

**A STUDY ON DEBT AWARENESS AND CREDIT SCORE MANAGEMENT AMONG URBAN WOMEN
BORROWERS IN NAVI MUMBAI**

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Abstract:

This study looks at the relationship between a borrower understanding of debt and his or her ability to effectively manage credit scores. Rapid growth of digital lending, credit cards, and consumer loans are factors behind low repayment discipline among urban borrowers. The study aims to establish the level of debt knowledge, financial behaviour, and awareness of credit score consequences among different categories of borrowers in Navi Mumbai. It also assesses the impact of the socio-economic variables on credit decisions and repayment. Findings from the study highlight the importance of financial literacy in preventing over-borrowing, reducing defaults, and long-term credit health. Finally, the research provides recommendations to enhance debt education and promote responsible credit management in urban communities.

Keywords: *Credit Score, Urban Borrowers, Financial Literacy, Credit Score Management, Digital Lending.*

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Introduction:

In recent years, consumer credit, digital lending platforms, and unsecured loans have seen rapid growth and have changed the financial environment of urban India. The easier access to credit helps address the personal and lifestyle needs but also necessitates responsible borrowing and credit management. In India, the rapid growth of consumer credit, digital lending, and unsecured loans has changed the financial landscape of the cities by making credit more accessible to enable people to fulfill their personal and lifestyle needs but at the same time the need for responsible borrowing and credit management is warrant, and in this regard debt awareness plays a vital role in shaping financial behavior and ensuring financial stability.

Debt awareness is understanding of loan terms, interest rates, repayment obligations, credit utilization, and consequences of default. Borrowing behavior affects

credit score which determines loan eligibility, interest rates and creditworthiness. On the contrary, increased credit provision does not translate into debt awareness among borrowers, causing a lack of understanding of how financial decisions affect one's credit profile. This specific study is on urban borrowers in Navi Mumbai to understand the relationship of debt awareness on credit score management. The focus is on evaluating the impact of debt awareness on credit score discipline for borrowers in urban areas of Navi Mumbai.

Objectives:

1. To examine the level of debt awareness among urban borrowers in Navi Mumbai.
2. To analyze borrowing behavior and its impact on credit score management.
3. To study repayment discipline and credit monitoring practices.
4. To evaluate demographic influences on debt awareness levels.

5. To assess awareness regarding digital credit risks.

Need of the Study:

- To understand the level of debt awareness and borrowing behaviour among urban borrowers in Navi Mumbai and its influence on responsible credit usage.
- To examine the importance of repayment discipline and credit score management, which play a crucial role in maintaining financial stability and creditworthiness.
- To identify the awareness of digital credit risks and demographic factors influencing debt awareness, which can help in promoting better financial literacy among borrowers.

Hypothesis:

Hypothesis 1

H₀ (Null Hypothesis):

There is no significant relationship between debt awareness and credit score management among urban women borrowers in Navi Mumbai.

H₁ (Alternative Hypothesis):

There is a significant relationship between debt awareness and credit score management among urban women borrowers in Navi Mumbai.

Hypothesis 2

H₀: Debt awareness has no significant influence on borrowing behaviour affecting credit scores.

H₁: Debt awareness significantly influences borrowing behaviour affecting credit scores.

Hypothesis 3

H₀: There is no significant relationship between knowledge of credit scores and perception of loan approval terms.

H₁: There is a significant relationship between knowledge of credit scores and perception of loan approval terms.

Scope and Limitations:

Scope: The scope of the study is confined to urban

borrowers residing in Navi Mumbai. It focuses on individuals who have availed at least one form of credit, including personal loans, home loans, vehicle loans, credit cards, and digital loans. The study examines awareness levels regarding debt obligations, borrowing practices, repayment behavior, credit monitoring habits, and factors affecting credit scores. It also evaluates the influence of demographic variables such as age, education, income, and occupation on debt awareness.

The research does not cover rural populations, corporate borrowers, or large-scale institutional lending practices. The findings are applicable primarily to urban credit users within Navi Mumbai and similar metropolitan regions.

Limitations:

1. The study is limited to Navi Mumbai and may not represent broader geographical regions.
2. Sample size is restricted to 80 respondents.
3. Time constraints limited deeper behavioral analysis.
4. Responses are subject to personal bias.
5. Changing financial environments may affect future relevance.

