

Highlights¹

India's retail sector is entering a structural growth phase, with digital channels, particularly online grocery, emerging as key growth engines. Future competitiveness may depend on omnichannel reach, fulfilment capabilities and technology-led customer engagement

1. India Retail Market, IBEF, May 2026



Retail market size
in India



Online retail
market size



Global
destination
rank in the
retail space



Indian online
grocery market is
expected to grow
at a compound
annual growth
rate (CAGR) of
32.7 per cent

Highlights

Segmental performance

Performance snapshot

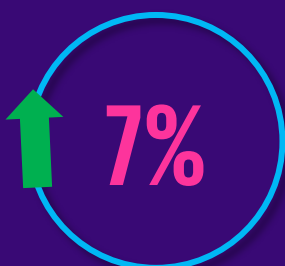
Outlook

Key takeaways

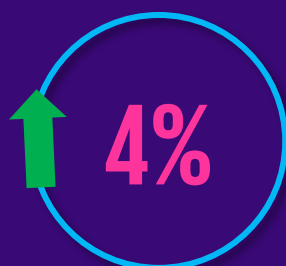
Segmental performance

Growth remains uneven across categories. Consumers are prioritising essentials, convenience and practical purchases, while weaker apparel growth shows continued caution in broader discretionary spending decisions

Category-wise sales growth, in June 2026 (Y-o-Y % growth)¹



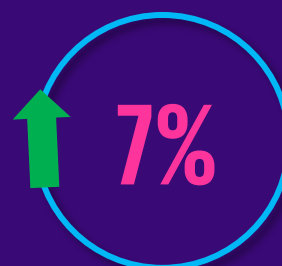
Food and grocery



Apparel and clothing



Footwear



Quick service restaurant

Key growth factors²

- Omnichannel retail accelerating consumer reach and market access
- Rapid expansion of online grocery reshaping retail dynamics
- Organised retail gaining share amid evolving consumer preferences
- Strong demographic tailwinds supporting sustained consumption growth.



1. RAI Business Survey - Round 72, RAI, June 2026
2. India Retail Market, IBEF, May 2026

Performance snapshot

Key drivers



Government-backed kirana procurement modernisation is improving general-trade productivity¹

Digital procurement is improving product availability, retailer margins and distribution reach across India's kirana network



Essential-spend resilience is protecting retail's baseline demand floor²

Essential-spending sentiment remained strong, while non-essential spending turned marginally negative in May 2026



Retail infrastructure expansion is widening organised retail access³

Retail leasing reached a record 8.9 mn sq. ft. across the top seven cities in 2025, supported by new mall developments and store openings in emerging micro-markets



Policy reforms are improving foreign retailer participation³

India's retail trading sector attracted INR367.4 bn in foreign direct investment (FDI) during April 2000-March 2026, supporting investment in stores, sourcing, logistics and operating capabilities

Key challenges



Discretionary demand remains uneven³

Non-essential spending turned marginally negative in May 2026, indicating continued caution in discretionary purchases



Investment activity is shifting towards smaller transactions³

Investor interest remained focused on food processing, personal care and FMCG, indicating selective capital deployment across the retail sector



Rapid network expansion is increasing execution complexity³

Store expansion into emerging markets is increasing inventory, service consistency and operating-efficiency challenges

1. DPIIT, ONDC Bring FMCG Leaders Together to Digitise Procurement for India's 1.4 Crore Kirana Stores Through DigiDukaan, PIB, 12 Jun 2026
2. Urban Consumer Confidence Survey, RBI, 5 Jun 2026
3. India Retail Market, IBEF, May 2026

Highlights

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Key takeaways

Outlook

~14%

By 2030

Online retail's share of total retail is projected to double from 7 per cent in 2024 to 14 per cent by 2030¹

~50%

By 2030

Quick commerce is expected to contribute nearly half of incremental e-retail growth by 2030¹

**CAGR
40%**

By 2030

India's direct to consumer (D2C) market is projected to reach INR5.5 tn by 2030¹

25 mn

By 2030

India's retail sector is expected to generate 25 mn new jobs by 2030, supported by expanding stores, logistics and digital commerce²

1. E-COMMERCE, IBEF, May 2026

2. India Retail Market, IBEF, May 2026

Highlights

Segmental performance

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Food and grocery accounts for **63 per cent** of India's retail market, providing a large and stable consumption base¹



Retail contributes over **10 per cent** of India's gross domestic product (GDP) and around **8 per cent** of employment, reinforcing the sector's importance to economic growth and job creation¹



D2C brands across fashion, jewellery, cosmetics and wellness are expanding their physical presence¹



Personal care and textiles, apparel and accessories jointly accounted for **39 per cent** of retail deal volume in Q1 CY2026, highlighting investor interest in consumer-focused categories²

1. India Retail Market, IBEF, May 2026

2. India Retail Infographic, May 2026





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