iJRASET
International Journal For Research in Applied Science and Engineering Technology



INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 14 **Issue:** IV **Month of publication:** April 2026

DOI: https://doi.org/10.22214/ijraset.2026.80611

www.ijraset.com

Call: 08813907089 | E-mail ID: ijraset@gmail.com

International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 14 Issue IV Apr 2026- Available at www.ijraset.com

A Study of "Spending More, Saving Less" -The Dual Impact of EMI Credit on Indian Households

Dr. T. Kishore Kumar[1], Akshat Saxena[2], Muskan Dogra[3], Nandana Beneesh[4], Gagana Jithesh[5]
[1]*Associate Professor,* [2, 3, 4, 5]*Graduate Scholars, Mittal School of Business, Lovely Professional University, Jalandhar - Delhi G.T. Road, Phagwa, Punjab 144411, India;*

Abstract: ***The growth of Equated Monthly Instalment (EMI) credit systems in India has changed how households spend their money. This change raises questions about how EMI affects financial stability. This study looks at how EMI usage affects how Indian households behave when spending and saving money. We focus on how EMI leads to people spending more and saving less.***

Data has been collected from 53 different individuals. We found out that EMI makes it easier for people to buy things. It also leads to less savings for many people. Some people know they should save. They save less because of EMI payments. This is a behaviour.

Most people think it is safe to spend more than 20-40% of their income on EMI. This shows they know there is a risk, with credit. They still use it. Our findings match what other studies have found about credit and spending. We also looked at why people make certain choices and how they feel about EMI.

In the end we found that EMI helps people buy things they need. It can also be a risk. It affects how households make decisions in complex ways. We need to make people more aware of how to use credit. This way people can balance spending now with saving for the future.

Keywords: EMI, Consumer Credit, Household Savings, Spending Behaviour, Behavioural Finance, EMI-to-Income Ratio.

I. INTRODUCTION

The way people in India spend and save money has changed a lot in the last few years. This is because it is now easier to buy things on credit with Equated Monthly Instalment or EMI schemes. Many new companies that help people with money and technology have come up making it simpler for people to get loans and buy things they want without paying the amount at once. People can now buy things like electronics, cars and other luxury items without having to save up for them first. This has changed the way people traditionally spent and saved their money.

When we look at how people use EMI schemes, we see that they are spending money now and paying for it later. This makes it easier for people to buy things they want. It also makes us wonder if it is good for their financial future. Is it really helpful to have access to credit or does it stop people from saving money? Many studies have shown that when people use EMI schemes, they tend to spend money and save less. These studies have been done in both cities and rural areas in India. They all show that when people have to pay back more money they have less money saved up for emergencies.

However, most existing studies focus on outcomes alone - they document that savings fall and spending rises, but stop short of asking why. What drives households to keep talking on EMI obligations even when they recognise the impact on their finances? This study aims to answer that question by examining how EMI schemes shape spending and saving behaviour from the inside out- exploring not just what people do, but the reasoning and emotions behind those choices.

Specifically, we wanted to understand two things: whether the easy availability of EMI credit actively encourages people to spend more than they otherwise would, and whether the weight of repayment obligations creates a sense of having less to save - even among those who intend to. We also examined how households decide what level of Emi spending feels "safe" relative to their income, which reveals how people intuitively assess and rationalise financial risk in everyday life.

This study is grounded in two core proportions: that greater EMI accessibility drives higher consumption and that heavy repayment burdens - particularly when they represent a large share of income - meaningfully reduce savings. By combining first- hand survey responses with insights from existing research, we hope to contribute a more complete picture of how Indian households navigate credit-driven financial decisions. The findings are relevant not just academically, but practically-for policymakers designing consumer protection frameworks, for financial institutions developing responsible lending products, and for individuals trying to make sense of their own relationship with credit.