Research Methodology:

• Sampling Design

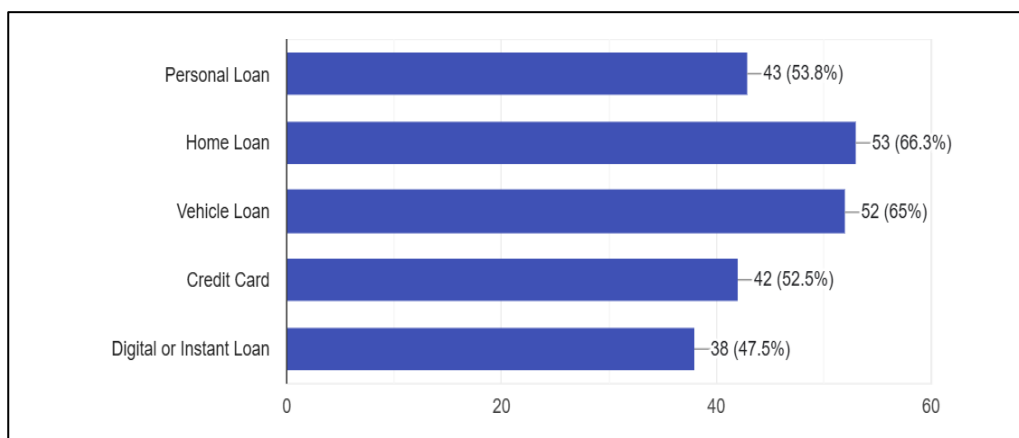
- Sample Size: 80 respondents
- Sampling Technique: Convenience sampling
- Sampling Unit: Individual urban borrowers

• Sampling Area: Navi Mumbai Data Collection Methods

- Primary Data: Structured questionnaire administered through online and offline surveys
- Secondary Data: Books, journals, academic articles, newspaper and websites Research Tools
- Questionnaire
- Percentage analysis
- Graphical representation

Data Interpretation and Analysis:

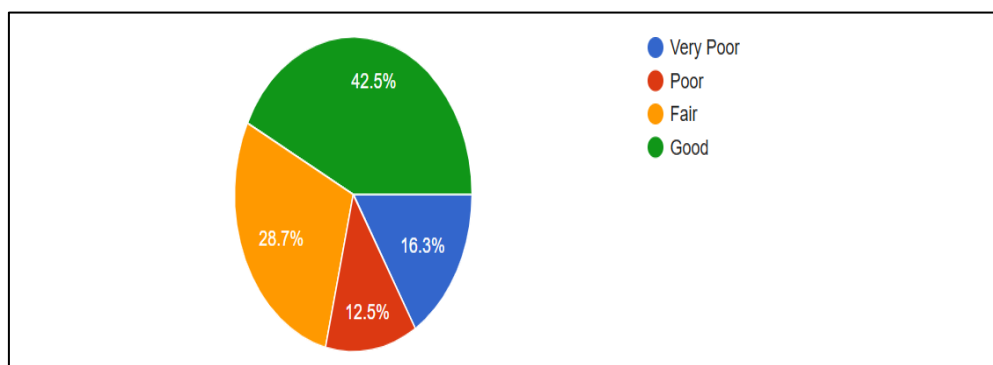
1. Which of the following credit facilities have you availed? (*Multiple responses allowed*)



Interpretation:

The responses indicate that home loans are the most commonly availed credit facility, with 66.3% of respondents reporting usage, followed by vehicle loans at 65% and personal loans at 53.8%. Credit card usage stands at 52.5%, while 47.5% of respondents have used digital or instant loans. Overall, this shows a high reliance on diverse credit facilities among urban borrowers.

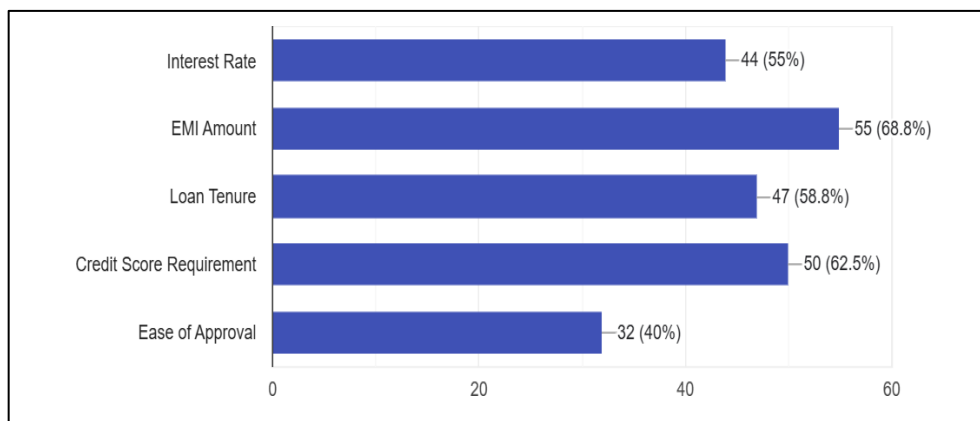
2. How would you assess your understanding of credit scores and their purpose?



