Deloitte.

FICCI

# Spotting India's PRIME innovation moment

August 2025

# Table of contents

**Harsha Vardhan Agarwal**
**President**

**Federation of Indian Chambers of Commerce and Industry**
Federation House
Tansen Marg
New Delhi 110001
T +91 11 2335 7364
E president@ficci.com
www.ficci.in
CIN: U99999DL1956NPL002635
**ISO 9001 : 2015 Certified**

## Foreword

As India charts its course towards a $5 trillion economy, FMCG and retail value chains are undergoing a transformative shift. The next five years are poised to witness a digital and structural overhaul reshaped by technology, resilient supply chains, and inclusive market participation.

The FMCG sector, long defined by reach and affordability, now thrives on diversity and dynamism. It has moved beyond basic goods to embrace premium personal care, wellness, and convenience foods. With digital access growing rapidly, rural and urban markets alike are seeing new consumption patterns emerge, poised by a young, tech-savvy mindset that not only consumes but also interacts with brands directly through social media

The e-commerce and retail segments are leveraging direct-to-consumer (D2C) models, private labels, and quick commerce platforms to deepen consumer connections and create jobs across the value chain. Quick commerce, once limited to groceries, now extends to electronics, fashion, and wellness—fueling last-mile delivery networks and localized supply hubs.

With AI and tech enabled future, the access and penetration of consumer products are also now ruled by local and inclusive manufacturing influencing buying behaviour.

FICCI, in collaboration with Deloitte, is proud to present this report on PRIME – Promoting Resilient, Inclusive Manufacturing & Employment, focusing on India's fast-evolving FMCG, retail, and e-commerce sectors. These sectors continue to be engines of growth, shaping consumer lifestyles, accelerating employment, and enabling broader manufacturing participation across the country.
The core principles of PRIME are deeply reflected in the rise of MSME-led innovation, hyperlocal production, and expanding employment across logistics, distribution, and customer engagement.

:2:

Consumer behavior is evolving just as quickly. Preferences today are defined by:-

- AI-powered products and services: Rising demand for AI-powered intelligent products and personalized offerings
- Aspiration led premiumization: Consumers are seeking products that align with lifestyle aspirations
- Health & wellness: Sustained preference on clean labels, health and wellness and conscious consumption driving purchase choices across food, personal care, and lifestyle categories
- Sustainability: Ethical, environmentally responsible brands are gaining traction
- Localization: 'Made in India' labels and regional preferences are gradually factoring in consumer purchase considerations across all categories
- Digital & tech-driven shopping: Consumers increasingly expect seamless, tech-enabled shopping experiences across channels complimented by hyperlocal and deliveries

This report delves into these powerful trends, offering stakeholders actionable insights on how to stay competitive while contributing to a more resilient, inclusive economy. We thank all contributors for their valuable insights and hope this report serves as a roadmap for sustainable growth in India's vibrant consumer ecosystem.

August 12, 2025
Delhi

Harsha

**Harsha Vardhan Agarwal**

# Foreword by FICCI

**Kumar Venkatasubramanian**
Chair, FICCI FMCG Committee
CEO and Managing Director
P&G India Subcontinent

The Fast-Moving Consumer Goods (FMCG) sector has long been a cornerstone of India's economic landscape, fuelling growth, creating jobs, and shaping everyday life across diverse communities. As the fourth-largest sector in the country, FMCG stands at a pivotal crossroads, evolving beyond its traditional role of meeting basic needs to becoming a vibrant, multi-channel ecosystem that caters to a new generation of aspiring and convenience-driven consumers.

Over the past two decades, India's FMCG industry has undergone a remarkable transformation. Various factors at play – from rising incomes to rapid urbanization and development of rural markets - have collectively powered consistent double-digit growth. Innovation has been a key catalyst in facilitating this growth. We have witnessed the FMCG landscape diversify significantly, from staples and daily essentials to introduction and expansion of new categories such as wellness, personal care, and convenience foods, the industry has continued to unlock newer opportunities by creating new segments and growing the existing ones.

The continued rise of digital platforms, with ever increasing internet penetration in the country has further revolutionized consumer engagement and market access, ushering in an era where omnichannel strategies and quick commerce redefine convenience and loyalty. This is creating new sets of growth drivers for the Indian FMCG industry which are propelling it further towards growth. Rural demand continues to be a growth driver. All of this is reflective of deeper brand penetration, improved distribution, and digital reach, highlighting the sector's contribution in driving economic progress in the country.

The FMCG sector has also showed strong resilience amid economic headwinds. The industry witnessed softening of growth after a post-pandemic high due to inflation and other macroeconomic factors, but also saw a strong recovery soon after, with the sector returning to a more balanced and sustainable growth path supported by stable urban consumption and signs of rural revival.

Underlying these market dynamics is a profound shift in consumer behaviour and preferences. Today's consumers exhibit more discerning spending habits, balancing essentials with discretionary splurges. Consumers are increasing growing value-conscious than being outlay-conscious, reflecting their evolved behaviours where superior quality and superior innovation influences the purchase decision, with personalization emerging as a standard expectation. Further, the FMCG sector has continued to demonstrate how technology and digital transformations are the engines fuelling consistent growth in the age of disruptions. Faster innovation cycles, enabled by collaborations across industry and government are driving the sector's ability to adapt to evolving market realities.

As India charts its path towards becoming a manufacturing and economic powerhouse, the FMCG sector exemplifies how innovation, resilience, and inclusivity can create meaningful impact. This report, built around the theme 'PRIME – Promoting Resilient, Inclusive Manufacturing & Employment', provides valuable insights into the evolving trends shaping the industry, from consumption patterns and digital transformation to supply chain robustness and sustainability initiatives, along with corresponding recommendations for growth.

Trust this report will serve as a valuable resource for CXOs, policy makers and stakeholders across engaged in shaping FMCG sector's journey towards a resilient, inclusive, and sustainable future.

**V Subramaniam**
Chair, FICCI Retail and Internal Trade Committee
Managing Director
Reliance Retail Ltd

India's new growth story has been re-written with the powerful engines of innovation, growth, and adaptability in recent years, acting as the cornerstone for retail and e-commerce sectors in India.

As the country advances rapidly towards a digitally empowered economy, these sectors are playing a transformative role in redefining consumer experiences, expanding market access, and generating new economic opportunities across the nation.

This dynamic evolution is driven by an evolved consumer mindset backed by technological advancements, shifting preferences, and the expanding aspirations of India's diverse population.

Over the next five years, India's retail and e-commerce landscape is expected to undergo profound changes fueled by digital technologies, innovative business models catering to creating newer experiences of convenience and fulfilling gaps of last mile through ultra-fast delivery systems.

Evolving patterns are creating a more resilient and inclusive ecosystem, one that enables greater participation from MSMEs and underserved regions, while also generating employment across manufacturing, logistics, and digital services.

The rise of Direct-to-Consumer (D2C) brands, direct selling platforms, and private-label products is reshaping India's retail sector. These emerging models empower small and medium enterprises, strengthen local manufacturing, and open new avenues for jobs spanning production, marketing, distribution, and customer service.

One of spotlight includes the rise of quick commerce segment that has expanded beyond groceries to include larger lifestyle categories such as fashion, electronics, home essentials, and wellness products, unlocking opportunities in hyperlocal manufacturing and last-mile delivery supported by technology-driven operational agility.

Consumer behavior is evolving rapidly in response to these changes. The demand for seamless omnichannel shopping experiences, personalized offerings, and faster deliveries continues to grow. Increasing internet penetration and rising disposable incomes in Tier 2 and Tier 3 cities are broadening the consumer base, while sustainability and ethical consumption are becoming key considerations for many buyers.

As India's retail and e-commerce sectors enter a new phase of growth, businesses must remain agile and forward-looking. Embracing resilience, inclusion, and innovation will be crucial to creating lasting value and serving consumers across the country. The insights shared here offer a valuable perspective on these emerging trends and the opportunities they present for all stakeholders.

# Foreword by Deloitte

**Anand Ramanathan**
Partner, Consumer
Industry Leader,
Deloitte India

As we advance through 2025, India stands at a transformative crossroads. The economy continues to exhibit remarkable resilience, with GDP growth projected at approximately 6.8% this fiscal year despite global uncertainties. This growth is driven by a robust domestic demand, rising urbanization, and a demographic dividend that fuels innovation and consumption. India's rise as one of the world's fastest-growing major economies is driven by structural reforms, rapid digital transformation, and a burgeoning middle class—projected to comprise nearly 60% of the population by 2047. Together, these forces are propelling the nation into a new era of economic vitality marked by resilience, inclusivity, and technological innovation

Within this broad context, the theme of this report—'PRIME: Promoting Resilient, Inclusive Manufacturing & Employment'—resonates with the urgent need to nurture a more robust and equitable economic ecosystem. While manufacturing remains a critical pillar, this report broadens the lens to explore the interplay between resilient supply chains, evolving retail and e-commerce landscapes, and the creation of meaningful employment opportunities. It underscores the importance of integrating MSMEs, supporting underserved regions, and harnessing digital tools to build a more inclusive and future-ready economy, one that increasingly embeds sustainability across the value chain, from ethical sourcing and circular business models to waste reduction and responsible consumption. Government initiatives such as the Production-Linked Incentive (PLI) scheme, industrial corridors, and the 'One District One Product' (ODOP) program are accelerating domestic manufacturing capacity, further reinforcing India's economic foundations.

India's FMCG sector is poised for accelerated growth, but this next wave will be driven less by distribution expansion and more by how well brands respond to shifting consumer behaviour, regional nuances, and demand for value-driven innovation. Key themes shaping expected to shape future volume growth include

- Five cities in India (Mumbai, Delhi NCR, Bangalore, Chennai and Hyderabad), contribute to about 20 per cent of the national GDP. About 10 million affluent consumers contribute to 80 per cent of all consumption in these cities - driving a major share of FMCG's discretionary spend. There is an opportunity for FMCG companies to build a direct connect with these consumers in their housing societies and gated communities. AI and digital can play a big role in cementing this connect through personalization, digital campaigns and community engagement.
- Winning Bharat with Access and Value: with tier 2,3 cities accounting for ~60% of e-commerce transactions, volume growth can be unlocked by offering low-unit packs, multi-pack bundles, and culturally resonant SKUs
- Purpose-led premiumization: purpose-driven brands that align with these evolving preferences stand to gain consumer loyalty and premium pricing power
- Localized innovation: Companies that invest in agile manufacturing, AI-driven demand forecasting, and modular packaging can offer hyper-local variety without bloating supply chains. Importantly, this regional fit enhances volume growth by increasing consumer retention and loyalty
- Tapping export potential via 'Make in India'

India's retail sector exemplifies the dynamic shifts underway. As the world's fifth-largest retail market, it contributes over 10% to India's GDP and employs close to 8% of the workforce. Currently valued at ~$1 trillion, the retail market is projected to nearly double to ~$1.9 trillion by 2030. This growth is underpinned by several transformative trends shaping the consumer landscape:

- Urbanization and Changing Family Dynamics: With urban population expected to rise to 40% by 2030 and nuclear households surpassing 50%, there is greater demand for convenience-oriented products and services tailored to evolving lifestyles
- Digitalization and E-Commerce Boom: Ecommerce markets projected to account for ~16% of overall market by 2030 with ecom platforms enabling remote villages to have access to wide range of products in a single click. Deloitte survey indicated ~50% consumers in urban markets purchases of products through either marketplaces or Brand websites.
- Social media and influencer-led commerce: From shoppable posts and live video sales to influencer campaigns and user-generated content, these tools are transforming purchase journeys. Consumers are discovering trends, reviewing products, and make purchases directly within social apps
- Omnichannel Retailing: Retailers are integrating online and offline channels to provide seamless shopping experiences, using technology to bridge physical and digital touchpoints
- Advanced Analytics and AI: Sophisticated technologies such as virtual trials, self-checkouts, image analytics at the shelf, supply chain control towers, and computer-assisted ordering models, etc. are gradually becoming mainstream
- Customized and Sustainable Products: Consumers today seek uniqueness and relevance in their purchases, and brands are responding by launching limited editions and hyper-targeted collections. Indian consumers, especially Gen Z and millennials, are also increasingly leaning toward products that align with values such as sustainability and self-expression

Moreover, the growing preference for 'Make in India' products is gradually becoming a critical feature in India's consumer market. Bolstered by government-led reforms, the Make in India campaign has spurred significant investments in infrastructure, technology, and workforce development. These efforts, alongside policy changes such as the liberalization of FDI in B2B e-commerce (100% allowed) and the marketplace model through the automatic route, are improving competitiveness while promoting environmental stewardship and inclusive growth. The launch of the Open Network for Digital Commerce (ONDC) is a landmark step toward decentralizing platform control, simplifying MSME onboarding, and fostering a more competitive digital retail landscape.