©IJRASET: All Rights are Reserved

II. LITERATURE REVIEW

1. Kavya and Yadav [2024], conducted a very large survey of 5000 households across India in which urban and rural areas were included. They did this to examine how EMI actually affects household finances, if we look deeper than how they make decisions about their income allocation, consumption and savings. Using the regression analysis method, they found out that households carrying EMI burden to spend significantly more in the present while setting aside very less for the future.
2. Kumar and Das did another study in 2016. They looked at 3,000 families in five cities in India. They wanted to know how EMI affects the money these families have. The researchers found out that families who take EMI loans tend to save more money than families who do not take EMI loans. This is because EMI loans make it easy for people to buy things now and pay for them later. It also means they have less money to save.
3. Nair and Joy looked at households in villages in 2024. They used data from a survey to see how EMI affects the money situation of these households. The researchers found out that when people in villages take EMI loans, they tend to save money. This is a problem because people in villages often need to save money for things like food and other important things.
4. Kumaraswamy& Kailasam did a study in 2025. They looked at households in two cities in South India. They wanted to know how EMI affects the money situation of these households. The researchers found out that when people have to pay a lot of EMI, they tend to save money. This is because EMI loans make it easy for people to buy things now and pay for them later. It also means they have less money to save.
5. Van Raaij and Gianotten,did a study in 1990. They looked at 4,200 households to see how EMI affects the money situation of these households. The researchers found out that when people have to pay a lot of EMI, they tend to save money. This is a problem because it means people are not saving enough money for when they really need it.
6. Singh and Shanmugam looked at how people use EMI loans to buy things. They did a survey of 2,000 people to see how they use EMI loans. The researchers found out that when people use EMI loans to buy things they tend to spend money now and save less for the future. This is a problem because it means people are not saving money for when they really need it.
7. Hohnen, P., Gram, M., and Jakobsendid a study in 2020. They looked at generations to see how they use EMI loans. The researchers found out that younger people tend to use EMI loans than older people. This is a problem because it means younger people are not saving money for when they really need it.
8. Kumaraswamy, M., and Kilasam (2025)looked at how people use EMI loans to buy things like phones and laptops. They did a study of sales data from five retail chains. The researchers found out that when people use EMI loans to buy things they tend to save money. This is a problem because it means people are not saving money for when they really need it.
9KP, A. R,& Jayarajan,(2024). looked at how financial knowledge affects how people use EMI loans. They did a survey of 800 families to see how they use EMI loans. The researchers found out that people who do not know much about money tend to use EMI loans more than people who know a lot about money. This is a problem because it means people who do not know much about money are not saving enough for when they need it.
10. Jain, D. R. V. K. (2025)looked at how people use EMI loans on their phones. They did a study of data from a fintech payment app. The researchers found out that when people use EMI loans on their phones, they tend to save money. This is a problem because it means people are not saving money for when they really need it.
11.Prinsloo, J. W.did a study of financial data from 2002. They looked at how EMI loans affect the money situation of households. The researchers found out that when people have to pay a lot of EMI, they tend to save money. This is a problem because it means people are not saving enough money for when they really need it.
12.Ansar, S., Hess, J., & Klapper, L. (2023) looked at how people use EMI loans in emergencies. They did a survey of households to see how they use EMI loans. The researchers found out that when people use EMI loans in emergencies, they tend to save money afterward. This is a problem because it means people are not saving money for when they really need it.
13. Zholdasbekova, G., and Kupeshova, B. (2025). looked at how different socio-economic classes use EMI loans. They did a survey of households to see how they use EMI loans. The researchers found out that poor people tend to use EMI loans more than rich people. This is a problem because it means poor people are not saving money for when they really need it.
14. Kanzal, Mariya, & Revand (2026). looked at how people use EMI loans when they shop online. They did a study of data from an e-commerce platform. The researchers found out that when people use EMI loans when they shop online, they tend to save money. This is a problem because it means people are not saving money for when they really need it.
15. Autti, Kaartinen, & Lähteenmaa, (2009). looked at how people use EMI loans to delay saving for the future. They did a survey of salaried professionals to see how they use EMI loans. The researchers found out that when people use EMI loans they tend to delay saving for the future. This is a problem because it means people are not saving money for when they really need it.

©IJRASET: All Rights are Reserved | SJ Impact Factor 7.538 | ISRA Journal Impact Factor 7.894 |

16.Oyeyemi, O. (2023)looked at how people who work in the gig economy use EMI loans. They did a survey of freelancers and gig workers to see how they use EMI loans. The researchers found out that when people who work in the gig economy use EMI loans, they tend to save money. This is a problem because it means people who work in the gig economy are not saving money for when they really need it.

17. Hamal, M. (2025)looked at how people use EMI loans on their phones. They did a study of data from a wallet, with EMI features. The researchers found out that when people use EMI loans on their phones, they tend to save money. This is a problem because it means people are not saving money for when they really need it.

18. Sabat, & Gallagher(2019). looked at how people who are heavily indebted use EMI loans. They did a study of credit bureau data to see how people who are heavily indebted use EMI loans. The researchers found out that when people who are heavily indebted use EMI loans, they tend to save money. This is a problem because it means people who are heavily indebted are not saving money for when they really need it.

19. Rajeev& Nagendran(2018): They took a look at how about those individuals who are in the agricultural sector, how they use EMI to reduce their financial condition, they did a survey of households specifically labour ones, how they save their money.

20. Bhattacharya & Londhe (2014). from the year 2024 did a study on urban micro-entrepreneurs. They asked 350 street vendors and 200 small-shop owners about things like the money they paid every month for microloans, the profit they made every month and the money they saved for emergencies. They found out that the people who took loans for equipment and paid them back every month had no savings at the end of the month. The study says that credit helps people build their businesses but it often hurts their savings, which makes them vulnerable.

