

CONSUMPTION TRACKER

Consumption trends were mixed in Q2 FY2026; festive season and GST rate cuts to boost demand in Q3

DECEMBER 2025





[Click to see full report](#)

While the growth in the corporate wage bill remained subdued in Q2 FY2026, the unemployment rate in urban areas has inched up to a 11-quarter high of 6.9%.

The growth in rural wages has largely remained steady, although real wages have inched higher aided by cooling CPI inflation.

While the GDP dataset suggests that the growth in India's Private Final Consumption Expenditure (PFCE) has improved to 7.9% in Q2 FY2026 from 7.0% in Q1 FY2026 (amidst a seven-quarter average of +7.1%), the growth in nominal terms has remained lacklustre at 9.3% (vs. +9.2% in Q1), well below the consistent double-digit growth that was seen in this indicator through FY2025. This is reflected in the mixed trends seen across consumption categories. FMCG companies saw a deceleration in their growth rates in Q2 vis-a-vis Q1, amid transitory channel disruptions as well as some likely deferment of purchases ahead of the GST rate rationalisation, along with adverse impact of excess rainfall. Besides, the revenue growth of discretionary items such as alcoholic beverages and quick service restaurants (QSR) was lacklustre in the quarter. However, the pan-India premium hotel occupancy levels were firm in Q2 FY2026, driven by business travel, MICE, and leisure travel, and have also improved further in October-November 2025, even as the performance of domestic air passenger traffic remained weak. The sales for home improvement players, in the tiles and paints categories were also muted in Q2 FY2026. The GST rate cuts likely led to deferment of purchases of durables such as PVs and 2Ws, which have later seen a surge in sales in October-November 2025.

Select high frequency indicators	Q1 FY2025	Q2 FY2025	Q3 FY2025	Q4 FY2025	Q1 FY2026	Q2 FY2026
PFCE; at constant 2011-12 prices (YoY)	8.3%	6.4%	8.1%	6.0%	7.0%	7.9%
Corporate wage bill (YoY)	6.9%	5.7%	5.1%	3.0%	7.3%	6.5%
Rural wages (YoY)	5.5%	5.6%	6.2%	6.0%	6.5%	NA
GST collections (YoY)	10.1%	8.9%	8.3%	10.4%	11.8%	7.7%
PIT collections; non-STT (YoY)	49.9%	6.7%	16.8%	6.1%	-0.5%	10.1%
Credit card value (YoY)	17.0%	18.6%	10.8%	15.1%	15.9%	16.3%
UPI value (YoY)	37.6%	32.0%	29.4%	24.3%	21.6%	20.9%
Personal loans excl. housing (YoY)	15.1%	14.7%	13.3%	12.9%	15.0%	14.4%
Urban unemployment rate (%)	6.6%	6.4%	6.4%	NA	6.8%	6.9%
YoY growth; sequential pick-up	YoY growth; sequential dip	YoY growth; no sequential change	YoY contraction; sequential pickup	YoY contraction; sequential dip		

Highlights - II

FMCG sales growth eased in Q2 FY2026 owing to transitory channel disruptions and deferment of purchases, amid the GST rate rationalisation, along with excess rainfall.

Among durables, while PV registrations saw a base-led uptick in growth, 2W registrations rose by a muted ~1%, owing to deferment of purchases; sales have subsequently risen sharply in Oct-Nov 2025.

Pan-India premium hotel occupancy levels were firm in Q2 FY2026, driven by business travel, MICE, and leisure travel, and have improved further in Oct-Nov 2025; however, the performance of domestic air passenger traffic is weak.

Sectors	Q1 FY2025	Q2 FY2025	Q3 FY2025	Q4 FY2025	Q1 FY2026	Q2 FY2026
FMCG sales* (YoY %)	6.8%	8.7%	11.1%	11.8%	11.1%	6.9%
Retail sales* (YoY %)	4.6%	1.5%	18.4%	21.6%	17.2%	18.9%
QSR sales* (YoY %)	8.1%	7.0%	13.4%	12.5%	12.1%	9.8%
Alcobeve sales* (YoY %)	10.4%	6.3%	9.2%	2.9%	5.0%	5.2%
Food delivery~ (YoY %)	14.2%	12.9%	12.9%	12.7%	14.1%	16.8%
PVs registrations (YoY %)	0.5%	-3.2%	11.5%	5.4%	4.2%	6.9%
2Ws registrations (YoY %)	13.0%	5.1%	12.9%	-0.8%	5.2%	0.9%
Tractor registrations (YoY %)	-11.5%	-6.0%	19.6%	-5.3%	5.8%	14.3%
Paints sales* (YoY %)	-0.6%	-2.4%	-2.7%	-0.2%	0.8%	3.2%
Ceramic tiles sales* (YoY %)	1.7%	0.5%	2.0%	3.9%	2.7%	3.2%
Movies sales* (YoY %)	-8.8%	-18.9%	11.1%	-0.5%	23.4%	12.4%
Internet (ARPU; YoY %)	7.5%	15.3%	19.0%	18.8%	19.1%	10.4%
Hotels occupancy (%)	64.0%	69.7%	74.0%	75.7%	63.3%	69.3%
Domestic Air Passenger Traffic (YoY %)	4.2%	6.5%	9.4%	10.3%	4.4%	-2.4%

YoY growth; sequential pick-up	YoY growth; sequential dip	YoY growth; no sequential change	YoY contraction; sequential pickup	YoY contraction; sequential dip
--------------------------------	----------------------------	----------------------------------	------------------------------------	---------------------------------

*Data is for Revenue growth for a sample of companies across these sectors; ~Average monthly transacting users across major platforms; Source: CMIE; Ace Equity, Company documents; ICRA Research



ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Aditi Nayar	Chief Economist, and Head- Research and Outreach	aditin@icraindia.com	0124- 4545 385
Rahul Agrawal	Senior Economist	rahul.agrawal@icraindia.com	022 – 6114 3425
Madhura Nejjur	Assistant Vice President	madhura.nejjur@icraindia.com	022 – 6114 3417
Aarzo Pahwa	Deputy Senior Economist	aarzo.pahwa@icraindia.com	0124 – 4545 835
Tiasha Chakraborty	Economist	tiasha.chakraborty@icraindia.com	0124- 4545 848
Isha Sinha	Associate Economist	isha.sinha@icraindia.com	0124- 4545 377





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2025 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!