

CONSUMPTION TRACKER

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

DECEMBER 2025



Highlights – I



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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, 2Ws 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%
Alcobev 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



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