III. SUMMARY

When we look at all the research that has been done, we can see that there is a connection between using credit with monthly payments and how people manage their money at home. This is really true when we talk about spending more and saving less. There are many studies done in both urban and rural areas. They show us that when people need to pay more every month for credit they tend to save less and spend more on things they don't actually need.

One thing which researchers have found out which is recurring is that it is very easy to get credit in India and too on digital platforms and even without extra cost and multiple steps. This is the only one main reason which make people take credit without worrying about their financials, this has really changed the mindset of people to save money or spend more, Multiple studies have used maths to show whenever people use credit more, they tend to save less and have less money for the future

This statement is very subjective. Why? Some studies have shown that it is very different for people when and how much they are spending and in which segment is very different from individual to individual, which took up to the psychological factor of this phenomenon. This can hurt their ability to save. Additionally, people with incomes are more likely to save less when they have to pay back credit.

Even though we know these things there are still some gaps in our knowledge. Most studies only look at numbers. Do not think about why people make the choices they do. We also do not know much about how people decide what credit to use based on how much money they make or why they buy things with credit.

Overall, the research shows that using credit can lead to spending and saving less which is what this study is trying to learn more about. Farooqi and Singh study and other studies on credit like Farooqi and Singh study are important to understand how people make decisions. The research on credit and financial decisions like the one by Farooqi and Singh is useful to know more about how credit affects people’s lives and how they can make choices about money.

IV. RESEARCH GAP

Despite research on credit based on EMI and its impact on household finances several critical gaps remain. A lot of studies show that EMI usage leads to savings but they mainly focus on numbers rather than why people behave in certain ways. We do not know much about why individuals spend more through EMI even when they know it can negatively impact their savings. The reasons behind the "spend save later" behaviour are not well understood.

The idea of an " EMI-to-income limit" is not well explored. Some studies look at debt compared to income. We do not have a good understanding of how people decide what is a safe amount to borrow. Understanding this limit is important because it shows how aware people are of risks and how they manage them.

©IJRASET: All Rights are Reserved | SJ Impact Factor 7.538 | ISRA Journal Impact Factor 7.894 |

Existing studies do not look enough at how social and lifestyle factors influence EMI-based spending. We know people spend more on big-ticket items. We do not know much about how things like wanting a certain lifestyle, comparing ourselves to others and buying things to show status (like electronics or cars) affect the use of EMI credit.

Most research is either at a level or based on large data sets. There is focus on individual attitudes, experiences and subjective financial assessments. This study aims to fill these gaps by combining analysis with real findings. This has an impact on EM on savings behaviour. This also explores the behavioural part of any individual which involves risk, motivations and certain factors that shapes financial decisions,

This overall study of Dual Impact simply tries to understand the usage and its effects on Households. It also examines how people think and feel about EMI and what they consider safe. The goal is to provide a complete picture of EMI usage and its impact on individuals.

V. RESEARCH METHODOLOGY

This study looks at how using EMI (Equated Monthly Instalment) affects how Indians manage their household finances focusing on changes in savings and related behaviours.

1) Research Design

This research is to find patterns and relationships between EMI usage and financial behaviour. It uses a mix of primary data and existing research to validate findings.

2) Data Source

The study mainly uses data from a survey that asked questions on:

- How Indians use EMI and how easy it is to access
- How Indians spend their money and manage it
- How EMI affects Indians savings
- How Indians think look at money and financial risks

3) Sample Size and Sampling Technique

- There were 53 participants who took the survey
- People were selected through convenience sampling

The participants who took the survey are from age groups, mostly students and young adults which reflects how the survey was shared.

4) Data Collection Method

The survey was done using Google Forms in March 2026. The questions included:

- Multiple-choice questions
- Questions with scaled responses
- Questions about perceptions

This helped to get both data and real insights into how people actually behave.

5) Variables of the Study

Independent Variables:

- EMI availability / usage
- EMI-to-income ratio
- Accessibility of credit

Dependent Variable:

- Savings

Supporting Dimensions:

- How people spend (needs vs. Wants)
- Views on EMI (risky)

6) Data Analysis Techniques

The data was analysed using statistics, including:

- Percentage analysis
- Frequency distribution
- Comparing responses

The outcomes are presented in tables and graphs to make it clear. The analysis looks for spotting trends rather than finding causes.

7) Scope of the Study

This is the study which only focuses on how people in India perceive and behave with EMI. It looks at how easy access to credit shapes their financial decisions.

8) Limitations of the Study

- The survey method limits how widely the findings can be applied
- The small sample size may not represent all types of people.
- Since responses are self-reported, there is a chance of personal bias
- The study looks at perceived impact, not financial data

This framework helps analyse how EMI affects savings while taking behaviour and perceptions into account.

