

The Indian retail sector – Q4FY26



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India's retail growth is expected to shift from sheer market scale to organised, digital and omnichannel expansion, supported by rising incomes, increasing online shoppers and tier-II and tier-III consumption¹

India retail market outlook and growth indicators¹



-INR 145 tn

Retail market size in 2030

6.8%

Projected CAGR* growth (2019-2030)

-INR 86 tn

Food and grocery may be the highest contributor

9%

Y-o-Y sales growth in February 2026

*Compounded annually growth rate

Segmental performance

India's retail sector remained resilient in FY26, supported by stable consumption, digital-led channel expansion and strong growth in food, grocery, apparel and quick service restaurant (QSR)¹

Key retail growth indicators across categories and channels

Food and grocery retail²

14% Y-o-Y
(March 2026)

Food and grocery maintained robust sales growth

Q-commerce share in e-retail³

10% → 20%
(2025) (2030)

India's e-commerce share in overall e-retail could be double by 2030

BPC⁴ market size growth⁴

10-11% CAGR
(by 2028)

Expected to be fastest-growing retail category in India over the next five years

⁴Beauty and personal care

Key growth factors¹:

- Rise in income and purchasing power
- Easy consumer credit and increase in quality products
- Brand consciousness
- Increase in digital payment methods.

Performance snapshot

Rising income-led premiumisation¹

-INR 0.3 mn

Per capita income by 2030, expanding discretionary retail demand

Change in consumer mindset¹

Consumers increasingly prefer digital, branded and convenience-led retail across categories

Drivers

Omnichannel adoption at scale¹

-INR 5 tn

Market by 2027, driven by brand adoption, *SaaS and logistics maturity

¹Software as a service

Easy-credit enabled consumption¹

Easier financing is supporting durable purchases through retailer-bank partnerships

Challenges

MSME* financing and formalisation gaps⁶

Credit gaps, skill shortages and compliance pressures are limiting small retailers' ability to grow and compete

⁶Micro, small, and medium enterprises

Rising omnichannel competition¹

D2C* brands are expanding physical presence across fashion, apparel, jewellery, cosmetics and wellness - increasing competitive intensity

¹Direct-to-Consumer

Volatile input costs and inflation risk⁵

Geopolitical shocks since early 2026 have driven fuel and freight cost volatility, compressed retail margins and heightening the risk of demand softening amid price sensitivity

Outlook

INR 29.7 tn³

E-commerce market by 2029, reflecting sustained digital retail growth

INR 200 bn+³

IKEA investment over five years, supporting stores, logistics and sourcing

INR 29.5 tn³

Online retail market by 2030, driven by rising digital penetration

INR 136 bn¹

Consumer and retail deal value across 146 deals in Q1 2026

Key takeaways¹

Retail demand is expected to remain resilient, though growth may become increasingly selective

Digital formats are expected to reshape channel economics and consumer engagement

Financing partnerships could support durable purchases

Gen Z is expected to drive incremental online retail demand

Execution discipline increasingly determines profitability and working-capital efficiency

Source: 1) Retail industry in India, IBEF, February 2026; 2) RAI Business Survey - Round 69, RAI, March 2026; 3) E-COMMERCE, IBEF, February 2026; 4) India, you e-beauty! The bluish-and-glow of the new billion-dollar boom, IBEF, 13 February 2025; 5) Monthly economic review, Department of Economic Affairs, May 2026; 6) Press release, RBI, 16 February 2026

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