

The Impact of Technological Advancements on Financial Habits and Behaviors of Rural Indian Families

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ABSTRACT

India is considered a country of villages. Even today, the culture and traditions of our country can be seen preserved in true sense by rural India. The flow of progress that started with globalization, liberalization has reached the computer, internet, mobile, smartphone devices, social media, e-commerce websites and online shopping and artificial intelligence i.e. AI, the change due to the immense and unceasing inventions in technology. Although all these things are very beneficial to humans, due to their improper and purposeless use, they are also causing immense harm. And so the elderly in rural areas as well as many families, especially minor children and youth are found to be largely disoriented. All these are having a serious impact on the rural areas and also on the rural families And the financial behavior and financial management of many families in the rural areas are deteriorating and turning in to consumerism and this is how the rural areas that preserve the culture and traditions and teach the country the philosophy of financial management by living a frugal life, are seen to be directionless. Therefore, the research highlights the current financial habits and behaviors and their harmful effects in context with the rural Indian Families. This research paper explores the challenges and opportunities presented by technological advancements in rural India, focusing on their impact on financial habits and behaviors. While technology offers immense potential, addressing issues like digital literacy, connectivity, and security is crucial for its effective utilization. Proposed solutions include targeted financial education, improved infrastructure, and consumer protection measures to ensure technology contributes positively to the financial betterment of rural families.

KEY WORDS

Financial habits, financial behaviors, digital literacy, rural Indian families, consumerism, social media, Mobile, smartphones, online shopping, e-commerce, minor children, youth, disorientation, financial management, frugal life, directionless etc.

OBJECTIVES

1. To assess the current financial habits and behaviors of rural Indian families.
2. To analyze the influence of technological advancements (like smartphones, internet) on these financial habits and behaviors.
3. To identify the specific harmful effects of technology-induced financial behaviors on rural families.
4. To explore the impact of these changes on the cultural and traditional values of rural India, particularly in relation to financial management.
5. To propose probable solutions or intrusions to mitigate the negative effects of technological advancements on the financial betterment and comfort of rural Indian families.

RESEARCH METHODS

1. This research is based on quantitative research which includes surveys, questionnaires, and statistical analysis to gather data on financial habits, income, expenditure, and technology usage.
2. The Data is collected from the discussions with the family heads, neighbors, relatives, friends and family and through Qualitative Research like In-depth interviews and focus groups to understand the underlying reasons for financial behaviors and the impact of technology on family dynamics.

SCOPE

Yet, the scope of this research impact of technology in context of smartphones, and mobile internet connections on financial behavior and its affect is limited to selected families from selected villages of rural areas of Jalgaon district of Maharashtra State but as per the mentality and similarity between behavior and celebration patterns, living style, thinking strategies, income source patterns of Indians especially peoples and families from the rural India, It can be applicable to major geographical part of rural India.

INTRODUCTION

As we earlier discussed about the changing scenario of financial habits of rural Indian families which were famous for the traditional and culture-base living style.

But nowadays as a part of modern nontraditional culture. We can focus the following points to capture the financial behavior and changing habits of Indian families. The advent of social media, particularly platforms like Instagram, has significantly influenced the financial habits and behaviors of rural Indian families, especially in relation to celebrations and events. The increasing popularity of reels and video statuses has created a new pressure to keep up with trends and showcase a certain lifestyle. This has led to several notable changes:

- **Celebrations of every occasion with non-essential expenditures.**
- **Creating and accumulating burden of unnecessary debts**
- **Modification in Spending Priorities**
- **Habit and Dependency**
- **Shift in Consumer Behavior**
- **Harmful Effects of invention and technology**
- **Cultural Variations**
- **Betting and gambling**
- **Economic Exploitation**
- **Privacy issues**
- **Digital Inequality**
- **Conflicts between Modernity and tradition.**
- **Sustainable Development for rural India.**

Big show off: To create visually appealing content for social media, families often feel compelled to organize larger and more extravagant celebrations. This includes spending more on venues, decorations, food, and entertainment.

Expensive Gifts: The desire to impress followers on social media has led to a trend of gifting more expensive and luxurious items, even if it strains the family's finances.

Borrowing for Celebrations: To meet the rising costs of celebrations, many families are resorting to borrowing money from friends, relatives, or financial institutions. This can lead to debt accumulation and financial stress.

Keeping Up with Appearances: The pressure to maintain a certain image on social media can drive families to spend beyond their means, often leading to debt.

Social Media over Essential Needs: The focus on creating visually appealing content for social media can divert attention from essential needs like education, healthcare, and savings.