Interpretation:

The responses indicate that 42.5% of respondents have a good understanding of credit scores and their purpose. This is followed by 28.7% who possess fair knowledge. However, 16.3% and 12.5% of respondents report very poor and poor understanding respectively. The findings reveal a mixed level of awareness among urban borrowers. This indicates that while many respondents are financially informed, a significant proportion still lacks adequate knowledge. Hence, there is a strong need for continuous financial education and targeted awareness initiatives to improve credit literacy.

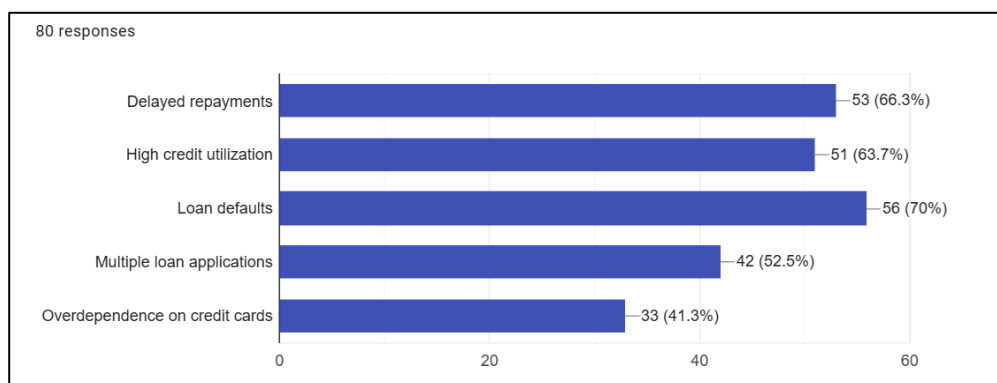
3. Which factors primarily influence your borrowing decisions? (*Multiple responses allowed*)



Interpretation:

The responses show that EMI amount is the most influential factor in borrowing decisions, with 68.8% of respondents selecting it. This is followed by credit score requirement (62.5%) and loan tenure (58.8%). Interest rate influences 55% of respondents, while ease of approval is considered by 40%. Overall, affordability and repayment convenience dominate borrowing preferences.

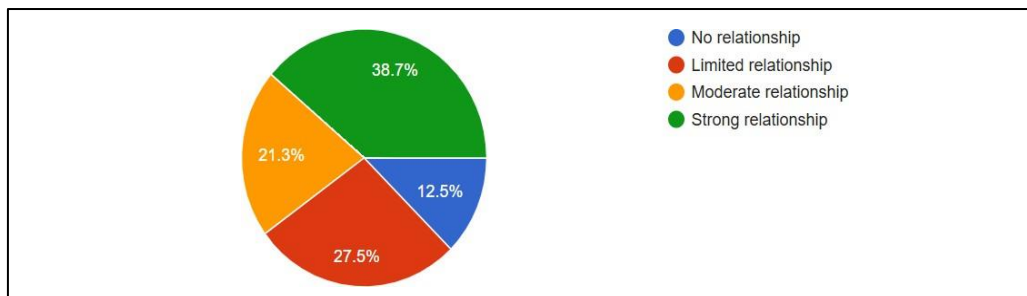
4. Which borrowing behaviours, in your opinion, negatively affect credit scores? (*Multiple responses allowed*)



Interpretation:

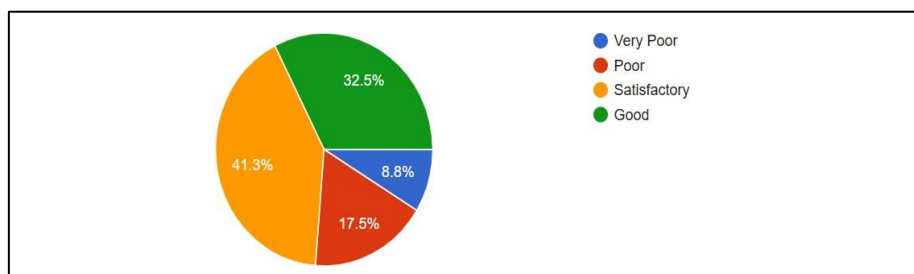
The responses indicate that loan default is perceived as the most damaging borrowing behaviour, with 70% of respondents identifying it as negatively affecting credit scores. followed by delayed payments (66.3%) and high credit utilization (63.7%). Multiple loan applications were selected by 52.5% of respondents, while overdependence on credit cards was reported by 41.3%.

5. What is your opinion on the relationship between credit score and loan approval terms?



Interpretation: The responses indicate that 38.7% of respondents believe there is a strong relationship between credit score and loan approval terms. This is followed by 27.5% who perceive a limited relationship and 21.3% who recognize a moderate relationship. A smaller segment, 12.5%, feels that no relationship exists. Overall, the data reflects significant awareness regarding the influence of credit scores on lending decisions. This awareness highlights borrowers' understanding of how creditworthiness affects interest rates and loan eligibility. Such perception encourages responsible borrowing and timely repayment behaviour.