VI. OBJECTIVES OF THE STUDY

This study is priorly examining how EMI-based credit affects the way Indians handle money, especially spending and savings. The specific objectives are:

1) To understand why people, use EMI, whether for affordability, convenience and lifestyle.
2) To explore how EMI affects savings specifically if it reduces savings.
3) To find out the EMI- to-income ratio that people think is acceptable which reflects their financial risk awareness.
4) To assess how easy EMI access influences spending and financial decisions.

VII. DATA ANALYSIS AND INTERPRETATION

This section shows the analysis of the primary data which we had collected through a survey in which there are 53 respondents.

EMI Survey - Primary Data Dashboard

Our title:

A study of "Spending More, Saving Less": The Dual Impact of EMI Credit on Indian Household”

This Survey has done on Google Forms | Total responses: 53 | March 2026

Key metrics

53 Total responses n = 53	96% EMI aware 51 of 53 respondents	55% Savings reduced	62% View as beneficial



Figure 1 - Summary of all 53 respondents

ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 14 Issue IV Apr 2026- Available at www.ijraset.com

1) Demographic Profile

In this survey, what we found out is that most of the participants are young individuals where the major portion lies in the 21-39 age bracket (54.7%), and other age brackets 15-30 which consist of only (28.3%). If we look at the occupation of our respondents, a large portion of the survey participants are students, (66%). This implies that the findings majorly indicate that this will go into the financial behaviour and perception of young adults.

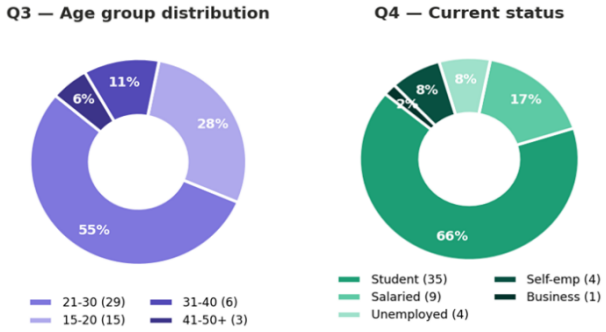


Figure 2 - Age group distribution and current status

Table 1 - Age group (Q3)

Response	Count	Percentage	Cumulative
15–20	15	28.3%	28.3%
21–30	29	54.7%	83.0%
31– 40	6	11.3%	94.3%
41–50	1	1.9%	96.2%
50+	1	1.9%	98.1%
41–40	1	1.9%	100.0%

Table 2 - Current status (Q4)

Response	Count	Percentage	Cumulative
Student	35	66.0%	66.0%
Salaried Employee	9	17.0%	83.0%
Unemployed/Dependent	4	7.5%	90.6%
Self-employed	4	7.5%	98.1%
Business Owner	1	1.9%	100.0%

Interpretation:

From the data we had found out that younger adults are the respondents who said that they are highly exposed to this modern credit system like EMIs which are digital and fintech-based learning. This demographic data is more on to engage with the consumption which is EMI driven.

This can help us and individuals to analyse the emerging financial behaviour trends of Indians

©IJRASET: All Rights are Reserved

2) EMI Awareness and Usage

From the data we got to know that the majority of the respondents (96%) of them are aware of the EMI schemes. These are the primary reasons for preferring EMI are as follows:

- Making expensive items affordable (47.2%)
- Easy access to credit (26.4%)
- Lifestyle improvement (17.0%)
- Attractive offers such as 0% EMI (9.4%)

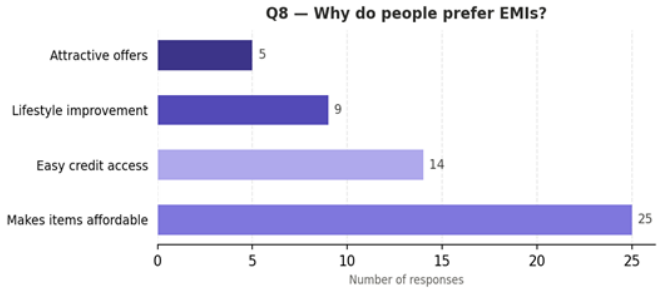


Figure 3 - Q8: Reasons for preferring EMI (n=53)

Table 3 - Reasons for preferring EMI (Q8)

Response	Count	Percentage	Cumulative
Makes expensive items affordable	25	47.2%	47.2%
Easy access to credit	14	26.4%	73.6%
Lifestyle improvement	9	17.0%	90.6%
Attractive offers (0% EMI)	5	9.4%	100.0%

Interpretation:

It is not false that EMI is widely accepted by Indians as a financial tool as the majority of the population is not highly income holders, so this EMI can enhance the affordability and accessibility to them.

But why?

The easy availability of the EMI and at 0 Cost EMI and no downpayment is really attractive to any individual

This shows that EMI is not a burden but ease of access to the Indian nationals, this employed to reduce the Emergency and long-term financial constraints.

3) EMI and Spending Behaviour

When in the surpassed google form when we ask for the Spending habit and how it effects on savings, under what circumstances people are going ahead with EMI, on what they are taking EMI as an option.