Short-Term Gratification: The immediate gratification of likes and comments on social media can lead to impulsive spending decisions, neglecting long-term financial goals.

Destruction of Traditional Values: The emphasis on social media can erode traditional values of frugality and community-oriented celebrations.

Consumerism: Off course! Without any doubts it is the most important, essential, and emotional movement in the life of humans and as humans are social animals he is supposed to celebrate main events with his loved ones. Humans are also supposed to follow their spirituals, traditions, customs and rituals related to society, area, culture or religion. But in current situation the exposure to a consumerist lifestyle through social media can encourage excessive spending and materialism.

Online Shopping: The availability of online marketplaces has expanded the range of products and services available to rural consumers. This has led to a shift in consumer behavior, with more people opting to shop online rather than relying on local markets.

Online Digital Payments: The accessibility of digital payments has made it cooler for rural residents to make desire but unrequired purchases. This can lead to bigger spending and debt.

The Rackets of Online Courses: Many online platforms offer financial literacy, investment, trading, business related courses that can be accessed from anywhere. This has made peoples motivated to earn more but didn't aware peoples with the actual risks which look it easier for rural residents to acquire financial knowledge at their own pace but lead to failure and loss.

Impulse Purchases: The convenience of online shopping and digital payments can lead to impulse purchases, often without careful consideration of the financial implications. This can result in increased debt levels.

Noble Burden: Social media can create a sense of peer pressure to purchase certain products or services, even if they are beyond one's means. This can lead to unnecessary spending and debt.

Phishing/ Hacking frauds and Scams: The internet has made it cooler for scammers to objective rural peoples with phishing and various scams, which can lead to monetary losses.

Loan Sharks: The shortage of access to formal financial facilities can drive some rural citizens to borrow from loan sharks, who often charge ridiculous interest rates and engage in destructive practices.

Betting and gambling: advertisement of lead stars and icons boost online gambling and betting platforms have prepared the path for individuals to gamble, which can turn into addiction and financial ruin and sometime turns into suicides .

Over addicted of Social Media: Excessive and heavy use of social media platforms can lead to unnecessary spending on virtual goods and services or both for living fake modern culture, which can have a adverse impact on household finances.

Data hacking and tempering by breaching the information: The increasing support on digital platforms can expose private and confidential financial information to digital cyber threats, leading to identity theft and financial losses.

Unequal Access: The technology divides digitally to users, which raises to the unequal access to technology and the internet, can exacerbate existing financial and monetary inequalities. Rural families with inadequate access to technology may be at a disadvantage when it comes to accessing financial services and opportunities

Shifting Traditional Values: The coverage to different cultures and lifestyles through technology has led to a shift and variation in values amongst some rural youth. This has included a greater emphasis on consumerism and materialism.

Challenges to Extended Family Support: While modern technology has made it easier for family and members to stay connected, it has also led to increased loneliness, individualism and a decline in the sense of extended family obligation.

Conflict between Tradition and Modernity: The clash between traditional values and modern lifestyles can create pressure within families, principally in relation to financial management

FINDINGS

There are numerous major and lots of slight issues identified during the research study. Key findings only are deliberated here, which are –

The following images shows the changing in fact changed habits of rural Indian peoples which says where are we reached now.



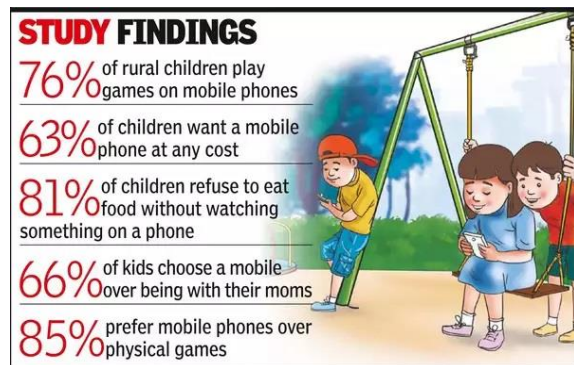
Children Engaged with Mobile & Playing (Source Shutterstock.com & Dreamstime.com)



Old & Modern Wedding Ceremony (Source Shutterstock .com & Source: Weddingsutra.com)



Mobile Addiction (Source Village Square)



Mobile Addiction (Source Times of INDIA and Hindustan Times)

Growth Story

The rural e-commerce sector has experienced a meteoric rise in recent times. While increased internet connectivity is a primary catalyst, several other factors have played a pivotal role. One such factor is the diversification of income streams for rural households. As rural populations transition from traditional agricultural pursuits to non-agricultural livelihoods, the retail market has witnessed a significant surge in revenue. Moreover, the prevalence of nuclear families has bolstered spending power. Reports suggest that the rural population contributed a substantial \$359 billion, comprising approximately 57% of the entire retail market (Standard, 2024).

