

# Role of EMIs Through Online Shopping in India-an Overview

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**Abstract**—Online shopping is far better than traditional shopping since it uses the internet to deliver goods right to our door. This can help businesses pinpoint the elements that significantly influence a consumer's decision to shop online, enabling marketers to develop strategies that boost online sales.

Customers can browse the company's offerings of goods and services, view images or videos of the products, and view product details, features, and prices there. In order to find distinctive models, brands, or products in online retailers, shoppers can usually utilise functions. In order to finish an online transaction, customers need to have access to the Internet and a legitimate payment method, like a debit or credit card. Amazon.com and Flipkart are the two biggest internet retailers.

**Equated Monthly Installment.** Usually for a loan or credit card payment, it is a set sum of money that a borrower gives to a lender each month. Both the principal and interest paid on the loan are included in the EMIs. EMIs is frequently used to pay back loans for homes, cars, education, personal needs, and other assets.

Instead of paying the entire price up front, EMIS plans let customers spread out their payments over a longer time frame. But this ease of use can sometimes result in impulsive shopping, where consumers buy things without properly weighing the EMIS payments' financial implications.

Nowadays, a lot of consumers opt to pay using free equivalent monthly installments (EMISs). For big purchases, this is a practical option to pay without having to pay the entire amount at once. No-cost EMIS alternatives are typically available for pricey items including electronics, appliances, furniture, and more. Online and retail websites are increasingly incorporating this capability. Read on to learn how free EMIs operates. This article highlights the e commerce platforms EMIs facilities.

**Index Terms**—EMIS, ONLINE, DEBIT, CREDIT CARDS

## 1.INTRODUCTION

Equated Monthly Installment payment plans are offered by Indian credit card firms, which help e-commerce businesses draw in more clients and boost sales. Customers who do not have the money right away to buy something but can afford to pay in installments over time will find this especially useful. For electrical appliances, smartphones, laptops, and other devices, EMIs are a common payment method that allows buyers to purchase the item and begin using it right away while making smaller payments over an extended period of time.

Those who wish to acquire a large item online with free EMIs can do so by purchasing the device or appliance on Flipkart or Amazon India. The option of free EMIs is offered by these two internet retailers.

## II. OBJECTIVE OF THE SUDY

The aim objective of study is to know the role EMIs in online purchasing

## III. METHODOLOGY

Data taken from various secondary sources websites Journals and Books

## IV. GROWTH OF ONLINE BUSINESS THROUGH THE EMIs

Online -Shopping is a boon as it saves lot of time. online shopping is a blessing. Online shopping is the practice of customers purchasing products, services, etc. straight from a vendor via the Internet without the need of a middleman. Customers can browse online retailers while lounging in front of a computer in the comfort of their own home. Many customers have internet access at home and at work, and online

retailers are typically open twenty-four hours a day. Therefore, they find online shopping to be very convenient. A wide range of products are offered online.

V. ONLINE PLATFORMS OF AMAZON AND FLIPKART.

5.A. Amazon is the most lucrative online company in the world. It is among the most lucrative companies in the world and the second-largest private employer in the US. As of 2020, Amazon is the most valuable brand in the world. Video, music, and audio book downloads and streaming are offered via Amazon's Prime Video, Amazon Music, Twitch, and Audible divisions. In addition, Amazon has a cloud computing branch called Amazon Web Services, a publishing subsidiary called Amazon Publishing, and a film and television studio named Amazon Studios.

With its headquarters located in Seattle, Washington, Amazon.com is a multinational technology company that specialises in digital streaming, cloud computing, e-commerce, and artificial intelligence. It is one of the Big Five companies in the US IT sector, standing alongside Google, Apple, Microsoft, and Facebook. You can convert the transaction amount into equivalent monthly installments when you use your credit card to make an online purchase. In essence, this indicates that you have turned the transaction into a loan and have decided to pay it back over a predetermined number of months using EMIs. In collaboration with eleven different banks— Standard Chartered, Axis Bank, HDFC Bank, Yes Bank, HSBC, Kotak Mahindra Bank, SBI, RBL, and on an EMIs card issued by NBFC the Indian division of the American online retailer Amazon provides a free EMIs option. while making an Amazon purchase. The buyer won't incur any more expenses because there is a free EMIs option accessible.

