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CONSUMPTION TRACKER

GST-led festive boost bolstered consumption growth in Q3 FY2026; geopolitical tensions pose risks to near-term outlook

MARCH 2026

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Highlights – I

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Corporate wage bill growth accelerated to a seven-quarter high of 8.3% in Q3 FY2026, which likely supported recovery in urban consumption.

Rural demand remained firm in Q3 FY2026, aided by upbeat trends in kharif procurement and good prospects of rabi sowing.

The ongoing conflict in West Asia and rise in fuel prices may weigh on consumption and GDP growth in the near term.

The GST rate cuts and festive demand bolstered India's consumption growth in Q3 FY2026, with the year-on-year (YoY) expansion in real Private Final Consumption Expenditure (PFCE) rising to 8.7% in Q3 FY2026 from 8.0% in Q2 FY2026, even as that in nominal terms weakened. Rural demand was firm in the quarter, while urban demand continued to recover, aided by the 7-quarter high growth in salaries and wages of listed corporates. The trend was broad based across several consumption categories. The revenue growth of fast-moving consumer goods (FMCG), Quick Service Restaurant (QSR) and alcobev companies in the listed space witnessed an acceleration in Q3 FY2026 compared to Q2. Moreover, the retail volumes of the automobile sector registered a double-digit expansion in Q3 FY2026. Besides, festive demand and elevated gold prices boosted sales growth of jewellery companies. Additionally, premium hotel occupancy levels rebounded swiftly in Q3 FY2026, while the recovery in domestic air passenger traffic was relatively constrained. Looking ahead, while demand is likely to cool in Q4 FY2026 after the festive season, the positive impact of GST rate cuts has sustained in some sectors such as automobiles. Nevertheless, the ongoing conflict in West Asia and rise in fuel prices may weigh on consumption and GDP growth in the near term*.

Select high frequency indicators	Q2 FY2025	Q3 FY2025	Q4 FY2025	Q1 FY2026	Q2 FY2026	Q3 FY2026
PFCE; at constant 2022-23 prices (YoY)	5.6%	6.0%	5.6%	9.2%	8.0%	8.7%
Corporate wage bill (YoY)	5.7%	5.1%	3.0%	7.3%	6.6%	8.3%
GST collections (YoY)	8.9%	8.3%	10.4%	11.8%	7.7%	3.8%
PIT collections; non-STT (YoY)	6.7%	16.8%	6.1%	-0.5%	10.1%	3.1%
Credit card value (YoY)	18.6%	10.8%	15.1%	15.9%	16.3%	8.7%
UPI value (YoY)	32.0%	29.4%	24.3%	21.6%	20.9%	19.4%
Personal loans excl. housing (YoY)	14.7%	13.3%	12.9%	15.0%	14.4%	19.4%
Urban unemployment rate (%)	6.4%	6.4%	NA	6.8%	6.9%	6.7%

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

*Refer to ICRA's publication, Prolonged conflict risks disruption of energy supplies and shipping routes, impacting outlook for India's macros and multiple sectors, published in March 2026.

Highlights - II

FMCG sales growth improved in Q3 FY2026, after easing in each of the prior two quarters, backed by strong festive demand and GST rate cuts.

Among durables, registrations across PV, 2Ws and tractor segments witnessed double-digit YoY growth in Q3 FY2026, up from levels seen in Q2, boosted by GST rate cuts across segments and attractive discounts.

Pan-India premium hotel occupancy rebounded quickly to strong levels in Q3 FY2026, after a weak trend in H1, while domestic air passenger traffic reversed to a modest growth in Q3 FY2026.

Sectors	Q2 FY2025	Q3 FY2025	Q4 FY2025	Q1 FY2026	Q2 FY2026	Q3 FY2026
FMCG sales* (YoY %)	8.7%	11.1%	11.8%	11.1%	6.9%	8.8%
Fashion Retail sales* (YoY %)	26.2%	18.7%	49.8%	14.5%	15.9%	14.1%
QSR sales* (YoY %)	7.0%	13.4%	12.5%	12.1%	9.8%	11.8%
Jewellery* (YoY %)	27.1%	28.1%	28.3%	21.9%	22.2%	42.0%
Alcobev sales* (YoY %)	6.3%	9.2%	2.9%	5.0%	5.2%	9.4%
Food delivery~ (YoY %)	12.9%	12.9%	12.7%	14.1%	16.8%	21.7%
PVs registrations (YoY %)	-3.2%	11.5%	5.4%	4.3%	7.1%	21.7%
2Ws registrations (YoY %)	5.1%	12.9%	-0.8%	5.2%	0.9%	19.4%
Tractor registrations (YoY %)	-6.0%	19.6%	-5.3%	5.7%	14.3%	28.4%
Paints sales* (YoY %)	-2.4%	-2.7%	-0.2%	0.8%	3.2%	1.8%
Ceramic tiles sales* (YoY %)	0.5%	2.0%	3.9%	2.7%	3.2%	4.2%
Movies sales* (YoY %)	-18.9%	11.1%	-0.5%	23.4%	12.4%	9.5%
Internet (ARPU; YoY %))	15.3%	19.0%	18.8%	19.1%	10.4%	7.1%
Premium Hotels occupancy (%)	70%	74%	76%	63%	69%	77%
Domestic Air Passenger Traffic (YoY %)	6.5%	9.4%	10.3%	4.4%	-2.4%	1.7%

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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