India is also the first country where quick commerce has scaled as a viable channel, now operating in 80+ cities and expanding product categories from essentials to fashion, wellness, and electronics. This channel is opening new avenues in hyperlocal logistics, small-batch production, and tech-enabled employment, while serving as a testbed for rapid product launches, regional demand sensing, and influencer-led drops.

Employment patterns in retail and allied sectors are undergoing a fundamental transformation. AI augmentation, gig and modular roles, and focused reskilling initiatives are enabling the workforce to transition from traditional manual roles to digitally empowered, flexible jobs. Strengthening digital skilling initiatives for MSME sellers, warehouse teams, and frontline retail staff is essential to future-proof employment and reduce friction in tech adoption. Government incentives and industry collaboration will be pivotal in building a workforce that can thrive in this new economy

This report offers strategic insights and actionable recommendations for businesses across FMCG, retail, and e-commerce sectors. For FMCG companies, we emphasize the importance of hyper-personalization, renewed rural engagement, and adoption of digital solutions to enhance agility, logistics, and consumer responsiveness. In the retail sector, we recommend investing in modular, scalable technology stacks—including low-code platforms, API-driven storefronts, and AI-powered engines—to allow rapid category and channel expansion without full-stack overhauls. Companies should deepen engagement with Tier 2/3 suppliers, co-develop private labels, and build flexible procurement systems. There is also a pressing need to shift from transactional retail to immersive experience-led formats, anchored in sustainability, inclusivity, and storytelling. Responsible tech adoption—measuring algorithmic fairness, worker safety, and reskilling—must become part of ESG reporting and brand transparency. Additionally, companies should explore cross-border growth for Indian private labels, especially in Gulf countries, Southeast Asia, and other diaspora-dense markets.

India's consumer ecosystem is poised for a period of profound transformation, powered by digital innovation, shifting preferences, and rising aspirations. As the landscape evolves, monitoring upcoming regulations—from digital business guidelines and AI safety protocols to new labor codes—will be crucial for proactive compliance and long-term resilience. Meaningful collaboration between industry and government will be vital to unlocking sustained, inclusive growth. By aligning policy frameworks with emerging market dynamics and nurturing a culture of innovation, agility, and sustainability, the consumer sector can play a pivotal role in shaping a resilient and prosperous future for India.

We trust this report will serve as a vital resource for industry leaders and stakeholders committed to navigating this evolving landscape and unlocking India's vast potential.

# Leadership insights

The FMCG industry has been at the forefront of making India an attractive investment destination, a strong manufacturing hub with global capabilities, spearheading innovations as well as job creation. As India continues its journey to become 'Viksit Bharat' by 2047, the contribution of the FMCG industry remains crucial in supporting India’s growth ambition.

India’s vision of 'Viksit Bharat' is a shared responsibility where both private sector and governments have to play crucial roles in unlocking growth opportunities. For the Indian FMCG sector to reach its true potential, an evolved regulatory framework is essential which is progressive and globally harmonised—one that encourages innovation and promotes an 'Ease of Doing Business’.

At Kenvue, we are committed to playing our part in India’s growth story with our diverse product portfolio spanning essential health, skin health and self care to not only meet the varied needs of consumers across Many India’s but also contribute to overall growth of the health-centric FMCG segment and enhance everyday care

**Manish Anandani, Co-Chair, FICCI FMCG Committee and Managing Director, Kenvue**

The next decade will redefine commerce through three powerful shifts: the rise of value-conscious digital consumers, the acceleration of phygital convergence and the adoption of intelligent technologies such as GenAI.

At V-Mart, we believe the future belongs to brands that integrate data-led personalization with mass affordability. We are reimagining our customer journey by combining insights from our physical store networks with digital touchpoints to offer an experience that’s not just seamless but deeply contextual. Technology, especially GenAI, is becoming a co-pilot in areas like merchandise planning, inventory decisions, content creation and customer service- helping us increase both speed and accuracy at scale.

The emergence of Gen Z as a dominant consumer group is also accelerating change. This cohort demands authenticity, instant gratification and hyper-personalized engagement- across platforms and price points. Brands must not only understand their preferences but also reflect their values in how they operate and communicate.

However, the real transformation lies beyond tools- it is in rethinking how we work. We are digitizing core processes and upskilling our teams to become agile, insight-driven decision-makers. We see agentic AI reshaping store operations, supply chain responsiveness, and even frontline retail productivity- allowing us to serve Bharat better, faster and smarter.

Simultaneously, our efforts align with broader national priorities- boosting local sourcing, investing in sustainable retailing, and supporting the Make in India vision. We believe that tech adoption must coexist with inclusive growth and responsible consumption to truly power Viksit Bharat @2047.

**Lalit Agarwal, MD, V-MART RETAIL LIMITED**

It's been more over 12 years since we launched our marketplace in India. Since then, we have grown to work with over 1.6 million sellers—more than half of whom come from Tier 2 and Tier 3 cities. We continue to invest in infrastructure and job creation, and our operations have helped generate over 1.4 million direct and indirect jobs across the country.

Recently, we renewed our Exports Pledge, with a goal of enabling $80 billion in cumulative e-commerce exports by 2030. We share the government's vision of a 'Viksit Bharat' and remain deeply committed to being a strong partner in accelerating the growth of India's digital economy

**Chetan Krishnaswamy, Co-Chair, FICCI E-commerce Committee and Vice President – Public Policy, Amazon India**

Sustainable and responsible growth is at the heart of business at L'Oréal. As a company deeply committed to India's growth for over 30 years, with 95% of our products sold here being locally manufactured, this commitment is intrinsically linked to our global sustainability program, 'L'Oréal for the Future'. This program defines our sustainability commitments for 2030, with a focus on climate transition, safeguarding nature, driving circularity in packaging, and fostering community well-being.

At L'Oréal India, we are proud to translate these ambitions into tangible value: operating on 100% renewable energy across all our sites, transforming over 36,000 lives through our CSR projects, and reaching an additional 1.2 million beneficiaries through dedicated social and environmental causes championed individually by our brands.

These progressive changes not only further support our 'Make in India' endeavours and our mission to provide high-quality beauty solutions both domestically and internationally, but also drive our continued investment in a sustainable future as we accelerate efforts towards sustainable packaging, nature regeneration, water resilience, and women empowerment initiatives.

**Aseem Kaushik, Country Managing Director, L'ORÉAL India**

We're reimagining commerce through the integration of emerging technologies like Generative AI and Agentic AI, not just to drive operational efficiency, but to build meaningful, lasting advantages for sellers.

A flagship initiative is the launch of Shunya.ai, India's first sovereign, multimodal AI engine, purpose-built to serve the country's MSMEs and D2C businesses. It empowers brands with intelligent tools across text, image, and data. From automated catalogue enrichment and image-to-text generation to agentic decision-making, Shunya.ai is enabling real-time optimisation across storefronts, supply chains, and consumer experiences.

We've also embedded AI deeply into our platform through key tools:

- Co-Pilot, our GenAI assistant, fully integrated throughout the merchant journey, providing contextual support, simplifying complex workflows, and speeding up execution by suggesting intelligent actions based on real-time inputs
- Trends AI surfaces real-time product and category trends, helps merchants make sharper, faster decisions on pricing, assortment, and inventory.
- Sense AI, our logistics intelligence layer that improves delivery precision by predicting delays, optimising routes, and detecting anomalies before they escalate.
- Even our Merchant Control Panel (MCP) is evolving into an AI-powered interface that recommends the next best actions, whether it's selecting the right courier, automating returns, or driving post-purchase engagement.

Internally, we've also deployed GenAI to streamline seller onboarding, automate support, and personalise merchant education, scaling self-serve journeys and improving experience quality. Together, these interventions are translating into faster go-to-market for brands, improved delivery accuracy, and stronger consumer satisfaction.

For us, AI is the force driving our mission, enabling every Indian business, no matter the size, to operate with the speed, precision, and foresight of larger players."

**Saahil Goel, MD & CEO, Shiprocket**

Make in India goes hand in hand with our vision of "Global Quality Products at Affordable Prices" at Reliance Consumer Products. We see it as a catalyst for complete backward integration, stronger supply chain and deeper local sourcing. With the enabling policies and the right momentum, it will transform India into a global consumer goods powerhouse. At RCPL, we're investing to make that vision a reality

**Krishnakumar Thirumalai, Director, Reliance Consumer Products Limited**

Customer experience today is being shaped by a host of interconnected factors, and in a hyper-competitive market, it's essential to address them all with equal focus. The path to purchase is no longer linear. Shoppers discover, compare, and buy across multiple platforms, whether physical or digital. Hence, focussing on one particular channel is not sufficient. Visibility, accessibility, and consistency across all touchpoints are the key to bring Customer Delight. With this firm belief, we are enhancing engagement and loyalty by anchoring our strategy around “3Cs” in customer journey: offering the right Collection mix, driving Convenience through tech-enabled solutions and heart-warming customer service, and showing Care by empowering conscious fashion choices that respect the environment.

**Rajesh Jain, Managing Director & CEO, Lacoste**

Over the next decade, commerce will be shaped by hyper-personalisation, sustainability as a non-negotiable, immersive experiential retail and the rise of conscious consumerism. Customers will expect brands to deliver relevance, responsibility and memorable experiences simultaneously. Businesses that will thrive are those that embed purpose into their DNA, leverage technology to understand and anticipate customer needs and create ecosystems that are as values-driven as they are innovative. The winning edge will come from being customer-first, ethically grounded, and relentlessly adaptive in a dynamic market

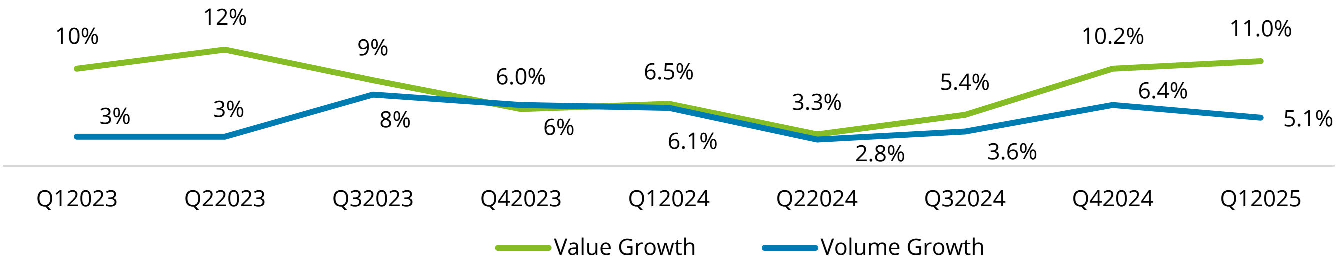
**Rahul Shanker, Group CEO, Quest Retail**

# Executive summary

**India's FMCG, retail and e-commerce sectors are scaling rapidly, driven by domestic manufacturing and a shift towards locally rooted, sustainable and inclusive growth**
India's consumer economy is undergoing a structural reset, powered by digital acceleration, indigenous manufacturing and rising consumer expectations. The next phase of growth will go beyond volume recovery to focus on sustainable and inclusive development, driven by consumer-centric innovation, wider channel reach and deeper digital adoption, anchored in resilient macroeconomic indicators.