Table-1  
Minimum Transaction amount and Processing fees in amazon business

Name of the Bank	Debit Card		Credit Card	
	Minimum Transaction amount Rs.	Processing Fee Rs.	Minimum Transaction amount Rs.	Processing Fee Rs.
ICICI	Rs 5,000	₹99 + GST	Rs.1500	₹199 + GST
SBI	Rs.8,000	Rs. 99 + taxes applicable on 6-, 9- & 12-month EMISs for Trxns. greater than or equal to Rs. 16000, Rs. 11000 & Rs. 8500 respectively	Rs.3,000	Rs. 199 + taxes applicable on 18- & 24-month EMISs for Trxns. greater than or equal to Rs. 17500 & Rs. 16000 respectively.
HDFC	Rs.3,000	₹199 + GST	Rs.1500	₹199 + GST
Kotak	Rs.5,000	₹199 + GST	Rs.3,000	₹299 + GST
Axis Bank	Rs.5,000	₹199 + GST	Rs.3,000	₹199 + GST
RBL	-	--	-	1.5% of the transaction amount + GST or ₹150 + GST (whichever is higher).
Bajaj Finance	Rs.1998			₹149 + GST

Source: Amazon website

<https://www.amazon.in/gp/help/customer/display.html?nodeId=GHJCKS6W3WRMQHTX>

5.A. How does Debit EMIS work?

One novel EMIs technique is debit EMIs. Your card won't be blocked by the bank, and you can make

purchases without having the entire amount in your account. Your bank will use the pre-approved overdraft facility to take the monthly EMIS out of your account. At the moment, EMIs is only available with HDFC, SBI, Axis, ICICI, Federal, and Kotak

Mahindra debit cards. Your bank will charge you interest on EMIs purchases made with a credit or debit card. The total interest payable, however, is already factored into the order price under a free EMIs deal. With this payment option, you can pay 25% of the product's price at the time of purchase and use your credit card to convert the remaining amount to EMIs.

5.B. FlipKart : Based in Bangalore, Karnataka, India, Flipkart is an Indian e-commerce business that is registered as a private limited company in Singapore. The company first focused on online book sales before branching out into other product categories like consumer electronics, clothing, consumables, household necessities, and lifestyle items. Flipkart's primary rivals include Snapdeal, a domestic rival and Amazon affiliate in India. Thanks to its acquisition of Myntra, Flipkart has a dominant position in the clothing sector and is "neck and neck" with Amazon in the sales of smartphones and electronics. Flipkart also owns PhonePe, a mobile payment provider that focusses on the Unified Payments Interface.

Flipkart was founded in October 2007 by Sachin and Binny Bansal, former Amazon workers and alumni of the Indian Institute of Technology Delhi. At first, the business focused on selling books online and shipping them all over the country. Over time, Flipkart gained popularity, and by 2008, it was getting 100 orders every day. In 2010, Flipkart acquired We Read, a Bangalore-based social book discovery site, from Lulu.com. In 2011, Flipkart acquired the digital content collection of Chakpak, a Bollywood portal, and Mime360.com, a digital distribution company.

#### 5.B.1. Flipkart No Cost EMIs On Credit Cards

Amazon has always faced fierce competition from Flipkart. They compete fiercely to be the top shopping place for Indians, offering excellent deals and discounts. Flipkart provides free EMIs on credit cards for thousands of products on their online store. With Flipkart's No Cost EMIs, customers can pay for their significant purchases in manageable monthly installments. This lessens the strain on their monthly spending plan and keeps them from paying exorbitant interest on their credit card debt. The fact that there is no down payment required is another benefit of this

No Cost EMIs. Additionally, there are no hidden fees or processing fees for users.

#### 5.B.2. The No Cost EMIs Feature On Flipkart

Users may easily divide their significant purchases into monthly installments with the Flipkart No Cost EMIs. No documentation is needed, and there is no processing charge. The facility is immediately credited to your credit card. Flipkart has worked with all of the top banks to provide this service to their clients.

1. A free EMIs offer is available for transactions of Rs. 3,000 and up.
2. Tenures ranging from three to twelve months are available.
3. No processing fees or down payment is required for this service.
4. Users can pre-close the loan at any moment without incurring additional fees; the EMIs balance is automatically deducted from your credit card; and the Bajaj Finserv EMIs card can also be used to access this feature.

