

CONSUMPTION TRACKER

Consumption trends healthy in Q4
FY2026; geopolitical tensions, sub-
par rains have dampened outlook for
FY2027

JUNE 2026



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Urban and rural consumer sentiments moderated sharply in May 2026 as compared to the March 2026 round, reflecting the impact of the West Asia crisis and growing El Nino fears.

Weaker sentiments, an uptick in inflation, and poor monsoons are likely to weigh on consumption and GDP growth in the near term.

India's consumption demand was healthy in Q4 FY2026, with an acceleration in growth across most categories. The revenue growth for fast-moving consumer goods (FMCG) companies improved in Q4 FY2026 vis-à-vis Q3, touching double-digits after a gap of two quarters. Moreover, the retail volumes of the automobile sector registered a double-digit expansion for the second consecutive quarter, aided by the GST rate cuts. However, revenue growth in some discretionary segments such as fashion retail and Quick Service Restaurant (QSR) weakened in Q4 FY2026 relative to Q3. While pan-India premium hotel occupancy was quite strong in Q4 FY2026, growth in domestic air passenger traffic eased in the quarter as compared to Q3. Following the impact of the West Asia crisis, urban and rural consumer sentiments have moderated quite sharply in May 2026 over the March 2026 round. Higher retail prices of petrol and diesel, and changes related to subsidised LPG would constrain disposable incomes. Retail inflation has also started to edge upwards and is expected to rise materially in FY2027, relative to the levels in FY2026. Moreover, the spectre of sub-par monsoon and development of El Nino conditions, has raised concerns around the agri output and outlook for rural demand, particularly, in H2 FY2027. Overall, we expect consumption demand and GDP growth to ease in FY2027.

Select high frequency indicators	Q1 FY2025	Q2 FY2025	Q3 FY2025	Q4 FY2025	Q1 FY2026	Q2 FY2026	Q3 FY2026	Q4 FY2026
PFCE; at constant prices (YoY)	6.1%	5.6%	6.0%	5.6%	8.7%	7.2%	8.2%	7.1%
Corporate wage bill (YoY)	6.9%	5.7%	5.1%	2.8%	7.3%	6.6%	8.2%	5.5%
GST collections (YoY)	10.1%	8.9%	3.2%	10.4%	11.8%	7.7%	3.8%	7.7%
PIT collections; non-STT (YoY)	49.9%	6.7%	16.8%	6.1%	-0.5%	10.1%	3.1%	-10.0%
Credit card value (YoY)	17.0%	18.6%	10.8%	15.1%	15.9%	16.3%	8.7%	7.8%
UPI value (YoY)	37.6%	32.0%	29.4%	24.3%	21.6%	20.9%	19.4%	20.6%
Personal loans excl. housing (YoY)	15.1%	14.7%	13.3%	14.4%	15.0%	15.1%	19.9%	21.0%
Urban unemployment rate (%)	6.6%	6.4%	6.4%	NA	6.8%	6.9%	6.7%	6.6%

High growth

Low growth

While growth in FMCG sales improved in Q4 FY2026 vis-à-vis Q3, that in some discretionary segments such as fashion retail and QSR weakened between these quarters.

Among durables, registrations across PV, 2Ws and tractor segments witnessed double-digit YoY growth for the second consecutive quarter in Q4 FY2026, aided by the GST rate cuts.

Pan-India premium hotel occupancy remained quite strong in Q4 FY2026, although growth in domestic air passenger traffic weakened in the quarter relative to Q3.

Sectors	Q1 FY2025	Q2 FY2025	Q3 FY2025	Q4 FY2025	Q1 FY2026	Q2 FY2026	Q3 FY2026	Q4 FY2026
FMCG sales* (YoY %)	6.8%	8.7%	11.1%	11.8%	11.1%	6.9%	8.8%	13.9%
Fashion Retail sales* (YoY %)	28.0%	26.2%	18.7%	49.8%	14.5%	15.9%	14.1%	4.4%
QSR sales* (YoY %)	8.1%	7.0%	13.4%	12.5%	12.1%	9.8%	11.8%	9.3%
Jewellery* (YoY %)	14.7%	27.1%	28.1%	28.3%	21.9%	22.2%	42.0%	52.6%
Alcobeve sales* (YoY %)	10.4%	6.3%	9.2%	2.9%	5.0%	5.2%	9.4%	14.7%
Food delivery~ (YoY %)	14.2%	12.9%	12.9%	12.7%	14.1%	16.8%	21.7%	21.5%
PVs registrations (YoY %)	0.5%	-3.2%	11.5%	5.4%	4.3%	7.1%	21.7%	15.3%
2Ws registrations (YoY %)	13.0%	5.1%	12.9%	-0.8%	5.2%	0.9%	19.4%	25.0%
Tractor registrations (YoY %)	-11.5%	-6.0%	19.6%	-5.3%	5.7%	14.3%	28.4%	23.6%
Paints sales* (YoY %)	-0.6%	-2.4%	-2.7%	-0.2%	0.8%	3.2%	1.8%	-4.9%
Ceramic tiles sales* (YoY %)	1.7%	0.5%	2.0%	3.9%	2.7%	3.2%	4.2%	-6.6%
Movies sales* (YoY %)	-8.8%	-18.9%	11.1%	-0.5%	23.4%	12.4%	9.5%	19.0%
Premium Hotels occupancy (%)	64%	70%	74%	76%	63%	69%	77%	77%
Air Passenger Traffic** (YoY %)	4.2%	6.5%	9.4%	10.3%	4.4%	-2.4%	1.7%	0.7%

High growth

Low growth

*Data is for Revenue growth for a sample of companies across these sectors; ~Average monthly transacting users across major platforms;

**Domestic; Source: CMIE; Ace Equity, Company documents; ICRA Research



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