

# The Indian retail sector – Q4FY25

KPMG. Make the Difference.



India’s retail landscape is shaped by a growing middle class, rising affluence and a digitally connected Generation Z

Projected market size by 2026



**INR82 tn**

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

**INR140 tn**

Projected CAGR\* growth of 10%<sup>2</sup>

**20%**

CAGR\* modern trade growth<sup>2</sup>



**10%**

CAGR\* traditional trade growth<sup>2</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

**INR48 tn**  
(by 2035)<sup>2</sup>

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

Direct selling industry

**INR673 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>

**INR411 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

Easing Y-o-Y inflation in April 2025

**3.2 per cent**

Fell from 6.21 per cent since October 2024<sup>3</sup>

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

\*Foreign Direct Investment

Challenges

Escalation of trade and tariff tensions leading to:

**Financial market volatility**

Raised concerns of global growth in the near term<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>1</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>

**750**

Sector saw the opening of new stores in 2024<sup>1</sup>

Key takeaways<sup>1,2</sup>



Retailers are adopting omnichannel strategies



Businesses need sharp and targeted strategies



Direct-to-Consumers (D2C) players focusing on space absorption



Distinct customer segments and purchasing patters



Value-for-money purchases happening

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 in May 2025

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