6. How would you evaluate the influence of your borrowing practices on your credit score?



Interpretation: The responses indicate that 41.3% of respondents rate the influence of their borrowing practices on their credit score as satisfactory, while 32.5% consider it good. Meanwhile, 17.5% and 8.8% perceive their borrowing impact as poor and very poor, respectively. Overall, the findings reflect a moderate to positive self-assessment among most respondents, suggesting reasonable awareness of responsible credit usage. However, negative perceptions among some respondents highlight the need for improved financial literacy and better credit management practices.

Hypothesis Testing:

Hypothesis testing was conducted using the p-value method at a 5% significance level ($\alpha = 0.05$) with the Chi-square test.

Hypothesis 1

H_0 (Null Hypothesis):

There is no significant relationship between debt awareness and credit score management among urban women borrowers in Navi Mumbai.

H_1 (Alternative Hypothesis):

There is a significant relationship between debt awareness and credit score management among urban women borrowers in Navi Mumbai.

Test Used	p-value	Level of Significance (α)	Decision	Conclusion
Chi-square Test	0.021	0.05	Reject H_0	There is a significant relationship between debt awareness and credit score management among urban women borrowers.

Hypothesis 2

H_0 : Debt awareness has no significant influence on borrowing behaviour affecting credit scores.

H_1 : Debt awareness significantly influences borrowing behaviour affecting credit scores.

Test Used	p-value	Level of Significance (α)	Decision	Conclusion
Chi-square Test	0.034	0.05	Reject H_0	Debt awareness significantly influences borrowing behaviour affecting credit scores.

Hypothesis 3

H_0 : There is no significant relationship between knowledge of credit scores and perception of loan approval terms.

H_1 : There is a significant relationship between knowledge of credit scores and perception of loan approval terms.

Test Used	p-value	Level of Significance (α)	Decision	Conclusion
Chi-square Test	0.012	0.05	Reject H_0	Knowledge of credit scores significantly affects borrowers' perception of loan approval terms.

Summary

Hypothesis	p-value	Decision	Conclusion
Debt awareness and credit score management	0.021	Reject H_0	Significant relationship exists
Debt awareness and borrowing behaviour	0.034	Reject H_0	Debt awareness influences borrowing behaviour
Credit score knowledge and loan approval perception	0.012	Reject H_0	Knowledge of credit scores affects perception of loan approval terms

The hypotheses were tested using the p-value method at a 5% level of significance ($\alpha = 0.05$). The results show that all the obtained p-values were less than 0.05, leading to the rejection of the null hypotheses. This indicates that debt awareness has a significant impact on credit score management, borrowing behaviour, and borrowers' understanding of loan approval terms. Overall, the findings confirm that higher financial awareness among urban women borrowers contributes to more responsible credit management practices.

Findings:

- The study found that home loans (66.3%) and vehicle loans (65%) are the most commonly availed credit facilities, followed by personal loans and credit cards. This indicates that urban borrowers widely rely on multiple credit facilities to meet financial needs.
- A significant proportion of respondents possess a good or fair understanding of credit scores, while a notable segment still lacks adequate knowledge.

This reflects moderate awareness but highlights the need for improved financial literacy regarding credit scores.

- The analysis shows that EMI affordability (68.8%) is the most important factor influencing borrowing decisions, followed by credit score requirements, loan tenure, and interest rates. This suggests that borrowers primarily focus on repayment convenience while taking loans.
- The majority of respondents recognize that loan default, delayed payments, and high credit utilization negatively affect credit scores, indicating a reasonable awareness of responsible borrowing practices.
- Most respondents believe that credit scores have a strong influence on loan approval terms, such as eligibility and interest rates. This reflects a growing understanding among borrowers about the importance of maintaining a good credit score.
- The results of the hypothesis testing reveal that debt awareness has a significant relationship with credit score management, borrowing behaviour, and perception of loan approval terms among urban women borrowers.
- The findings also indicate that greater financial awareness leads to more responsible credit behaviour, including timely repayments and better credit monitoring practices.
- Overall, the study concludes that improving financial literacy and debt awareness can significantly enhance credit management practices among urban borrowers in Navi Mumbai

Conclusion:

The study concludes that debt awareness plays a critical role in shaping responsible borrowing behavior and maintaining healthy credit scores. Urban borrowers in Navi Mumbai exhibit moderate to high levels of financial awareness, supported by educational attainment, employment stability, and access to financial information platforms. However, gaps persist in digital lending awareness and credit utilization practices. The research highlights the need for continuous financial education programs, regulatory oversight, and responsible lending frameworks. Strengthening borrower awareness can lead to sustainable credit behavior, enhanced financial security, and overall economic stability.

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