**India's FMCG growth story will be shaped by Bharat's scale and the value from urban affluents**
Growth in recent quarters has been supported by volume and price increases, with value rising ~11 percent in Q1 2025 while volume growth moderated to ~5.1 percent. While the sector has shown resilience, the key priority, going forward, will be to reignite volume growth and deepen consumption across both rural and urban markets.

**FMCG volume and value growth in %**

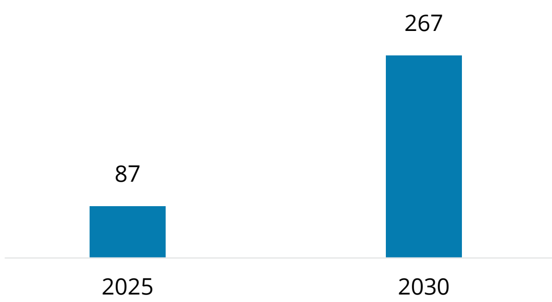



Volume growth will increasingly be defined by a dual engine. On one side, rural India, with its vast base and resurgent consumption will continue driving the bulk of volume expansion, supported by affordability led innovation and deeper distribution. In parallel, an important yet often understated strategy lies in targeting India's urban affluent concentrated in five major cities, this small cohort wields disproportionate share on national consumption, driving bigger baskets and premium spends. The next phase of growth will therefore hinge on winning Bharat with access and value, while simultaneously unlocking the potential of the urban affluents through premiumisation and direct engagement. Together, these dynamics will shape a more balanced growth model, scale from rural, value from urban, that underpins the sector's long-term trajectory

**For brands, the imperative is to understand shifting consumer behaviour that is reshaping markets, creating new models and reinventing product recipes**
Consumers are moving towards health-conscious, clean-label and wellness-oriented products, while premium aspirations and regional preferences are reshaping discretionary categories. This convergence of FMCG and wellness is fostering collaborations, such as between FMCG and nutraceutical brands to deliver health-focused personal care solutions. This shift prompts the packaged food brands to reimagine staples through the lens of health and efficacy. Established brands are using existing M&A opportunities to enter and use these emerging areas and high-growth categories, expand regional presence and integrate digital capabilities. The focus is shifting from scale to specialisation, with increased interest in wellness-oriented, digital-native and regionally entrenched brands.

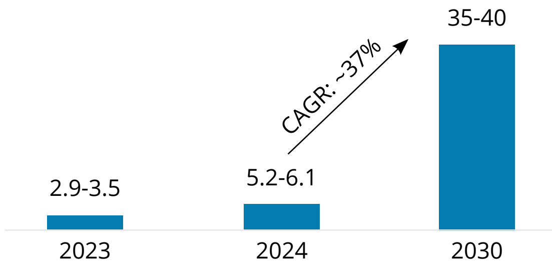
Smaller players and new-age D2C brands are ahead in adopting these trends, scaling rapidly through e-commerce and quick commerce. They are reshaping competition by responding faster to evolving consumer preferences, especially among younger cohorts. By using new platforms, regional relevance and digital engagement, they are compelling legacy players to rethink innovation, pricing and go-to-market models, driving a broader shift towards consumer centric agility. Digital channels are amplifying this shift, with quick and social commerce enabling personalisation, faster innovation and deeper engagement. With AI and Generative AI, brands are going further, using predictive analytics, dynamic content and real-time hyper personalisation to redefine loyalty, discovery and speed to market.

India's D2C market (US$ billion)

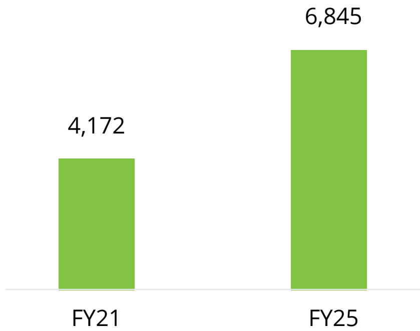



**India has the potential to build a strong global FMCG presence by using its manufacturing strength and cultural heritage to create export ready brands**
India's manufacturing competitiveness, supported by export-linked incentives, is positioning FMCG as a strategic export engine. Categories such as packaged food, herbal personal care and ayurvedic wellness are well placed to scale globally, especially as demand rises for clean-label and culturally rooted products. Much such as K-Beauty and J-Beauty, India has the potential to champion A-Beauty, blending Ayurvedic tradition with pharma-grade efficacy to create globally relevant, high-performance offerings.

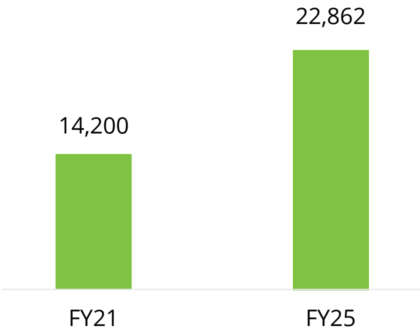
Quick commerce in India (US$ billion)



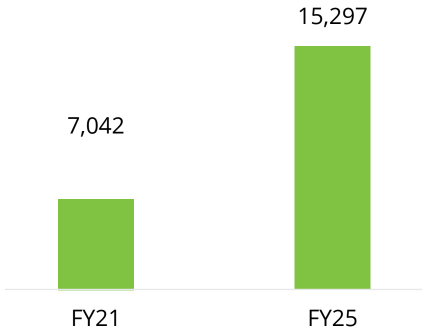

Home care exports (INRcr)




BPC exports (INRcr)




BPC exports (INRcr)



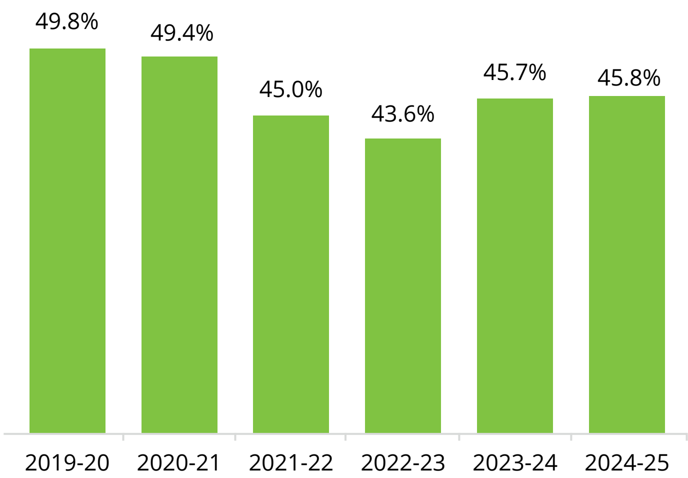

Exports have seen a continuous momentum across key categories, especially prevalent in food and beauty. Ingredients such as millets, makhana (fox nuts), amla, turmeric, ashwagandha and moringa are gaining popularity in international markets for their functional health benefits. Indian firms have a unique opportunity to build brands rooted in traditional Indian ingredients, particularly targeting the US, Europe and the Middle East.

MSMEs, D2C players and other Indian companies can scale exports by investing in certifications, packaging and compliance. Government support through schemes such as MDA (Market Development Assistance) and TIES (Trade Infrastructure for Export Scheme), as well as export-linked rebate schemes such as RoDTEP (Remission of Duties and Taxes on Exported Products), further strengthens this as a viable volume growth lever.

**At the core of this reset lies an infrastructural and policy backbone that enables shifting consumer expectations and evolving brand strategies to translate into sustained growth**

The expansion of consumption channels places greater demands on manufacturing capacity and supply chain efficiency. To meet this need, companies are deepening domestic footprints and strengthening logistics. This momentum is further reinforced by government initiatives that bolster India's position as a domestic production hub. Together, these shifts align with the Viksit Bharat 2047 vision, where self reliance and inclusivity are central to long-term competitiveness.

**% share of Exports of MSME related products in All India Export**




**Government initiatives across key pillars to strengthen indigenous manufacturing**

**Manufacturing infrastructure**

- **PM MITRA and Mega Food Parks:** Large-scale industrial and food parks linking farmers, processors and retailers to boost domestic manufacturing, reduce wastage and create rural jobs.
- **FDI Policies:** 100 percent FDI in manufacturing and single-brand retail (51 percent in multi-brand with approval) enabling MNCs to scale operations in India.

**Digital platforms**

- **ONDC and Udyam Portal:** Democratise e-commerce and formalise MSMEs by providing access to payments, logistics, credit and procurement opportunities.
- **Digital enablers:** Tools such as DigiLocker, e-Way bill and GST tracking streamline invoicing, compliance and product flow for FMCG firms.

**Warehousing and supply chain**

- **PMKSY and AIF:** Strengthen cold chain and rural logistics with financial support for storage, processing and transport, reducing wastage and improving efficiency.
- **WDRA reforms:** Promote scientific storage and e-warehouse receipts, improving inventory management, credit access and reducing post-harvest losses.

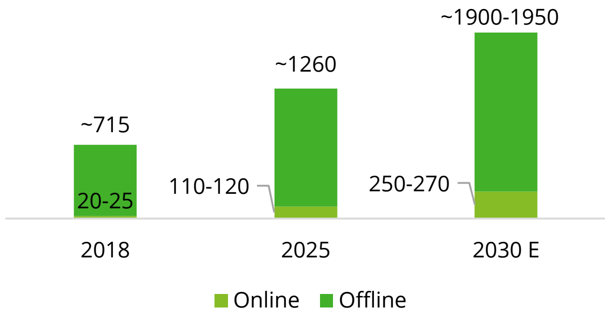
By strengthening infrastructure and regulatory frameworks, these initiatives ensure that consumer-facing sectors are not constrained by supply-side inefficiencies. While these act as a strong pillar to growth, a major policy initiative that cuts across major sector is the production-linked incentive scheme, which acts as a strong enabler for domestic production

**Production-linked incentive scheme**

| Target sector | Budget/Investment | Key sectors/Products | Companies enrolled |
|---|---|---|---|
| Food processing | INR10,900 crore (2021–22 to 2026–27) | Ready-to-cook/Ready-to-eat foods, millets-based products, processed fruits and vegetables, marine products, mozzarella cheese | 171 companies (incl. 70 MSMEs + 40 contract manufacturers); INR8,910 crore attracted investment; 2.89 lakh jobs created |
| White goods | INR6,234 crore (2021–22 to 2028–29) | Key components for consumer electronics (compressors, PCBs, LED drivers, etc.) | 84 companies; committed investment of INR10,478 crore; expected production value INR1,72,663 crore |
| Electronics | INR38,645 crore (2020–21 to 2025–26) | Mobile phones, electronic components, indigenous R&D and export-oriented manufacturing | 32 approved companies; committed investment of INR11,324 crore |

Additionally, policy reforms around the ease of doing business are enabling faster innovation, smoother operations, and increased global participation. Just as manufacturing capacity underpins expansion, ease of doing business reforms ensure that companies can operate with agility and transparency.

**Online and offline retail size in India (US$ billion)**




**As FMCG transforms, retail and ecommerce further stand at the forefront of amplifying the growth in consumer-led sectors**

These shifts in FMCG are mirrored in India's broader retail and e commerce landscape. Valued at US$1.065 trillion in 2024 and projected to reach US$1.93 trillion by 2030, the traditional retail continues to dominate with a 93 percent share, yet the steady rise of organised and digital formats signals a structural shift.