The Indian government introduced the Draft National E-Commerce Policy in February 2019, encouraging foreign direct investment (FDI) in the e-commerce marketplace model. The policy mandates that e-commerce websites and applications must be registered entities in India, aiming to create a level playing field.

Rural India to Propel E-commerce Market to \$325 Billion by 2030

Numerous projections anticipate that India's e-commerce industry will reach a staggering \$325 billion by 2030, driven by a massive consumer base of 500 million and widespread availability of affordable internet connections. Currently valued at \$70 billion, online sales constitute 7% of India's retail business, indicating substantial growth potential. This sector is poised to flourish due to factors such as ubiquitous internet access, reasonably priced internet services, and a dramatic increase in rural smartphone adoption. India currently boasts the world's second-largest internet user base (881 million users), and its rapidly expanding digital economy is expected to propel it to the position of the third-largest online retail market by 2030 (Standard, 2024).

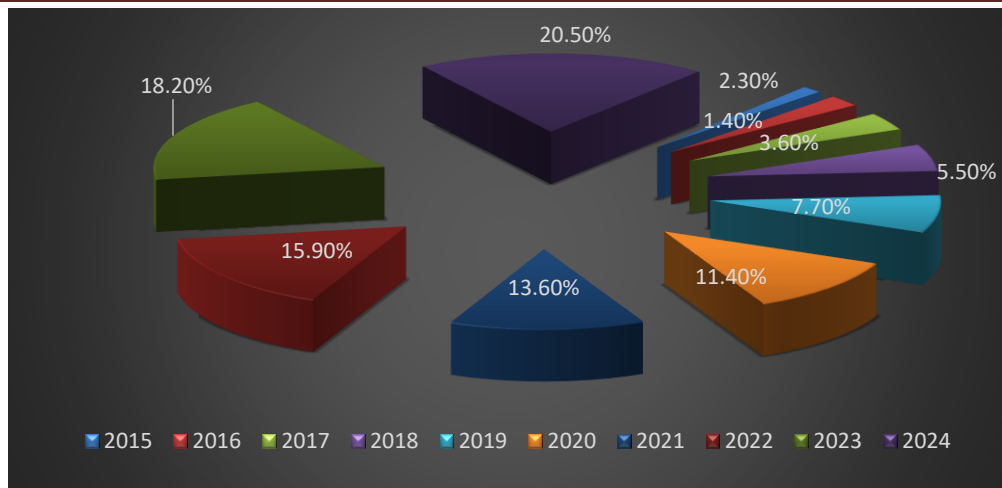


Fig 1 showing increasing online shopping habits in Rural Indian Families.

Affordable Internet Driving Online Shopping

India is at the forefront of an e-commerce revolution, with 500 million people expected to be shopping online by 2030. The availability of reasonably priced mobile internet services is a key driver of this growth, with 87% of households anticipated to have internet connectivity by 2025. The inexpensive cost of data—approximately \$0.17 per gigabyte—is motivating many people to embrace the internet, leading to a substantial increase in mobile data traffic between 2018 and 2023. Over 80% of Indians, or more than 1.18 billion people, are projected to own smartphones by 2026, which will further **fuel** the country's digital economy (Standard, 2024).

Rising Number of Smartphone Users

The surge in smartphone users, the prevalence of UPI in online transactions, and the expansion of locally available content are the primary catalysts of the e-commerce boom. Indian languages are favored by approximately 73% of internet users in India, creating a robust regional language user base of 540 million and a \$53 billion market (Standard, 2024).

Rural India Driving E-commerce Growth

Studies emphasize the growing importance of e-commerce in rural areas, projecting significant demand by 2026 from tier 2-4 towns and rural regions. The expansion of fast commerce and government initiatives are both contributing to this trend. The Government e-Marketplace (GeM) achieved a Gross Merchandise Value of 2011 billion dollars for the fiscal year 2022–2023 (Standard, 2024). India is anticipated to witness a substantial increase in the number of online consumers between 2019 and 2026, with a compound annual growth rate (CAGR) of 15% in urban areas, reaching 263 million, and 22% in rural areas.

Changing Expenditure Behavior on Celebrations in Rural India

Ceremonies like wedding, birthday, anniversary, baby showers, pre wedding, festivals even death ceremonies in India are often expensive affairs, often funded through loans, borrowings, or family savings. The dowry system is prevalent, particularly in cases involving grooms from affluent backgrounds. Families frequently prioritize marriage and other ceremonies expenses over education, leading to significant expenditures on non-productive items. Selling assets or properties may be necessary to cover the costs. Above mentioned ceremonies and house construction are the most significant financial burdens in life. Many wedding expenses are wasted on low-quality gifts and unnecessary showmanship. A significant amount of food is often discarded. Families typically manage expenses during the wedding, lacking long-term planning. YouTube videos showcase the extravagant and sometimes wasteful nature of modern weddings in rural India.