We got to know this from our survey:

- 52.8% believe that EMIs help manage large expenses
- 20.8% admit that EMIs increase unnecessary spending
- 18.9% state it depends on the individual
- 7.5% said there is no major impact

©IJRASET: All Rights are Reserved

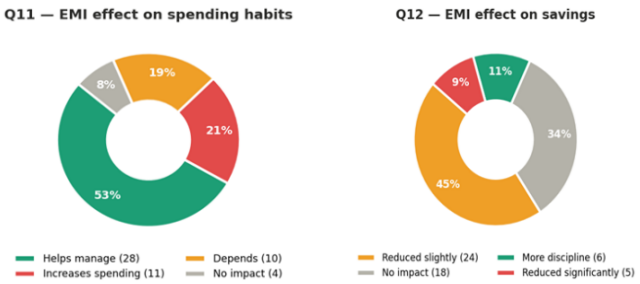


Figure 4: Q11: Changes in spending behaviour | Q12: Impact on savings

Table 4: Impact of EMIs on spending habits (Q11)

Response	Count	Percentage	Cumulative
Helps manage large expenses	28	52.8%	52.8%
Increases unnecessary spending	11	20.8%	73.6%
Depends on the individual	10	18.9%	92.5%
No major impact	4	7.5%	100.0%

Table 5 - How EMI affects savings (Q12)

Response	Count	Percentage	Cumulative
Reduced savings slightly	24	45.3%	45.3%
No impact	18	34.0%	79.2%
Increased savings discipline	6	11.3%	90.6%
Reduced savings significantly	5	9.4%	100.0%

Interpretation:
Whatever findings we had got we got to know that this indicates a mixed perception of what we are trying to find out. We thought that EMI actually reduces savings, but what about those individuals who are already earning less, for them it is a huge affordability.
From the data it is come to be known that only a significant proportion believe that they encourage impulsive or unnecessary spending.
This is where we can say that the behavioural effect comes into place where ease of the credit can lead to higher consumption beyond basic needs.

4) EMI and Savings Behaviour
Responses on the impact of EMI on savings shows:

- 45.3% report a slight reduction in savings
- 9.4% report a significant reduction
- 34.0% observe no impact
- 11.3% report improved savings discipline

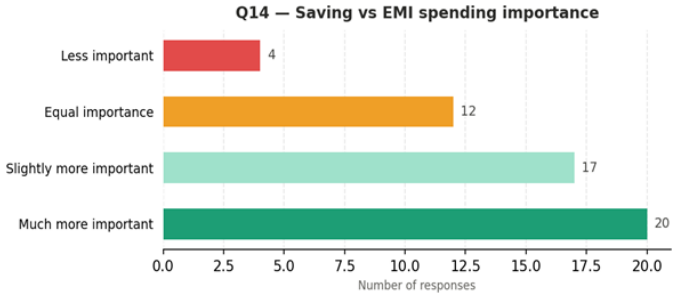


Figure 5 - Q14: Relative importance vs EMI spending: Relative importance (n=53)

Table 6 - Importance of Saving vs EMI spending (Q14)

Response	Count	Percentage	Cumulative
Saving is far more important	20	37.7%	37.7%
Saving is slightly more important	17	32.1%	69.8%
Both are equally important	12	22.6%	92.5%
Saving is less of a priority	4	7.5%	100.0%

Interpretation:
More than half of the respondents say that their savings has taken a hit because of EMI commitments, showing a clear trade-off where spending more through EMIs comes with the cost of putting money aside.
Savings Intentions vs Actual Saving Behaviour

- 69.8% of respondents consider saving more important than EMI spending
- Only 7.5% consider saving less important

5) Safe EMI-to-Income Ratio
Responses on what is considered a safe EMI thresholds are as follows:

- 43.4% prefer EMI below 20% of income
- 34.0% prefer 20–40%
- Very few consider higher ranges acceptable

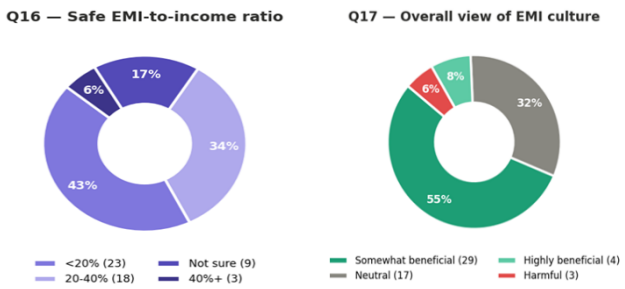


Figure 6 - Q16: Understanding EMI burden (left) | Q17: Views on EMI culture (right)

Table 7 - Acceptable EMI-to-income ratio (Q16)

Response	Count	Percentage	Cumulative
Less than 20%	23	43.4%	43.4%
20%–40%	18	34.0%	77.4%
Not sure	9	17.0%	94.3%
40%–60%	2	3.8%	98.1%
More than 60%	1	1.9%	100.0%

Interpretation:
Most respondents lean toward conservative EMI limits, which suggests a general awareness of this financial risk. However, while people recognize the significance of keeping debt manageable, their real behaviour does not always reflect that idea.