**Growth across sub-sectors is shaped by digital adoption, sustainable living choices and smart innovation, reflecting more value-driven choices**

- **Apparel and footwear –** The sector is being redefined by the interplay of fast fashion, premiumisation and the influence of digital native consumers. Gen Z, with a spending power of US$250 billion, drives nearly half of fashion consumption and increasingly relies on online channels, with 65 percent of purchases made digitally. Fast fashion is scaling rapidly at 30–40 percent YoY and is projected to reach US$50 billion by FY31.
- **Jewellery –** Valued at US$91 billion in 2025 and projected at US$146 billion by 2030, the market is polarising as high gold prices push demand towards lighter karats, digital gold, and alternative materials. Despite a 15–25 percent decline in volume, value demand has surged due to price hikes. Retailers are now adapting to fashion-forward designs and affordable offerings to cater to wider consumer segment.
- **Home decor and furniture –** Expanding from US$42 billion to US$69 billion by 2030, the segment is witnessing demand for modular, sustainable and customisable designs, supported by hybrid work models, urbanisation and rising disposable incomes. Consumers are gravitating towards eco friendly materials, AR/VR-enabled shopping experiences and artisan crafted products.
- **Consumer durables –** Currently at US$70 billion and expected to reach US$100 billion by FY30, the market is being driven by smart appliances, AI-enabled products and wellness-oriented innovations. Demand is particularly strong for air purifiers, smart TVs and AI-powered washing machines, reflecting the shift towards health and wellness. On the supply side, localisation, digitisation and GreenTech adoption is reshaping manufacturing.

**Technology, digitisation and new fulfilment models are converging to reshape retail, blurring online and offline and building a resilient ecosystem**
Kirana digitisation is redefining India's 13 million small retailers, driven by the adoption of UPI payments, POS systems, inventory tools and engagement across online platforms. The Open Network for Digital Commerce (ONDC) is accelerating this shift by providing interoperable infrastructure that reduces reliance on dominant platforms and expands MSME reach nationwide.

As traditional retailers modernise, the ecosystem is moving toward omnichannel retail as the new norm, with consumers expecting seamless movement between online and offline. Retailers are integrating shared inventories, in-store pickups, synchronised accounts and immersive features such as AR try-ons and endless aisles, boosting dwell time and conversion rates. In parallel, D2C brands and private labels are reshaping brand dynamics, with India's D2C market already above US$80 billion and projected at US$267 billion by 2030. Many are vertically integrating manufacturing and fulfilment, while private labels, now 15–30 percent of modern retail sales, are achieving higher margins through AI-driven design and targeted offerings.

The demand for immediacy is fuelling quick commerce, with 15-minute deliveries enabled by dark stores, micro fulfilment centres and gig-led fleets. Already active in 80+ cities, the segment is projected to reach US$35 billion GMV by 2030, supported by 120,000+ delivery partners and an increasingly electric fleet.

All of this rests on a stronger logistics and warehousing backbone, where 3PL players are scaling automation, AI-led routing, real time tracking and returns management. Warehousing parks are collaborating with quick commerce platforms for in cluster procurement and faster dispatch, while green warehousing and EV adoption are aligning retail logistics with sustainability goals.

Looking ahead, India's retail ecosystem is set for inclusive, resilient growth, underpinned by digital infrastructure, policy support and entrepreneurial innovation. As consumers demand convenience, personalisation and sustainability, the lines between urban and rural, online and offline, aspiration and accessibility will continue to blur, steering us into a new era of retail transformation.

**Against this backdrop, sustainability and inclusion are emerging as shared pillars across FMCG, retail and e-commerce, moving from peripheral concerns to core strategies that shape competitiveness and consumer trust**
India's consumer economy is evolving beyond scale, increasingly defined by responsibility and inclusion. Sustainability now sits at the core of business strategy, influencing decisions from sourcing to packaging, while inclusion is expanding participation across value chains.

- Companies are deploying biodegradable materials, recycled inputs and renewable energy across operations.
- Circular models, such as refill and reuse systems, modular packaging and waste-to-value innovations, are gaining traction.
- MSMEs and artisans are being connected to national and global markets through initiatives such as Districts as Export Hubs (DEH) and Trade Enablement and Marketing (TEAM), fostering inclusive growth.
- Women's empowerment is being advanced through DEI frameworks, self-help groups, digital literacy programmes and workplace equity initiatives.

These shifts underscore a broader transformation, where scale is intertwined with equity, and growth is aligned with responsibility. By embedding ESG principles across sourcing, production and distribution, companies are aligning themselves with global investor expectations and evolving consumer demand.

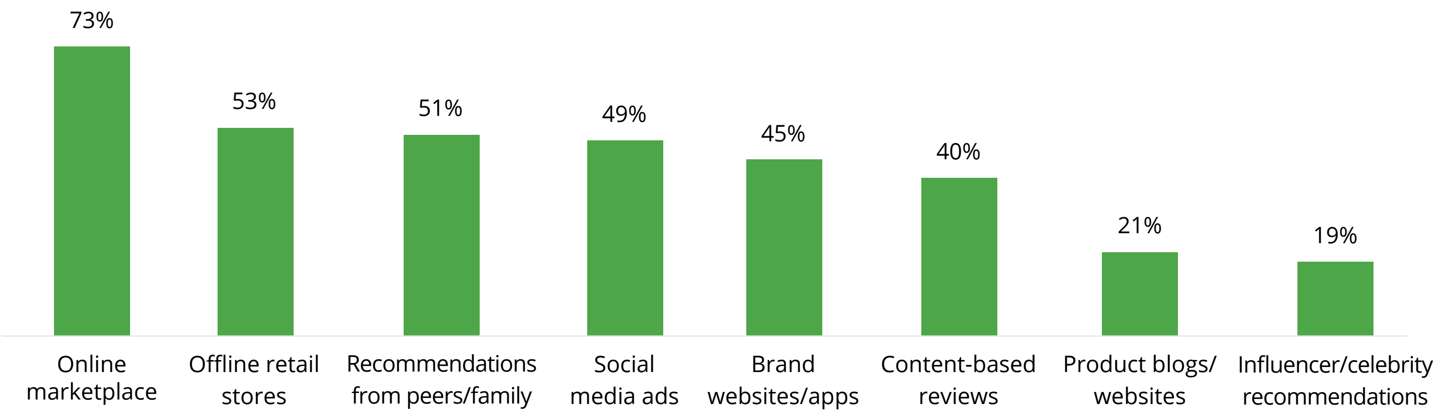
Together, these developments are reshaping India's consumer economy into one that is larger, more dynamic, inclusive and sustainable, anchored in domestic competitiveness and digital acceleration. Going ahead, India's markets will not just be bigger, they will be more responsive, inclusive and future-ready. The consumer economy will evolve with four interconnected pillars - the resurgence of domestic manufacturing, FMCG as the anchor of inclusive consumption, enabling reforms that simplify business and attract investment, and sustainability as a driver of competitiveness.

# Introduction

India's Fast-Moving Consumer Goods (FMCG) and retail sectors have been a cornerstone of the country's economic growth, influencing consumption patterns, employment dynamics and consumer lifestyles. These sectors have traditionally thrived on deep-rooted distribution networks, strong brand recall and evolving consumer aspirations. However, as India transforms economically, a new perspective is reshaping the future of domestic consumption and manufacturing.

Within this context, the FMCG sector serves as a consumption engine and a catalyst for resilient and inclusive growth, linking farm output to industrial processing and last-mile retail, while generating employment across rural and urban India. The sector's evolution is driven by digitalisation, changing consumer preferences and the rise of new retail formats, which demand a parallel shift in how and where products are manufactured. Increasingly, businesses are exploring agile, tech-enabled supply models anchored in domestic production. In parallel, consumers are becoming more informed and discerning, shifting away from traditional ways of discovery and consumption towards modes shaped by digital, social, economic and cultural relevance, reshaping how demand is created and captured across the value chain.

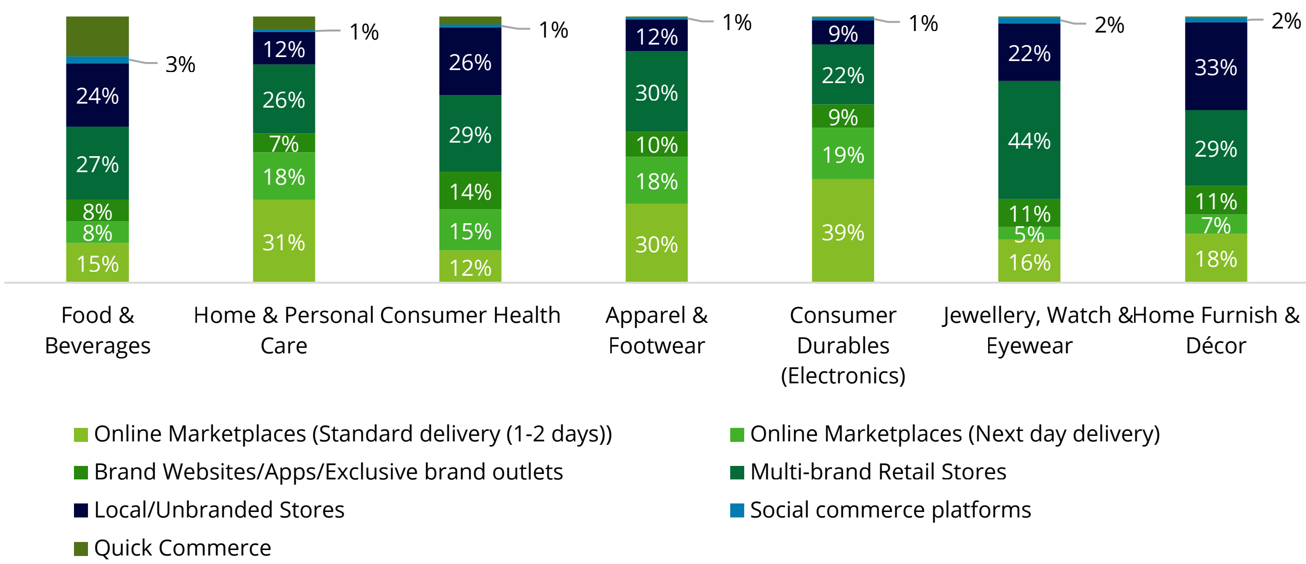
**Primary source of discovering products (% of consumer)**




Source: Deloitte India Consumer Survey 2025

Consumers increasingly rely on digital channels, with online marketplaces (73 percent) influencing purchasing. While offline stores remain relevant (53 percent), peer recommendations (51 percent) and social media ads (49 percent) also shape choices. Authentic content, such as YouTube reviews (40 percent), is preferred over influencer endorsements, reflecting a shift towards trust-based, informed decision-making.

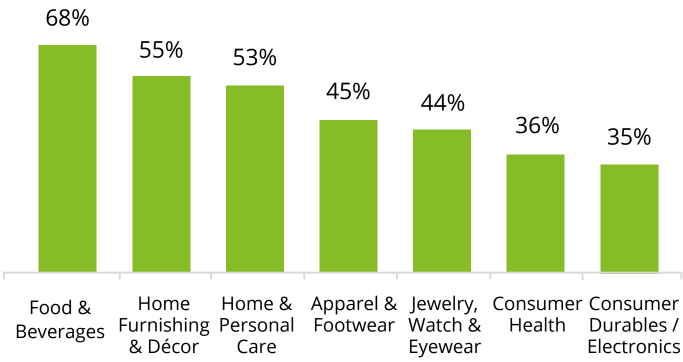
**Prefered channel to purchase (% of consumer)**



There is a clear preference for online marketplaces, especially for categories such as consumer durables (39 percent) and apparel (30 percent), driven by convenience and competitive pricing. Multi-brand retail stores dominate high-involvement or tactile categories such as jewellery (44 percent) and consumer health (29 percent). Local and unbranded stores still hold a significant share in food (24 percent) and home décor (33 percent), reflecting consumer trust and accessibility. Quick commerce is emerging primarily in food and beverages (15 percent), while social commerce and influencer-led platforms have minimal traction across categories. Brand websites/apps are most relevant in consumer health, suggesting a growing affinity for direct, reliable sources.