The following table shows the comparison between marriage and alike ceremonies of the current scenario & the old scenario.

OLD VS CURRENT SCENARIO COMPARISON OF WEDDING EXPENDITURE

NATURE OF EXPENDITURE	OLD SCENARIO	CURRENT SCENARIO
Venue/ Hall	10000-20000	100000-300000
Food	30000-80000	150000-300000
Cook	0 -7000	20000-80000
Food Growing	0-2000	10000-50000
Decoration	5000-20000	30000-300000
Cards	1000-3000	5000-100000
Makeup	Up to 1000	5000-30000
Clothes	5000-15000	20000-200000
Photography	3000-15000	30000-200000
Sound/Band/DJ	5000-15000	30000-200000
Misc. Functions	2000-5000	10000-100000
TOTAL	62000-163000	410000-1860000

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Fig 2 wedding Expenditure comparison

Challenges and Opportunities

Even though there are several benefits of technology, there are also various challenges to be addressed like, what to use, how to use, when to use, up to how much extent and duration for using of the technology, Digital literacy gaps, network connectivity issues, and security concerns can hamper the acceptance of technology-enabled financial services. However, with appropriate strategies and interventions, these challenges can be overcome, and the full as well as possible use of technology to improve the financial betterment of rural Indian families can be realized.

Suggestions:

By arranging various Financial Training Campaigns, Consumer Protection Measures, and free Network Connectivity for specific duration and Digital Literacy Programs considering the rural Indian families will defiantly change the current gross and financially and digitally unhealthy philosophy.

- **Community-Based Initiatives:** Partner with local establishments and schools to deliver reachable and affordable digital literacy training to rural families communities.
- **Comprehensive Training:** Implement comprehensive digital literacy programs that cover various characteristics of technology, including online security and safety of financial transactions, and multi stage data and information verification.
- **Modified Content:** must be develop financial education programs that are personalized to the specific needs and challenges of rural families for smother practices.
- **Use of Technology:** Leverage technology, such as mobile apps and online platforms, to deliver financial education content in a suitable, accessible and engaging manner.

- **Infrastructure Investment:** Invest in expanding broadband infrastructure to ensure that rural areas have reliable internet connectivity.
- **Public Wi-Fi Hotspots:** Establish public Wi-Fi hotspots in rural areas to provide free or affordable internet access.
- **Strict Regulations:** Implement strict regulations to protect consumers from online scams, fraudulent transactions, and predatory lending practices.
- **Awareness Campaigns:** Conduct awareness campaigns to educate rural residents about their rights as consumers and how to identify and avoid scams.
- **Agriculture and Rural Development:** Promote sustainable agriculture and rural development initiatives to create job opportunities and improve the livelihoods of rural families.
- **Diversification of Income Sources:** Encourage rural families to diversify their income sources to reduce their dependence on agriculture and increase their financial resilience.
- **Frugal Celebration with traditional way:** by this way of culturally perfect traditional and affordable and budgeted ceremonies which do not create the excess economic burden over the family and saved fund in these ceremonies can be the capital investment not only for the common and ordinary people or their families but also for the whole nation.

By implementing these solutions and interventions, it is possible to mitigate the negative effects of technology on rural Indian families and ensure that they benefit from the opportunities it presents. The public or the common man in the rural areas and his family, however, get lost in these incorrect modern practices and are financially burdened for years. And so if the rural areas of our country want to achieve sustainable economic development of the rural families, they should stop the wrong untraditional activities in the context with modern technologies, social media and smartphones and digital betting platforms etc.

CONCLUSION

The advent of smartphones and the internet has significantly influenced the financial habits and behaviors of rural Indian families. While technology offers numerous opportunities, it's crucial to be mindful of its potential drawbacks. By promoting digital literacy, financial education, and responsible usage, we can harness the positive aspects of technology to improve the financial well-being of rural communities. The excessive spending on celebrations in rural India, often influenced by social media trends, is a significant financial burden on families. To

promote sustainable economic development, it's crucial to shift towards frugal and culturally appropriate ceremonies. By reducing unnecessary expenses and investing the saved funds, rural families can improve their financial well-being and contribute to the overall economic growth of the country. Digital literacy and financial education are essential tools to mitigate the negative impacts of technology and ensure responsible financial behavior.

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