

# The Indian retail sector – Q3FY25

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The Indian retail industry grew by **-9 per cent<sup>1</sup>** driven by economic growth and an increasingly diverse consumer base



**INR 82 tn**

Retail market size 2024<sup>1</sup>

**9%**

CAGR\* growth in 2024<sup>1</sup> (2014-2024)

**9%**

CAGR\* projected growth by FY34<sup>1</sup> (2024-2034)

**INR 190 tn**

Projected market size 2034<sup>1</sup>

\*Compounded Annually Growth Rate

Segmental performance

India's large and young population, rising middle class, urbanisation, changing lifestyle and consumption patterns and favourable government initiatives prove to be a growth engine for the retail industry<sup>2</sup>

Projected market size by key segments

Food and grocery market

**14-15%** ↑  
(by FY25)<sup>2</sup>

Foreign investments entering India

E-commerce market

**INR 30 tn**  
(by 2030)<sup>2</sup>

Online shoppers in India are expected to reach ~500 mn in 2030<sup>1</sup>

Direct selling industry

**INR 667 bn**  
(by 2025)<sup>2</sup>

The Indian consumption patterns expected to remain robust

Key growth factors<sup>2</sup>:

- Rising disposable income
- Growth in e-commerce
- Changing lifestyles
- Urbanisation

Performance snapshot

Drivers

Boosted Indian economy in FY24

**10%** in 2024

Retail sector contribution to India's GDP<sup>2</sup>

**INR 390 bn**

Liberalisation of FDI is expected to give a boost to ease of doing business and Make in India (For retail trading)<sup>2</sup>

\*Consumer Price Inflation

Favourable outlook for retail

**4.2 per cent** in FY25-26

Inflation is expected to rise but remain moderate<sup>3</sup>

Cumulative FDI\* inflows (from April 2000-June 2024)<sup>2</sup>

\*Foreign Direct Investment

Challenges

Uncertain global financial markets

**↑ Elevated inflation** in FY26

Volatility in energy prices and adverse weather events<sup>3</sup>

**58%** Of retail purchases still happening offline<sup>1</sup>

Retailers in the need for revamping omnichannel strategy as well as strategies catering to distinct customer segments<sup>2</sup>

Brand consciousness leading to

**Increasing competitiveness**

As consumer expectations continue to evolve<sup>2</sup>

Outlook

**25 mn**

New jobs to be created by retail sector by 2030<sup>2</sup>



Urban India's purchasing power and premiumisation<sup>2</sup>



Rising online shoppers to drive revenue growth<sup>2</sup>

**~4.5%**

Expected CPI\* in Q1FY26<sup>3</sup>

Key takeaways

Retail sector experiencing exponential growth with retail development in major cities metros and small cities driven by healthy economic growth, changing demographic profile, increasing disposable income

**37%** Y-o-Y Growth of in e-commerce (by volume)<sup>2</sup> (As of Jan'25)

**2.5 bn** D2C\* shipments expected by 2030<sup>2</sup> \*Direct-to-Consumer

● Retailers are adopting omnichannel and distinct customers strategies for expansion<sup>2</sup>

India has **3rd** Highest number of e-retail shoppers<sup>2</sup>

India ranked as **5th** Largest global destination in the retail space (as of Jan'25)<sup>2</sup>

● Global investors are investing in the retail sector by buying a stake in existing assets or through greenfield development<sup>2</sup>

**8%** Employment by retail To India's economy (as of Jan'25)<sup>2</sup>

**GenZ** population As a major contributor to online lifestyle market sales in 2024<sup>2</sup>

● D2C focusing on space absorption, personalisation and leveraging the 'Made in India' sentiment<sup>2</sup>

Source: 1) India's retail market, Indian Economy news, IBEF, March 2025; 2) Retail industry in India, IBEF, January 2025; 3) RBI official website, accessed on March 2025

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