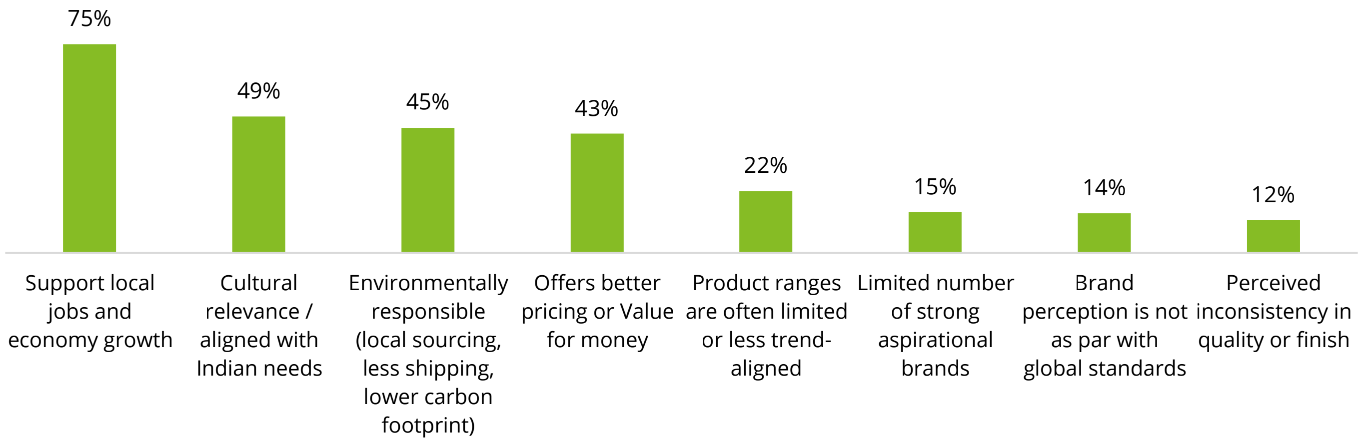
This shift in consumer awareness transforms demand and elevates authenticity, quality and origin expectations. Aligned with these evolving preferences, the government's focus on domestic manufacturing through initiatives such as "Make in India" catalyses resilient, locally rooted production ecosystems, fosters inclusive growth, enhances self-reliance and strengthens value chains across sectors. Rising consumer preference for locally made, quality products, coupled with supportive policies and manufacturers' innovation push, is fuelling a self-reliant, demand-responsive manufacturing ecosystem.

**Consumer preference for 'Made in India' products across categories (% of consumer)**




Consumers are most such asly to actively choose Made in India products in everyday, high-consumption categories such as food & beverages (68 percent), home furnishing & décor (55 percent) and home & personal care (53 percent), reflecting trust in local quality and accessibility. Preference gradually declines in categories where brand perception, technology or premium positioning are stronger differentiators, such as apparel & footwear (45 percent), jewellery (44 percent) and consumer health (36 percent). The lowest preference is seen in consumer durables/electronics (35 percent), suggesting that global alternatives are still perceived to offer better technology or value in this segment.

**Consumer perceptions of what 'Made in India' represents (% of consumer)**




For most consumers, Make in India primarily signifies support for local jobs and economic growth (75 percent), followed by cultural relevance (49 percent) and environmental responsibility (45 percent), reflecting a strong emotional and ethical alignment with domestic products. Consumers are such asly to shift more towards local brands, with 56 percent of them saying enhancing product quality and innovation would be key, followed by 46 percent of them seeking authenticity and trust, alongside competitive pricing, which is being quoted by 45 percent of consumers, highlighting the need for performance and value.

With this evolving backdrop of shifting consumer expectations and a manufacturing ecosystem increasingly aligned with economic priorities, we explore how the demand and supply dynamics in India's FMCG and retail sectors are being reshaped. Categories are responding in distinct ways, through digital innovation, stronger domestic relevance, increased sustainability focus and broader structural shifts that are redefining the future of consumption.

# FMCG as an engine for growth

# FMCG sectoral overview

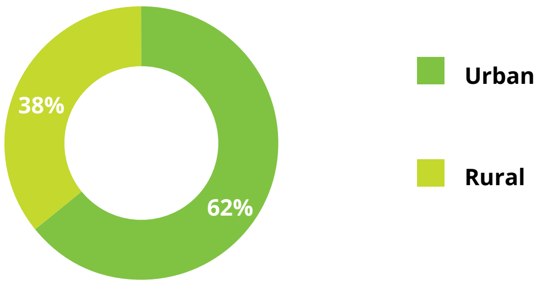
## Size of the sector and historic growth

The FMCG industry, the fourth-largest[1] sector in the Indian economy, plays a crucial role in the country's economic prosperity. In 2024, the FMCG market was valued at US$158 billion,[2] contributing ~3 percent to the GDP.[3] Additionally, the FMCG industry is a significant employment generator, providing direct jobs to ~3 million people and accounting for 8.4 percent of the total factory employment in the country.[4] The industry's growth has attracted substantial FDI, reflecting global confidence in its potential.

Rural India has emerged as a key growth engine for the FMCG sector, outpacing urban markets in volume growth for five consecutive quarters. As of FY25, rural FMCG volumes grew at 8.4 percent compared with 2.6 percent in urban areas,[6] driven by improving consumption, expanding distribution networks and increased digital penetration. With over 65 percent of India's population residing in rural areas and contributing ~16 percent to the national income,[7] the market offers massive headroom for growth. Moreover, rural per capita consumption is expected to grow, supported by rising disposable incomes, government rural infrastructure push (e.g., PMGSY and rural electrification) and proliferation of e-commerce.

### Market split

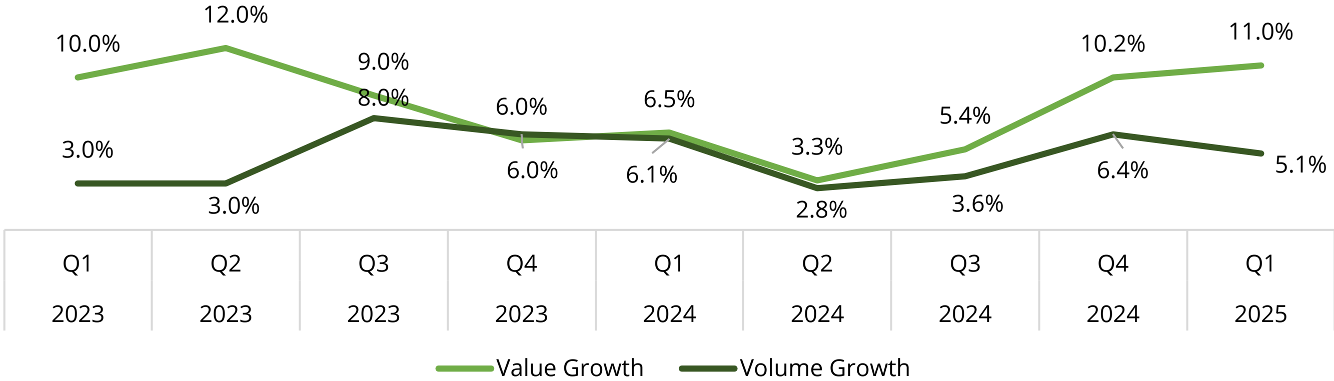
**Rural vs urban demand (by value), 2025**




Source: NielsenIQ[5]

### Reflecting on the past year

**Value and volume growth in %**




Source: NielsenIQ

[1] https://www.investindia.gov.in/team-india-blogs/fmcg-industry-overview
[2] NielsenIQ and "SPURring growth in FMCG, retail and e-commerce sectors in India"
[3] https://www.ibef.org/industry/fmcg-presentation
[4] https://group.teamlease.com/insights/empowering-the-essentials-a-deep-dive-into-indias-fmcg-workforce/
[5] https://nielseniq.com/global/en/insights/analysis/2025/fmcg-growth-momentum-shifts-rural-india-and-small-players-take-charge/
[6] https://nielseniq.com/global/en/insights/analysis/2025/fmcg-growth-momentum-shifts-rural-india-and-small-players-take-charge/
[7] Economic Survey 2024-25

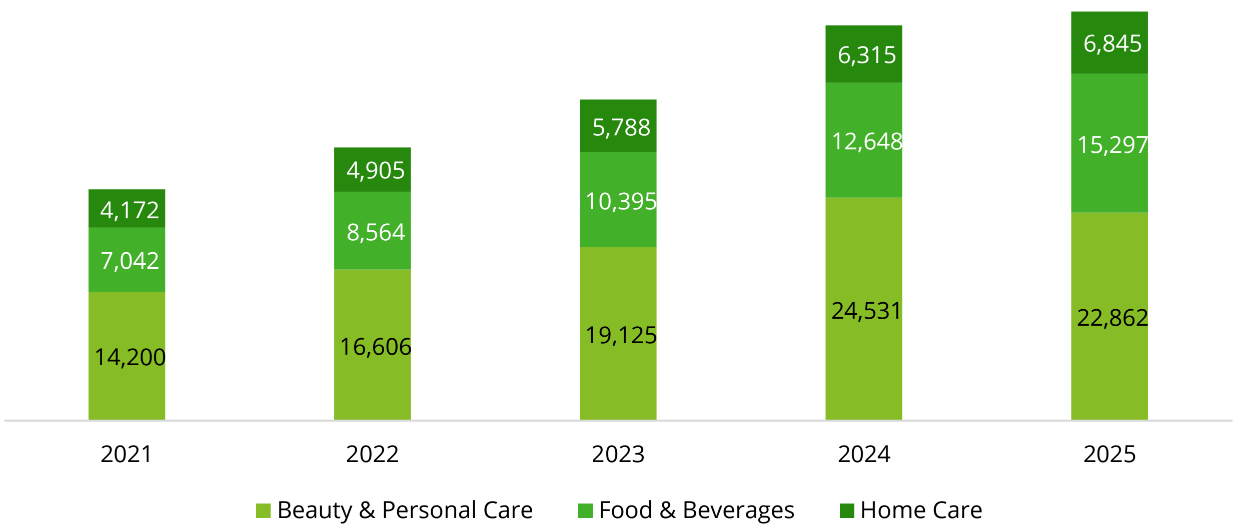
Following a post-pandemic surge in 2022 and early 2023, the FMCG sector entered a phase of normalisation and adjustment in 2024. After peaking at 12 percent value growth in Q2 2023, the sector saw a visible slowdown, with value growth dropping to 3.3 percent in Q2 CY2024, its lowest point in recent quarters, amid inflationary pressures and cautious rural demand. Volume growth mirrored this trend, softening to 2.8 percent during the same period. However, the market showed signs of recovery in the second half of 2024, culminating in a strong Q4 performance with 10.2 percent value growth and 6.4 percent volume growth, indicating renewed consumer momentum and restocking by trade channels.

This recovery carried into Q1 CY2025, with value growth reaching 11 percent and volume growth holding steady at 5.1 percent, suggesting pricing and consumption drivers now contribute to overall expansion. The convergence of volume and value growth points to a more balanced and sustainable growth trajectory, shaped by improving macroeconomic conditions, resilient urban consumption and early signs of a rural rebound. As these trends solidify, FMCG players are expected to recalibrate strategies with a sharper focus on affordability, innovation and channel optimisation to drive penetration and share gains.