6) Overall Perception of EMI Culture

- 54.7% view EMI as having some benefit
- 32.1% sits on the fence
- Very few see it as harmful

Table 8: General opinions towards EMI culture (Q17)

Responses	Counts	Percentage (%)	Cumulative
Somewhat useful	29	54.7%	54.7%
Neither here or there	17	32.1%	86.8%
Very beneficial	4	7.5%	94.3%
Very harmful	2	3.8%	98.1%
Somewhat harmful	1	1.9%	100.0%

Interpretation:
EMI is broadly seen in a positive light, reinforcing its role as a financial enabler. Yet, when we took a look at our earlier findings, this perception of the participants sits along with some genuine financial outcome. This shows that the benefits which people think will help them in the long term are not always converted into healthy financial lives. This points to the dual impact.

©IJRASET: All Rights are Reserved | SJ Impact Factor 7.538 | ISRA Journal Impact Factor 7.894 |

Overall Analytical Insight

This data shows the clear picture to the reader as a story: EMI is nothing but the part of life of every individual, which is widely used for making purchases and too which are affordable and reachable. This way it provides people a sense of financial freedom which they could not have got anywhere else. But the dual impact says it also comes with a cost: lower savings and high spending.

What seems to be an effective financial tool on the outside, may quietly be melding spending habits in ways that work against long term financial stability. This reflects a behavioural paradox where people genuinely value financial discipline but continue to learn on credit-driven consumption.

VIII. KEY FINDINGS

The study focuses on the points that have been derived from the analysis of the data. Here are the main findings:

1) People Know About EMI and Use It

Most people know what EMI is and use it to buy things. This shows that EMI is a way for people to buy things they want.

2) EMI Makes Things Affordable. Makes People Spend More

People think EMI is a good way to make expensive things affordable. It also makes people want to buy more things even if they do not need them.

3) People Spend Money When They Use EMI

Some people said that using EMI makes them spend money on things they do not need. This means that having access to credit makes people spend more money.

4) People Save Less Money When They Use EMI

More than half of the people in the study said they save money because they have to pay for the things they bought with EMI. This shows that using EMI can be bad for people's savings.

5) People Want to Save Money but Do Not

Even though people want to save money they often do not because they are using EMI to buy things. This shows that there is a gap between what people want to do and what they actually do.

6) People Know How EMI They Can Safely Use

Most people know how much EMI they can safely use without getting into trouble. They think it is safe to use EMI if it is more than 20-40% of their income.

7) People Think EMI Is Generally Good

Most people think EMI is a thing but they also know it can be bad if they use it too much. This shows that people have a view of EMI.

8) It Is Easy to Get EMI

Things like approval and zero-interest EMI make it easy for people to get EMI. This makes people more likely to use EMI to buy things.

Overall Finding

The study found that EMI helps people buy things they want. It also makes them spend more money and save less. This is the point of the study. People are spending more money and saving less money because of EMI.

This study looked at how EMI affects people's spending and saving habits. We found that EMI is a tool that helps people buy expensive things. It also makes people spend more money and save less. People like to use EMI because it makes things affordable. It can also be bad for their finances.

The study also found that people want to save money. They do not because they are using EMI to buy things. This shows that there is a gap between what people want to do and what they actually do. People know how much EMI they can safely use.

©IJRASET: All Rights are Reserved | SJ Impact Factor 7.538 | ISRA Journal Impact Factor 7.894 |

They often use it too much. We also found that EMI is easy to get which makes people more likely to use it. This can be bad for people's finances because it makes them spend money and save less.

IX. CONCLUSION

This is the study which shows that the EMI in India has two major effects: it helps people buy things as ease, but it also creates financial trap.

If we take positive side of this report, EMI no doubt allows people to buy goods immediately without thinking of saving up the money.

If we take negative side of this report, Paying EMI let people leave with less money to save it for the future. This really creates a conflict where people want to save money, but can't.

Our core finding is that EMI is more about the psychological factor than logical planning. People focus on getting things easily and feeling like that they had given small payment which they think are affordable.

EMI is neither completely good nor bad:

- It is helpful when planned carefully within a budget.
- It is harmful when used for impulsive buying and borrowing too much.

As Indian is a developing nation and as economy that relies more on credit, the main challenge is no longer getting loans, but using them from more responsibility, WHY? to ensure financial safety which helps people make better decisions, education, and responsible lending rules.

X. RECOMMENDATIONS

Based on what we found here are some things that can be done:

1) Teach People About Money

People should be taught about the bad things about EMI. This can help them make choices about their money.

