

# The Indian retail sector – Q1FY26

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**Projected market size in 2035<sup>1</sup>**

**216 tn**

**Projected CAGR\* growth (2019-30)<sup>1</sup>**

**9%**

**Projected e-retail GMV\* by 2030<sup>1</sup>**

**16.3 tn**

**Global destination rank in the retail space<sup>1</sup>**

**5<sup>th</sup>**

\*Compounded Annually Growth Rate

\*Gross merchandise value

**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>1</sup>

Foreign investments entering India

**E-commerce market**

**48 tn**

(by 2035)<sup>1</sup>

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

**Direct selling industry**

**647 bn**

(by FY25)<sup>1</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**

*Q-commerce boosting retail market<sup>2</sup>*

**70-80% CAGR**

**Operating across 80 cities<sup>2</sup>**

*Favourable outlook for local retail brands<sup>2</sup>*

**68%**

**Favouring local brands in food and beverages<sup>2</sup>**

**Challenges**

*Uncertain global financial markets<sup>3</sup>*

**Elevated inflation**

**Slowdown consumption in urban segment<sup>3</sup>**

*Weaker volume, higher inflation and operating de-leverage<sup>3</sup>*

**QSR\* saw slower demand**

**Elevated competition from platforms/local players<sup>3</sup>**

**Cumulative FDI\* inflows (from April 2000-December 2024)<sup>1</sup>**

**410 bn**

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

\*Foreign Direct Investment

**Retail sector is highly fragmented by the unorganised retailers<sup>1</sup>**

**90%**

Retailers are in the need for revamping omnichannel strategy as well as strategies catering to distinct customer segments<sup>1</sup>

\*Quick service restaurants

**Outlook**

**25 mn**

**New jobs to be created by retail sector by 2030<sup>1</sup>**

**Urban India's purchasing power and premiumisation<sup>1</sup>**

**~60%**

**E-commerce transactions now come from tier II and III cities<sup>2</sup>**

**~10%**

**Expected growth rate in organised retail market by 2021-32<sup>1</sup>**

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

**Retailers are adopting omnichannel strategies**

**Collective efforts of financial houses and banks with retailers are enabling consumers for easy credit**

**Direct-to-consumers (D2C) players focusing on space absorption**

**Retailers are expanding retail stores across cities such as departmental and hypermarkets stores**

**Free trade agreements (FTAs) and tariff realignments are boosting competitiveness with cost advantages**

Source: 1) Retail Industry in India, IBEF, July 2025; 2) India's retail sector projected to nearly double to Rs. 1,68,00,650 crore (USD1.93 tn) by 2030, IBEF, August 2025; 3) Centrum, EMIS report, April 2025

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