### Export contribution to FMCG sector

India's FMCG exports have grown at a healthy pace over the past five years, rising from INR25,414 crore in 2021 to INR45,004 crore in 2025, reflecting a CAGR of 15 percent. food & beverages segment has led this growth with an impressive 21 percent CAGR, more than doubling its export value from INR7,042 crore to INR15,297 crore. This surge has been driven by rising global demand for processed foods, ready-to-eat meals, spices and packaged snacks, areas where Indian producers are becoming increasingly competitive. Beauty & personal care exports also posted strong growth, increasing from INR14,200 crore in 2021 to INR22,862 crore in 2025, at a CAGR of 13 percent. This reflects growing international interest in Ayurvedic, herbal and natural personal care products from India. Meanwhile, home care exports covering products such as detergents and cleaners grew steadily at a 13 percent CAGR, reaching INR6,845 crore in 2025. While not as explosive as F&B, this segment shows consistent traction. Overall, India's FMCG exports have outpaced broader export growth, supported by favourable trade policies, investments in manufacturing capacity and rising global recognition of Indian brands. The trend highlights India's growing role not just as a consumption market, but as a reliable FMCG export hub for the world. Detailed in Chapter named "Make in India and manufacturing expansion"

**FMCG exports across categories in INR crore**




Source: Tradestat[8]

[8]https://tradestat.commerce.gov.in/meidb/commoditywise_export

## Consumer behaviour and demand trends

**a. Essentials vs discretionary: A shift in spending priorities**

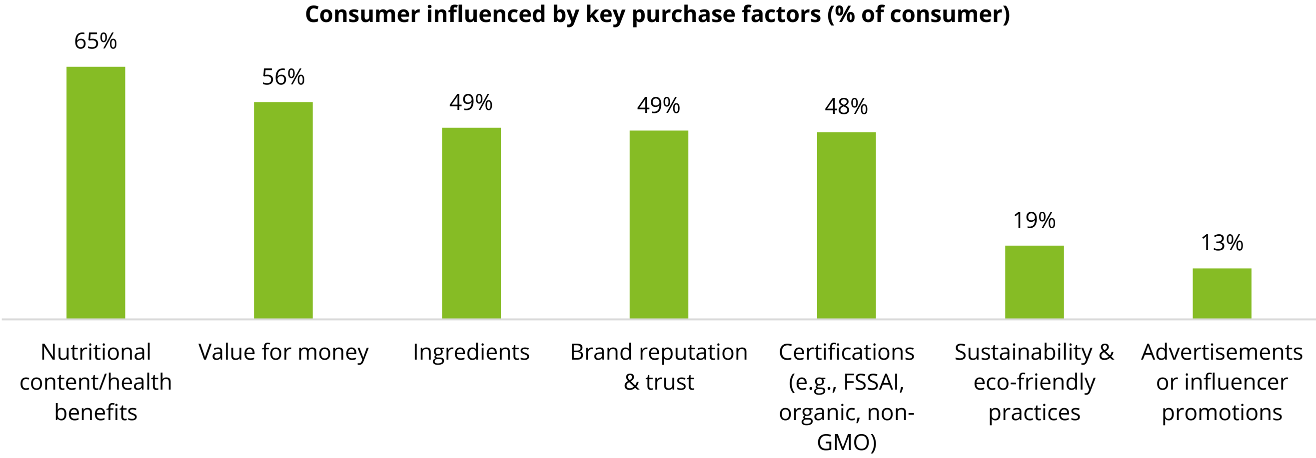
In recent years, a clear distinction has emerged in how consumers allocate their FMCG budgets. While essentials such as cleaning agents, basic food items and healthcare products continue to drive stable demand, particularly in rural areas, urban buyers are cautiously returning to discretionary purchases. Skincare products, snacks and indulgence-based items are seeing renewed interest, but with a sharper eye on value and utility. Consumers are making more deliberate choices, balancing necessity with occasional splurges, while remaining mindful of their overall expenses.

**b. Health and wellness take the centre stage**

Consumer preferences are increasingly being shaped by health consciousness and value-driven choices. A significant 65 percent of consumers prioritize nutritional content and health benefits, making it the most influential factor in purchasing decisions. This is closely followed by price sensitivity, with 56% seeking value for money, highlighting the ongoing importance of affordability in a largely price-conscious market.

Consumers are also showing growing awareness about product transparency, as 49 percent consider ingredients and an equal share emphasize brand reputation and trust. Certifications such as FSSAI approvals, organic, or non-GMO tags influence nearly half of the consumers (48 percent), indicating increasing attention to food safety and quality assurance.

**Consumer influenced by key purchase factors (% of consumer)**



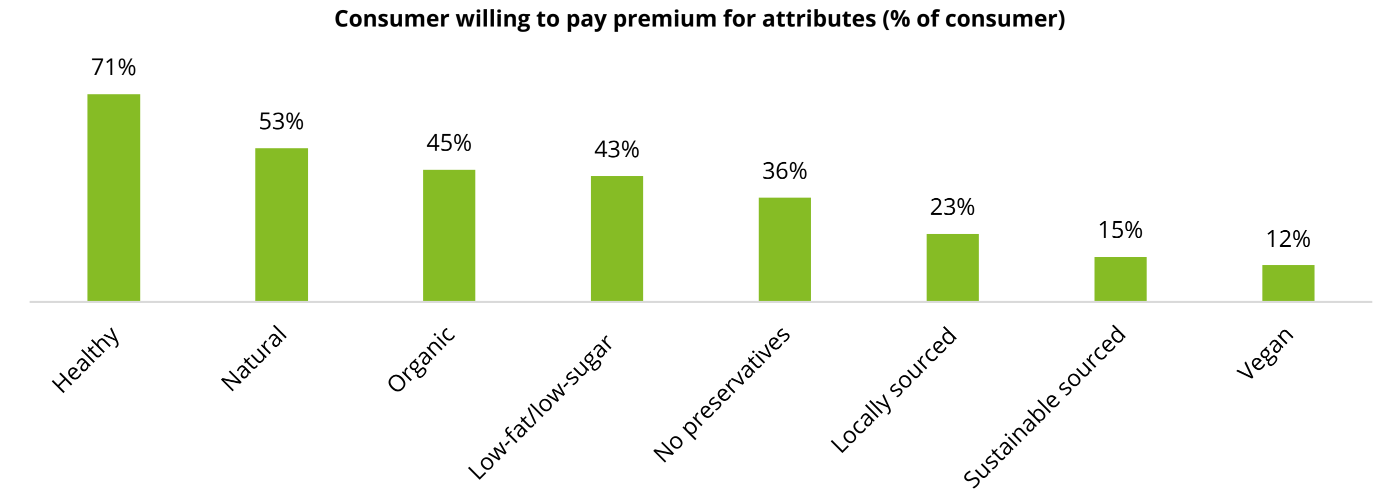

Source: Deloitte India Consumer Survey 2025

**c. Premiumisation: Aspirational consumption on the rise**

India's FMCG market is witnessing a surge in premiumisation, particularly in urban centres. As incomes rise and consumers become more health- and value-conscious, demand is shifting towards higher-end products with superior formulations, sustainability credentials and aesthetic appeal. Premium products contribute 27 percent of FMCG sales but account for 42 percent of value growth.[9] Companies are aligning accordingly with recent launches in the premium segment. Kantar reports a 16 percent CAGR in volume and 24 percent value growth in premium FMCG between 2022 and 2024.[10] Consumers increasingly opt for products such as oats and serums that align with convenience and perceived wellness. While frozen foods remain primarily associated with convenience rather than health, they continue to gain traction as time-saving options. Even smaller pack sizes in premium ranges are growing twice as fast in modern retail, reflecting a blend of aspirational value and affordability.

[9] https://www.fortuneindia.com/economy/beyond-raw-produce-india-is-turning-its-food-processing-sector-into-a-global-powerhouse-says-ficci-deloitte-study/123277#google_vignette

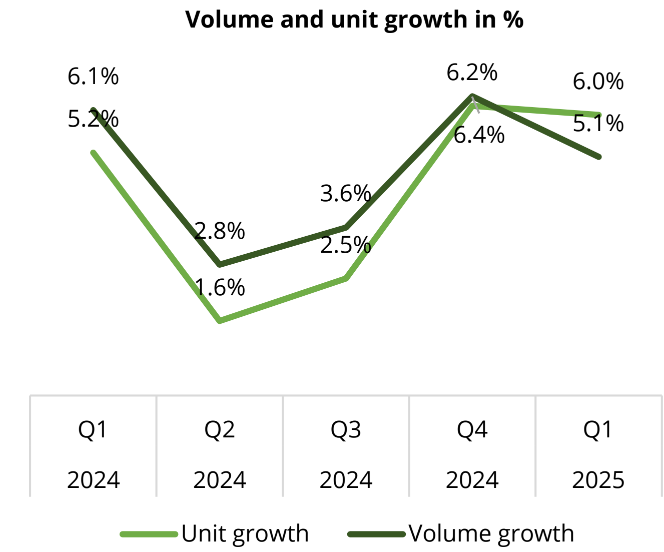
[10] https://www.livemint.com/industry/indias-new-consumers-are-increasingly-buying-higher-priced-premium-products-11722346650317.html




Source: Deloitte India Consumer Survey 2025

After the pandemic, there is a higher willingness to pay more for products that guarantee health, safety and authenticity. As concerns over lifestyle diseases rise, more people are seeking chemical-free alternatives, especially in urban areas where disposable incomes are higher. According to a survey, 71 percent of consumers are willing to pay a premium for food and beverage products that claim to be healthy, 53 percent of consumers are willing to pay a premium for natural products and 45 percent for organic products.

**d. Sachetisation: Small packs, big impact in value markets**
In contrast to premiumisation, price-sensitive rural and semi-urban India relies on sachets and small packs as a core access strategy. These compact formats offer affordability and encourage first-time trials across categories such as personal care, food and household care. In Q4 2024, rural FMCG volumes grew 9.9 percent, with small packs expanding at twice the rate of large packs.[11] Smaller FMCG companies are driving this trend effectively, growing volumes by 11.9 percent in Q1 2025.[12] Sachetisation remains critical for unlocking rural demand, enhancing brand reach and maintaining competitiveness in India's value-driven markets.




Source: NielsenIQ

[11]https://nielseniq.com/global/en/insights/analysis/2025/fmcg-growth-momentum-shifts-rural-india-and-small-players-take-charge/
[12]https://nielseniq.com/global/en/insights/analysis/2025/fmcg-growth-momentum-shifts-rural-india-and-small-players-take-charge/

While unit growth dipped in Q2 and Q3 of 2024, the sector rebounded sharply in Q4 2024 and Q1 2025, reflecting the renewed traction of small-pack strategies during festive and pre-summer consumption cycles. Notably, unit growth has outpaced volume growth in 2025 Q1, underscoring that more units of smaller sizes are being purchased, a clear indicator of sachet-driven buying behaviour.

This trend is especially pronounced in categories such as shampoos, detergents, biscuits and instant foods, where sachets and mini-packs dominate shelf space in kirana stores. Brands that have adapted to this shift are better able to penetrate rural markets, build habit loops and drive repeat consumption.

**e. Diverse regional preferences shaping local strategies**
India's geographical and cultural diversity plays a significant role in FMCG consumption. Consumer tastes, routines and product expectations vary considerably across regions. In southern markets, for example, there is a strong demand for health-oriented products rooted in traditional diets. Northern areas may prioritise different ingredients, textures or performance claims, particularly in personal care. Eastern India, often less saturated, is showing signs of becoming a high-growth zone. Understanding these nuances and tailoring offerings accordingly is essential for brands looking to scale meaningfully.

**f. Personalisation becomes a standard expectation**
With access to digital tools and a growing understanding of personal needs, consumers increasingly seek products designed just for them. This is particularly evident in categories such as skincare, nutrition and supplements, where users are interested in solutions customised to their skin type, age group, or lifestyle. Technology is making this possible through AI tools and interactive platforms. As personalisation becomes more accessible, brands are expected to go beyond mass appeal and deliver individualised value.

