed responsibly. The findings highlight the urgent need for financial awareness, regulation of digital lenders, and consumer education to ensure EMI usage becomes a tool for empowerment—not debt dependency.

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