2) Use EMI Responsibly

People should only use EMI if they can afford it. They should not use more than 20-40% of their income for EMI.

3) Make a Budget

People should make a budget to help them save money and not spend much on EMI.

4) Watch Out for Easy Credit

Banks and other financial institutions should make sure people do not get much credit. This can help prevent people from getting into debt.

5) Teach People About Behavioural Finance

People should be taught about how their behaviour affects their decisions. This can help them make choices about their money.

6) Encourage Saving

Banks and other financial institutions should help people save money by offering products that reward saving. This can help people balance their spending and saving habits.

REFERENCES

[1] Kavya, A., & Yadav, S. (2024). The Impact of EMI Dependency on Household Financial Stability in India: A Risk Analysis in the Face of Global Economic Uncertainty. Preprints.org. https://doi.org/10.20944/preprints202410.1203.v1

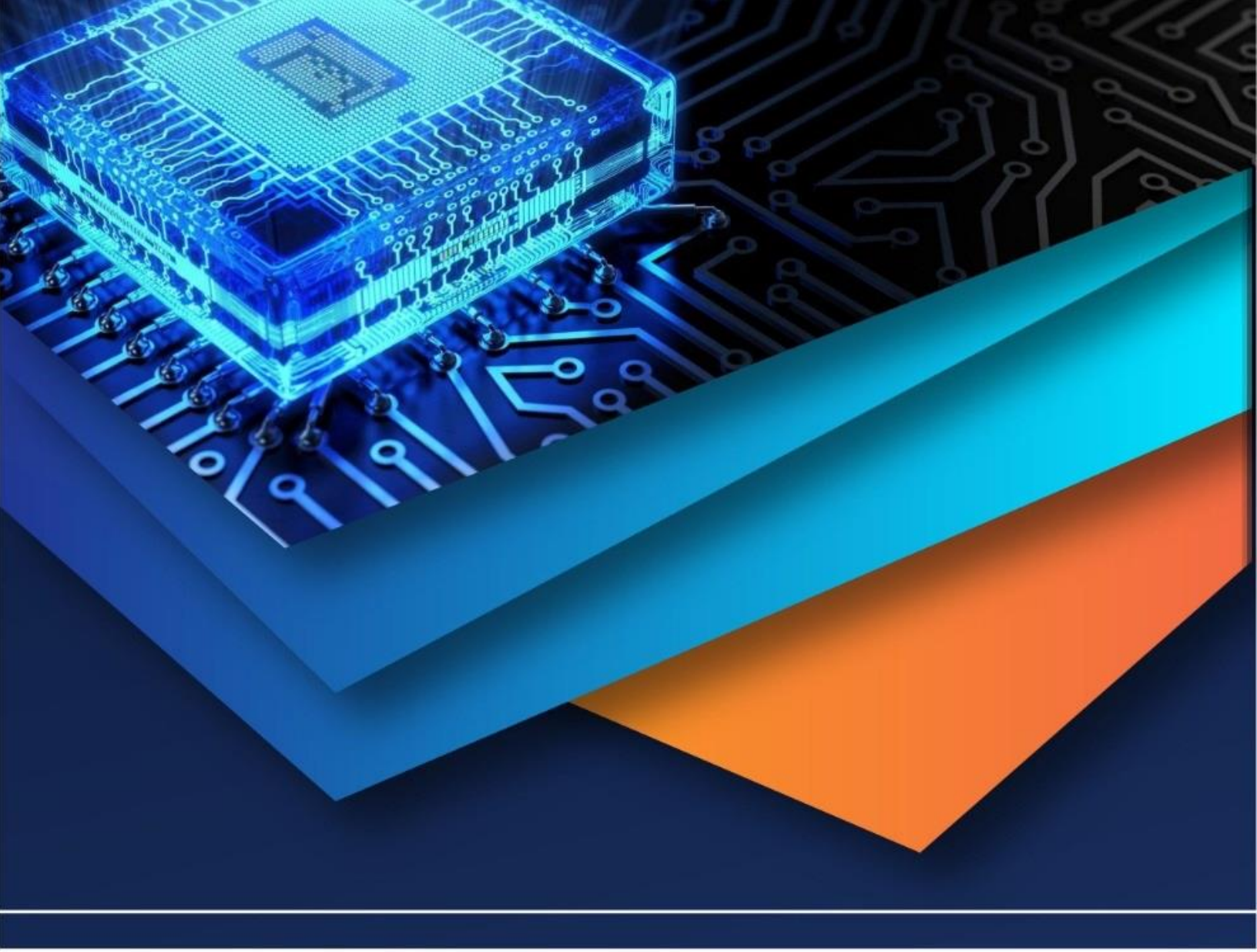
[2] Das, S. C., & Kumar, V. (2016). Discretionary savings and investment behaviour of middle-class households in India: Empirical evidence. International Journal of Applied Marketing and Management, 1(2), 29–42.