**g. Digital channels redefining access and loyalty**
Online platforms already drive about 17 percent of total FMCG consumption, with quick commerce (ultra-fast delivery) generating ~35 percent of FMCG brands' e-commerce revenue, and some players even report 50 percent+ revenue from these channels.[13] Quick commerce alone made up "over two-thirds" of e-grocery orders in 2024, with the category expected to grow 40 percent annually until 2030.[14] Moreover, social commerce is increasing, especially in smaller towns, enabling peer-to-peer recommendations and influencer-driven discovery at scale. Collectively, these trends are redefining the retail path, embedding convenience and conversational discovery into modern consumption.

An Indian beauty platform offering clean, innovative skincare has grown remarkably by adopting a content-creator-commerce model. The brand drives substantial top-of-the-funnel traffic through its content, influencer network and engaged community. Around 30 percent of conversations on its platforms relate to its products, with 30 million monthly active users transitioning to commerce pages, 20 percent of total funnel traffic. Of this, 5 percent convert to customers. This approach significantly reduced marketing costs from 75 percent to 30 percent over three years. It boosted repeat orders from 35 percent to 65 percent, showcasing the effectiveness of social commerce in building loyalty and improving return on investment.[15]

## Investment and M&A landscape

### A flavourful surge: M&A activity heats up in India's FMCG landscape

India's FMCG sector is undergoing a significant transformation, with M&A emerging as a key growth engine. Riding on the back of the government's "Make in India" initiative, coupled with a surge in consumer demand for innovation, personalisation and wellness-oriented products, the sector has witnessed an unprecedented uptick in deal-making activity. Large conglomerates, legacy brands and private equity investors are actively reshaping their portfolios, realigning strategies and entering newer territories, driven by the need to remain relevant in a hyper-competitive and evolving marketplace.

### Shifting tastes, smart acquisitions: FMCG's bet on wellness and specialisation

One of the most prominent trends driving this M&A boom is the consumer shift towards healthier, organic and specialised offerings. Indian consumers, especially urban millennials and Gen Z, are becoming more conscious of ingredients, ethical sourcing and sustainability. This has prompted major FMCG players to pursue D2C start-ups and niche brands that resonate with these evolving tastes. **Tata's acquisition of Organic India and Capital Foods** (makers of Chings Secret),[16] **HUL's buy-out of personal care brand Minimalist**[17] and **Marico's addition of Just Herbs (an Ayurvedic beauty label) to its portfolio**[18] all point to a broader trend of FMCG giants expanding their offerings by aligning with the health-conscious and discerning consumers.

### From new categories to new consumers: Expanding horizons and deepening reach

As product innovation becomes table stakes, FMCG companies are venturing into high-growth, high-margin categories such as frozen foods, snacks, grooming, pet care and speciality beverages.

[13]SPURring growth in FMCG, retail and e-commerce sectors in India: Deloitte–FICCI Report 2024
[14]https://www.reuters.com/world/india/indias-quick-commerce-sector-made-two-thirds-all-2024-e-retail-orders-report-2025-03-27/
[15]https://announcement.acesphere.com/Annoucement/20240614/ecbb0b43-9883-478a-93c3-424baab281a0.pdf
[16]https://www.tataconsumer.com/sites/g/files/gfwrlq316/files/2024-01/InvestorPresentation-CapitalFoodsandOrganicIndia.pdf
[17]https://www.hul.co.in/news/press-releases/2025/hul-to-acquire-premium-beauty-brand-minimalist/
[18]https://marico.com/investorspdf/Intimation_of_acquisition_completion_in_Apcos_Naturals_Private_Limited.pdf

These segments offer fresh revenue streams and align with shifting lifestyles and consumption habits. **ITC's acquisition of Prasuma Foods**[19] marked its foray into the frozen and ready-to-eat segment. **Emami's stake in The Man Company**[20] reflects a calculated bet on India's growing male grooming market. **Dabur's acquisition of Badshah Masala**[21] helped expand its footprint in Indian spices. **Nestlé's addition of Purina Petcare**[22] supports its entry into the booming pet nutrition space.

Simultaneously, companies are deploying M&A to strengthen their market presence in regional and semi-urban markets. India's tier 2 and 3 cities and rural markets are emerging as the next growth frontiers. Here, brand loyalty often rests with smaller and regional players who understand local preferences and have robust distribution networks. Acquiring such businesses offers a faster and more cost-effective route to market. **Reliance's revival of iconic beverages brand Campa Cola,**[23] **Dabur's acquisition of Sesa Care (hair care products)**[24] **and Wipro's acquisition of Kerala-based Nirapara Foods**[25] exemplify how strategic acquisitions help gain grassroots-level traction. Additionally, the FMCG ecosystem has seen investments in last-mile delivery platforms, further enhancing distribution capabilities in non-metro markets. These moves increase footprint and cement their brand dominance in regional markets.

**Click, cart, convert: Digital and D2C gold rush**

With e-commerce and quick commerce redefining how India shops, M&A strategies are increasingly oriented towards digital-first, D2C-led brands. These brands, often built online and driven by content, data and speed, are attracting strong interest from traditional players seeking digital agility, intensifying the hunt for digital native brands. **Marico's acquisition of Beardo**[26] allowed it to directly connect with young male consumers. **ITC's collaboration with Mother Sparsh**[27] brought a modern and mom-focused wellness brand into its fold. **VLCC's acquisition of men's grooming brand Ustraa**[28] points to a similar strategy of expanding digital touchpoints and category diversification. The broader ecosystem also sees a flood of private equity investments in fashion-led D2C brands such as Snitch,[29] The Bear House[30] and Rare Rabbit,[31] signalling strong investor confidence in consumer internet models.

**Efficiency meets sustainability: Value creation with purpose**

The push for profitability and scale is also influencing M&A dynamics. Larger FMCG players are pursuing consolidation to extract synergies, reduce operational redundancies and strengthen their backend infrastructure. **Jubilant's acquisition of Hindustan Coca-Cola Beverages**[32] is a prime example of value-focused M&A aimed at gaining manufacturing control. **ITC's acquisition of Century Pulp and Paper business**[33] ensures vertical integration and cost leadership. Meanwhile, ESG goals are subtly reshaping deal-making, with companies such as **HUL investing in Lucro Plastecycle**[34] to back circular economy initiatives.

Another powerful force driving the M&A boom in India's FMCG sector is the rising involvement of Pprivate equity and venture capital firms, which are increasingly targeting fast-growing, family-run or founder-led businesses. These investors are providing capital and helping modernise operations, optimise supply chains and unlock value in traditionally underpenetrated categories. A standout example is **Temasek and Alpha Wave's investment in Haldiram,**[35] one of India's mofst iconic snack brands, signalling confidence in legacy players with strong brand equity and untapped global potential. Other notable deals include **ChrysCapital's investment in Theobroma,**[36] the premium bakery brand that has grown from a Mumbai-based patisserie to a nationwide chain, and **Alpha Wave's stake in VLCC**,[37] aimed at scaling the wellness and personal care business. **360 One's investment in fashion brand Snitch**[38] **and TPG and A91's backing**

[19] https://economictimes.indiatimes.com/small-biz/sme-sector/itc-to-acquire-prasuma-expanding-footprint-in-frozen-ready-to-cook-foods/articleshow/118004006.cms?from=mdr
[20] https://www.emamiltd.in/wp-content/uploads/2024/08/31170105/press-release-310824.pdf
[21] https://www.dabur.com/press-releases/dabur-acquires-majority-stake-badshah-masala-ground-spices-blended-spices-company
[22] https://www.nestle.com/investors/overview/mergers-and-acquisitions/ralston-purina
[23] https://www.financialexpress.com/life/lifestyle-mukesh-ambani-revives-campa-cola-after-12-years-the-brands-history-and-reasons-for-its-decline-3655653/
[24] https://www.dabur.com/press-releases/proposed-merger-of-sesa-care-with-dabur-india
[25] https://economictimes.indiatimes.com/industry/cons-products/food/wipro-consumer-to-acquire-kerala-based-food-firm-nirapara/articleshow/96339448.cms?-from=mdr
[26] https://marico.com/media_pdf/mint-marico-acquires-45-percent-stake-in-beardo-mens-grooming-brand-20-march-2017.pdf
[27] https://www.business-standard.com/content/press-releases-ani/itc-to-acquire-mother-sparsh-strengthening-its-play-in-the-natural-baby-care-segment-125041800377_1.html
[28] https://economictimes.indiatimes.com/industry/cons-products/fashion-/-cosmetics-/-jewellery/vlcc-to-acquire-d2c-mens-grooming-brand-ustraa-through-strategic-merger/articleshow/100881160.cms?from=mdr
[29] https://economictimes.indiatimes.com/tech/funding/menswear-fashion-brand-snitch-raises-up-to-40-million-in-round-led-by-360-one-asset/articleshow/121576576.cms?from=mdr
[30] https://economictimes.indiatimes.com/tech/funding/bear-house-clothing-raises-rs-50-crore-in-round-led-by-jm-financial-india-growth-fund-iii/articleshow/119909348.cms?from=mdr
[31] https://yourstory.com/2025/02/rare-rabbit-funding-rs-50-crore-a91-partners-280-million-valuation
[32] https://www.hccb.in/media/Coca-Cola-Announces-Strategic-Investment-by-Jubilant-Bhartia-Group
[33] https://www.itcportal.com/about-itc/shareholder-value/pdf/acquisition-of-century-pulp-and-paper-undertaking.pdf
[34] https://www.hul.co.in/news/press-releases/2025/hul-board-approves-investment-to-strengthen-flexible-plastics-circularity/
[35] https://www.pwc.in/press-releases/2025/haldirams-attracts-strategic-investment-via-alpha-wave-global-and-ihc.html
[36] https://economictimes.indiatimes.com/industry/cons-products/food/homegrown-private-equity-firm-chryscapital-scoops-up-bakery-chain-theobroma-in-2410-crore-deal/articleshow/122459594.cms?from=mdr
[37] https://www.livemint.com/companies/news/alpha-wave-to-buy-stake-in-vlcc-carlyle-tpg-beauty-wellness-11723115558036.html
[38] https://economictimes.indiatimes.com/tech/funding/menswear-fashion-brand-snitch-raises-up-to-40-million-in-round-led-by-360-one-

**of CityKart**,[39] a value retail chain, show that PE firms are bullish on affordable luxury and retail-led FMCG categories. These transactions underline how private equity is becoming a vital enabler of growth, innovation and digital transformation across India's consumer landscape, bringing in funding, strategic rigour and scalability.

**Shifting gears: Strategic realignment through demergers**
While acquisitions dominate headlines, strategic demergers are gaining ground as companies sharpen their focus on core business verticals. By separating units with distinct go-to-market strategies or growth trajectories, firms improve capital efficiency, attract targeted investments and deliver enhanced shareholder value. For example, **HUL's planned demerger of its ice-cream business**[40] allows the company to streamline its operations and direct its focus on its core personal care and household segments. **Raymond's demerger of its consumer business**,[41] which includes brands such as Park Avenue and KamaSutra, reflects an intent to unlock value and allow independent scaling. Similarly, **Pernod Ricard's planned sale of its Imperial Blue brand**[42] is aimed at sharper business execution in a focused portfolio model. Evolving investor expectations and the need for agile governance structures also drive this phase of strategic realignment. As consumer preferences become more fragmented and innovation cycles shrink, businesses increasingly recognise the need to operate as lean, focused entities. Whether through carve-outs or spin-offs, these moves signal a maturing FMCG ecosystem that values clarity of vision and operational nimbleness over sheer scale.

**The road ahead: What's next for FMCG M&A in India**
The M&A momentum in India's FMCG sector is poised to continue strongly. Companies will continue to target niche, premium and health-focused brands, led by rising consumer incomes and a greater appetite for value-added offerings. There will also be greater emphasis on digital capabilities, especially AI-powered personalisation, data-driven marketing and direct consumer engagement, accelerating the hunt for tech-savvy D2C start-ups.

