

# The Indian retail sector – Q2FY26

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The Indian retail industry is likely to be poised for exponential growth, driven by goods and services tax (GST) reforms, rising incomes, urban expansion and digital adoption

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

INR **197** tn

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

**6.8%**

\*Compounded annually growth rate

**Projected online retail by 2030<sup>1</sup>**

INR **23** tn

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

**3<sup>rd</sup>**

**Segmental performance**

By 2030, India is projected to add ~75 mn middle-income households and 25 mn affluent households, which together will account for 56 per cent of the population, substantially bolstering its domestic consumption base<sup>1</sup>

**Projected retail market size by key segments (by 2026)**

**Food and grocery<sup>1</sup>**

INR **78.4** tn

**Lifestyle<sup>1</sup>**

INR **22.1** tn

**Electronics<sup>1</sup>**

INR **7.9** tn

India's e-retail market is projected to reach INR14.6-16.3 tn in gross merchandise value (GMV) by 2030, driven by an expanding shopper base and innovative business models<sup>1</sup>

**Projected scope of expansion<sup>1</sup>**

2030

17% Traditional

12% Organised

71% E-commerce

**Performance snapshot**

**Drivers**

**Rise in leasing of retail spaces<sup>2</sup>**

**45% Q2FY26**

Driven by high demand from retailers and fresh supply

**Festive season drives jewellery growth<sup>4</sup>**

**20% Q2FY26**

Leading brands recorded 18–30 per cent Y-o-Y growth, supported by retail expansion

**Festive and GST cuts boost auto retail sales<sup>3</sup>**

**5.2% Y-o-Y**

Passenger vehicle sales reached 2,99,369 units (surge of 34 per cent Y-o-Y)

**Surge in organised retail formats<sup>1</sup>**

**INR19.7 tn (by 2030)**

Driven by rising disposable incomes and evolving consumer preferences

**Challenges**

\*\*Information technology

**Slow digital adoption among small retailers<sup>1</sup>**

**Significant potential for unorganised sector for adopting digital payments** (only 63 per cent of retailers are interested in using digital payments)

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

**90%** Retailers need to revamp omnichannel and segment-specific strategies

**System changes and transition management for GST<sup>1</sup>**

**Implementation of GST requires changes in accounting and IT\*\* systems, employee training and compliance management**

**Outlook**

**16.6 mn sq. ft.**

Seven major cities may receive prime retail space in shopping mall by 2026<sup>1</sup>

**25 mn**

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

**INR4.9 tn**

Expected omnichannel retailing by 2027, up from INR977 bn at present<sup>1</sup>

**INR47 tn**

Expected India's e-commerce market by 2035, driven by rising digital payments and increasing online consumer demand<sup>1</sup>

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

**Gold loans are driving India's retail credit growth, rising 35 per cent Y-o-Y, boosted by higher gold values<sup>1</sup>**

**With GST implementation, manufacturers shifted towards tailored supply chain models as per customer requirement<sup>1</sup>**

**India's unsecured retail loan portfolio, driven by personal loans, credit cards and digital lending platforms, accounted for 25 per cent of overall retail loans<sup>1</sup>**

**India's INR1.7 tn cosmetic and beauty market are likely to benefit from the India-U.K. free trade agreement<sup>1</sup>**

**India's retail trading sector attracted INR416 bn FDIs\*\*\* between April 2000-June 2025<sup>1</sup>**

\*\*\*Foreign Direct Investment

Source: 1) Retail Industry in India, IBEF, Aug 2025; 2) Retail space leasing in malls, high street up 45% across top eight cities in July-September, IBEF, Oct 2025; 3) GST cuts, Navratri drive 5.8% surge in passenger vehicle sales, IBEF, Oct 2025; 4) Strong festive season sales drive growth for jewellery makers in Q2, IBEF, Oct 2025

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