[3] Nair, G., Joy, J., & Joseph, I. (2024). Impact of Equated Monthly Instalment (EMI) Purchases on Consumer Spending: A Comparative Study between Urban and Rural Areas of Ernakulam District. ResearchGate. https://www.researchgate.net/publication/380235370

[4] Kumaraswamy, M., & Kailasam, T. (2025). Household savings shift in India: Financial inclusion, banking stability, and sustainable capital markets. Journal of Economics, Management and Sustainability, 10(1). https://doi.org/10.59110/jems.731

[5] Van Raaij, W. F., & Gianotten, H. J. (1990). Consumer confidence, expenditure, saving, and credit. Journal of Economic Psychology, 11(2), 269–290. https://doi.org/10.1016/0167-4870(90)90007-V
[6] Singh, S., & Shanmugam, S. (2024). Exploring the Forces Shaping Consumer Spending Behavior in the Fintech Age. ResearchGate. https://doi.org/10.13140/RG.2.2.34808.66564
[7] Hohnen, P., Gram, M., & Jakobsen, T. B. (2020). Debt as the new credit or credit as the new debt? A cultural analysis of credit consumption among Danish young adults. Journal of Youth Studies, 23(3), 361–377. https://doi.org/10.1080/13676261.2019.1606275
[8] Kumaraswamy, M., & Kailasam, T. (2025). Household savings shift in India: Financial inclusion, banking stability, and sustainable capital markets. Journal of Economics, Management and Sustainability, 10(1). https://doi.org/10.59110/jems.731
[9] KP, A. R., & Jayarajan, T. K. (2024). The Impact of Instalment-Based Credit Schemes on Consumer Decisions Among Youth in Kannur, Kerala. ResearchGate. https://www.researchgate.net/publication/380720519
[10] Jain, D. R. V. K. (2025). The rise of fintech: Innovations in financial services and digital payments. Navigating Tomorrow: Key Innovations in Finance and Technology, 1(1), 12–25. https://pratibha-spandan.org/index.php/nst/article/view/528
[11] Prinsloo, J. W. (2002). Household debt, wealth and saving. South African Reserve Bank Quarterly Bulletin, (225), 63–78. https://www.resbank.co.za/content/dam/sarb/publications/quarterly-bulletins/articles-and-notes/2002/1271/01household-debt-wealth-and-saving.pdf
[12] Ansar, S., Hess, J., & Klapper, L. (2023). Resilience in emergencies, savings, and credit. In Handbook of Microfinance, Financial Inclusion and Development (pp. 194–209). Edward Elgar Publishing. https://doi.org/10.4337/9781789901337.00019.
[13] Zholdasbekova, G., & Kupeshova, B. (2025). Analysis of the impact of socio-economic factors on household credit behavior. Buketov Business Review, 2(74), 86–95. https://doi.org/10.31489/2025BBR2/86-95.
[14] Kanzal, J., Mariya Loreena, P. S., & Revand, S. J. (2026). Assessing the Impact of Buy Now, Pay Later (BNPL) Schemes on Students Financial Behavior: A Study on Spending Habits and Debt Management. In Artificial Intelligence and Sustainable Computing for Smart City (pp. 415–424). Springer. https://doi.org/10.1007/978-3-031-73591-2_35
[15] Autti, R., Kaartinen, R., & Lähteenmaa, J. (2009). The use of small instant loans among young adults—a gateway to a consumer insolvency? International Journal of Consumer Studies, 33(4), 407–415. https://doi.org/10.1111/j.1470-6431.2009.00793.x
[16] Oyeyemi, O. (2023). Credit Access in the Gig Economy: Rethinking Creditworthiness in a Post-Employment Financial System. SSRN. https://doi.org/10.2139/ssrn.4502095.
[17] Hamal, M. (2025). Digital Payment and Customer Behavior (How Mobile Payment Systems Influence the Spending Habits of International Students in Finland) [Master's thesis, Centria University of Applied Sciences]. Theseus. https://urn.fi/URN:NBN:fi:amk-202501241940
[18] Sabat, J., & Gallagher, E. (2019). Rules of thumb in household savings decisions: Estimation using threshold regression. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.3455696
[19] Rajeev, M., & Nagendran, P. (2018). Are gold loans glittering for agriculture? Economic and Political Weekly, 53(34), 42–48.
[20] Bhattacharya, S., & Londhe, B. R. (2014). Micro entrepreneurship: Sources of finance & related constraints. Procedia Economics and Finance, 11, 77–86.

©IJRASET: All Rights are Reserved | SJ Impact Factor 7.538 | ISRA Journal Impact Factor 7.894 |



10.22214/IJRASET

45.98

IMPACT FACTOR: 7.129

IMPACT FACTOR: 7.429

INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Call : 08813907089 (24*7 Support on Whatsapp)