#### 5.C. Products On Flipkart That Are Eligible For No Cost EMIs

The following are the product categories that provide buyers with a no-cost EMIs option:

1. Mobiles
2. Apparels
3. Televisions
4. Large electrical appliances
5. Footwear
6. Fashion accessories
7. Furniture

#### 5.D. Partner Banks Offering No Cost EMIs On Flipkart

13 banks have teamed up with Flipkart to offer free EMIs to users of the online market place. Therefore, all the customer needs to do is go to the payment page and choose their favourite bank from the list of credit cards that this scheme accepts. The following is a list of banks who work with Flipkart to provide the free EMIs service: 1. The Citibank 2. The HDFC Bank 3. HSBC 4. The IndusInd Bank 5. Bank of Kotak 6. Standard Chartered Bank 7. Indian State Bank 8. Yes, Bank When you use a credit card to take advantage of a free EMIs offer, the interest on your transaction is deducted.

## VI. EMIS THROUGH DEBIT CARD

The bank might offer the debit card EMIs service if you don't have a credit card for some reason but have

a solid credit history. In essence, the banks are attempting to better how they use their abundant funds. Businesses collaborate with banks and other financial institutions for these kinds of programs since they are also keen to increase sales.

#### VII. RESERVE BANK OF INDIA'S RULE ON NO COST EMIS CREDIT CARDS

The RBI has tightened regulations for banks that provide their clients with free EMIs credit cards. Since the bank indirectly charges the consumer interest in the form of processing costs, the RBI claims that the idea of "no cost EMIs" is invalid. A lot of retailers also incorporate interest in the product's price, which the RBI says is dishonest. For this reason, a lot of big banks charge interest every month and then give it back to their clients as cash back or a one-time, fast reduction.

#### VIII. ADVANTAGES AND DISADVANTAGES OF EMIS

- a) Even if you might not have the money to pay for it right now, you can purchase pricey things off the shelf using an EMI option.
- b) EMIs can assist you in purchasing everything and anything, including pricey home goods, a car, presents, or even a home. You pay it off in manageable installments, with your lender dividing the total amount into monthly installments.
- c) The monthly payment is already known and dispersed across the loan tenure, the EMIs choice will not burn a hole in your pocket, therefore allowing you to make other investments and spend elsewhere too.
- b) You can determine your monthly outflow based on the principal amount, interest rate, and time horizon using online EMIs calculators. It is simple to plan how much of your money will go towards investments and other expenses.
- c) Several banks and financial organisations now offer flexible EMIs options. here, the lender allows you to pick on the amount per EMIs or the payment duration, depending on your financial standing and income.
- d) There are no intermediaries involved in processing your payments; the EMIs are remitted to the lender directly.

#### A. Disadvantages

- a) EMIs are intended to drastically lengthen the loan term, resulting in a longer debt-carrying period
- b) You will ultimately pay more than the cost at the conclusion of your repayment period if you choose to use EMIs. The interest that the institution charges for using their funds is reflected in the excess amount. You might wish to search for a zero-interest EMI plan in order to avoid paying more than your initial purchase price.
- c) The majority of EMI plans will impose a prepayment penalty equal to two to three percent of the principal amount if you have the available funds to pay off the loan before the term expires.
- d) Missing EMIs or not making payments on time might have serious repercussions for a client. in case of home loans or vehicle loans, your lender is legally entitled to take over the mortgaged asset if you consistently default on payments.
- e) Creditworthiness impact Also, your credit score may suffer if you miss EMI payments.
- f) When you choose an EMI plan, financial institutions may impose a processing fee in addition to the interest cost.

#### IX. HOW TO USE EMIS FOR ONLINE SHOPPING

- i. Verify whether the product you wish to purchase has EMIs features.
  - ii. Decide which EMIs option you like.
  - iii. Type in your card information
  - iv. Choose your interest rate and tenure
- Finish any extra authentication, such OTP or PIN verification.
- vi. Put in your order.

#### X. CONCLUSION

For big purchases, this is a practical option to pay without having to pay the entire amount at once. Your bank will charge you interest on EMIs purchases made with a credit or debit card. The total interest payable, however, is already factored into the order price under a free EMIs deal. The product price will be the total amount owed, including interest.

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