Meanwhile, rural expansion will remain a core priority, with M&A being used to unlock distribution in hard-to-reach markets. Strengthening supply chain resilience will also be key, especially in a post-pandemic world where agility and transparency matter as much as cost. Finally, with the Indian government initiatives such as the PLI scheme, FDI reforms and digitisation drives, the stage is set for even more dynamic, innovation-led consolidation in India's FMCG space.

The Indian FMCG sector is entering a golden phase of consolidation and innovation, where M&A is a growth lever and a strategic imperative for future-ready brands.

### Global learnings on demand trends, supply trends

**Demand trends**

1. **Wellness, not just indulgence, is shaping consumption**
   Consumers globally are looking beyond taste and convenience. There is a growing preference for products supporting a healthy lifestyle, such as clean-label snacks, fortified foods or skin care products with natural ingredients. This is no longer a niche trend; it has become mainstream. Similar signals can be witnessed in India, especially in urban markets and among younger consumers.

2. **The rise of digital-first buying behaviour**
   In many developed markets, consumers discover, evaluate and buy products online, often directly from brands. This shift has pushed FMCG companies to build strong D2C channels, create digital experiences and use customer data to personalise offerings. While this is still an emerging space in India, several local brands have shown that digital-first models can succeed when backed by sharp positioning and nimble execution.

3. **Premiumisation meets mass affordability**
   Interestingly, global players have learned to balance two ends of the spectrum, offering high-end, aspirational SKUs while ensuring mass affordability to drive volumes. This dual strategy has proven especially effective in large and diverse markets and could serve as a useful playbook for Indian brands operating across rural and urban geographies.

4. **Conscious consumption is gaining traction**
   Sustainability has moved from the fringes to the centre of many global brand narratives. Whether it is recyclable packaging, ethically sourced ingredients, or carbon labelling, consumers are asking more challenging questions. Although India may be slightly behind in this shift, it is a matter of time before regulatory and consumer expectations converge on similar lines.

[39]https://www.ey.com/en_in/technical/strategy-transactions/deal-alerts/2025/05/citykart-ventures-raises-us-dollor-65-million-investment-from-tpg-new-quest-and-a-91-partners
[40]https://www.hul.co.in/news/press-releases/2025/hul-board-approves-demerger-of-ice-cream-business/
[41]https://www.godrejcp.com/public/uploads/press_release/Raymond.pdf
[42]https://www.pernod-ricard.com/en/media/pernod-ricard-india-sell-its-imperial-blue-business-division-tilaknagar-industries

## Supply trends

1. **Resilience is now a core supply chain goal**
   The pandemic and geopolitical tensions have forced FMCG companies worldwide to rethink their supply chains. Many are now choosing to manufacture closer to demand centres, diversify their supplier base and infuse greater flexibility into logistics operations. For Indian firms, these lessons are particularly relevant given recent global disruptions and domestic infrastructure challenges.

2. **Smart factories and digital operations are becoming standard**
   Automation, data-driven demand forecasting and real-time supply chain visibility have moved from nice-to-have to business-critical. Global leaders are investing in IoT-enabled manufacturing and AI-powered planning tools to boost efficiency and reduce waste. Indian companies are starting to explore these levers, though adoption is still uneven.

3. **Green operations are no longer optional**
   Global FMCG players are setting bold sustainability goals at the product level and across their entire value chain. From water-positive factories to zero-landfill packaging systems, there is a push to reimagine operations with the environment in mind. Indian firms would benefit from investing early in initiatives as consumer awareness and regulatory focus continue to rise.

4. **Faster innovation through collaboration**
   FMCG companies are increasingly adopting open innovation models in global markets, collaborating with start-ups, research institutions and consumers to co-create products, accelerate development cycles and enhance market relevance. Several leading global firms now source a significant share of their product ideas from external collaborators, resulting in faster launches and improved innovation outcomes. Major players have also established dedicated platforms and accelerators to drive co-development in areas such as packaging, sustainability and wellness. While Indian FMCG companies have traditionally relied on in-house R&D, this approach is beginning to evolve. Some have launched innovation accelerators to work closely with emerging brands on new product formats, while others are collaborating with academic institutions to develop advanced packaging and food safety technologies. These shifts reflect a growing openness to tapping external ecosystems to test novel ideas, improve agility and better align with changing consumer preferences, signalling a broader transformation in the Indian FMCG innovation landscape.

## Future outlook, priorities and growth drivers

India's FMCG sector is at a pivotal moment. With a growing consumer base, expanding digital infrastructure and evolving lifestyle aspirations, the next decade promises a fundamental reshaping of how products are made, marketed and consumed. While short-term headwinds such as inflation and supply chain volatility may persist, the long-term growth story remains strong and multi-dimensional.

1. **From mass to micro: Hyper-personalisation will be key**
   The era of "one-size-fits-all" is steadily fading. As data becomes more granular and consumer journeys more traceable, FMCG companies may increasingly move towards personalised products, experiences and communication. Whether it is customised skincare, region-specific flavours or AI-curated health supplements, the future will be shaped by how well brands can understand and respond to individual preferences at scale.

2. **Rural India: The next growth engine**
   Despite years of urban-focused innovation, rural India remains largely underpenetrated, yet full of untapped potential. With rising incomes, better connectivity and aspirational spillover from cities, rural markets are becoming increasingly receptive to branded goods. The next phase of FMCG growth will hinge on companies expanding reach, affordability and trust in these areas, primarily through last-mile innovation and vernacular engagement.

3. **D2C and e-commerce will disrupt traditional routes**
   The growth of digital commerce in India is reshaping consumer behaviour and rewriting supply chain strategies. D2C brands are emerging across categories, often bootstrapped with strong digital storytelling and loyal communities. While modern trade and kiranas will remain important, companies that integrate online and offline seamlessly will have a competitive edge.

4. **Health, clean and conscious will go mainstream**
   Indian consumers are increasingly asking, "Is this good for me?" and the answer will shape their buying decisions. Clean labels, natural ingredients, plant-based alternatives and products with wellness benefits will no longer be niche; they will become expected. This shift will force legacy brands to reformulate, repackage and rethink their offerings, especially as Gen Z and millennial cohorts drive demand.

5. **Sustainability will transition from a concept to a business imperative**
   Regulatory pressures and conscious consumers are pushing companies to take sustainability seriously. This will affect packaging choices and the entire value chain, from sourcing and manufacturing to transportation and disposal. Brands that embed sustainability into their core operations, not just as CSR, will meet compliance standards and build long-term loyalty and reputation.

6. **Innovation will be agile, collaborative and tech-led**
   Speed to market is becoming a competitive differentiator. Future-ready FMCG companies will adopt agile innovation models, co-creating products with consumers, using AI for trend forecasting and collaborating with start-ups for R&D. The ability to test, fail and iterate quickly will be more valuable than building perfect products slowly.

7. **Retargeting the urban core: From reach to relevance**
   India's top five cities (Mumbai, Delhi-NCR, Bangalore, Chennai and Hyderabad—home to around 1 crore affluent consumers[43] contributed nearly US$800 billion[44] (~20% of national GDP) to the country's GDP. Despite their small share of the population, these urban shoppers drive a significant portion of discretionary FMCG spending. There is a high-value opportunity to deepen loyalty in these urban hubs. To fully tap this segment, FMCG players must pivot to AI led digital first models to drive personalized, data-led engagement. This means building 1:1 relationship through customer data platforms, community-specific campaigns, and D2C channels—treating metros not just as large markets, but as engines of premium growth. For example, one of the players in FMCG sector has been engaging directly with around 1 million consumers through targeted digital campaigns that has in conjunction with M&A of D2C brands helped them achieve a revenue contribution of 25 percent from the e-commerce channel.

[43]Deloitte Analysis
[44]https://factodata.com/richest-cities-in-india/

# Segment overview

## Food & beverage

### Overview of the F&B sector

India's F&B sector continues to evolve into a fast, fragmented, flavour-forward economy, driven by rising health consciousness, regionalism, convenience and omnichannel access. In 2025, this sector sits at the confluence of technology-driven distribution (Q-commerce, D2C), changing consumer expectations (clean, curated, quick) and increasing formalisation across staples and dairy.

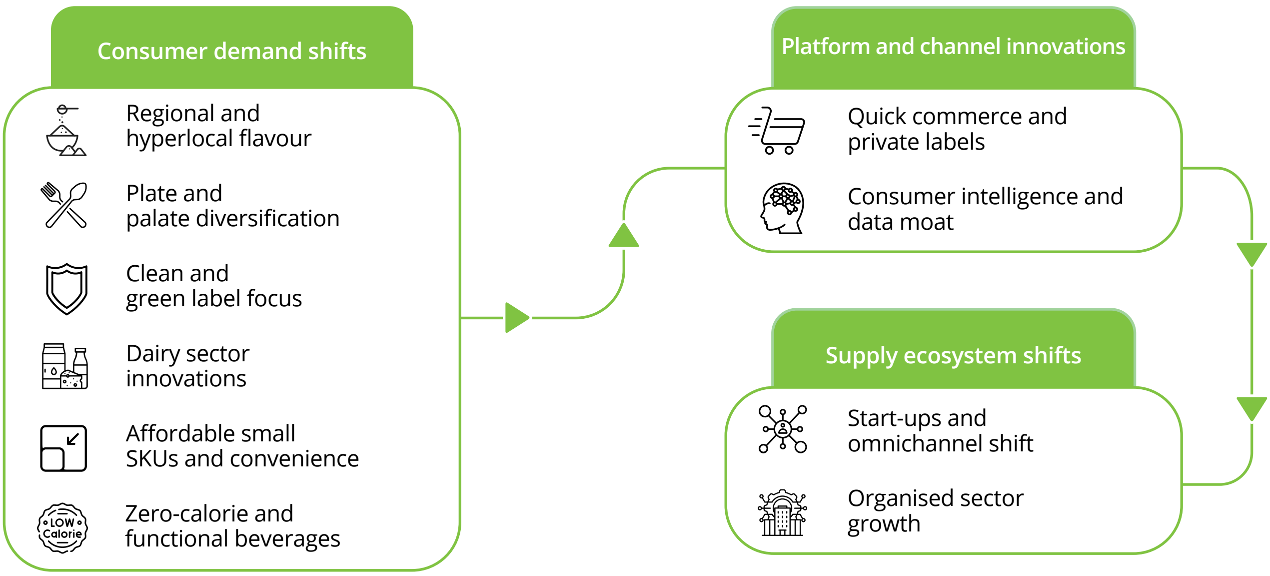
From mini-SKUs and zero-calorie drinks, to flavour hyper-personalisation and eco-conscious packaging, Indian F&B brands are innovating at both ends of the spectrum, mass affordability and premium wellness, often within the same product line.

The sector remains a cornerstone of India's consumption economy:

- About 60 percent of total retail consumption expenditure in India is still food-related. Furthermore, about 40 percent of this is attributable to packaged food. The Indian packaged convenience food industry is expected to reach INR4,883 billion by FY26E with an 11 percent CAGR over INR3,194 billion in FY22.[A]
- India is the world's largest milk producer, the second-largest producer of fruits and vegetables and the third-largest F&B market by volume, after China and the US. However, annual per capita spend on all categories of packaged food for India stands at ~INR4,700, compared with ~INR16,000 (3.5x) in China and ~INR1,15,000 (24x) in the US.[A]

### Trends reshaping F&B in 2025

F&B trends in 2025 include a mix of continued momentum from previous years and newly emerging shifts shaping the future of India's packaged food landscape. Consumer demand is transforming rapidly, driven by health awareness, regional pride and convenience, and brands, platforms and producers are racing to adapt with data, innovation and operational agility.




A snapshot across consumer demand, channel and supply ecosystem

### Consumer demand shifts

**Regional and hyperlocal flavours:** Indian consumers are embracing their culinary heritage even as they explore global tastes. Companies are developing products with distinctly local ingredients and recipes, often by collaborating with small-scale manufacturers or sourcing from speciality regions. For example, artisanal spice and pickle brands (from Nagaland to Himachal) have gained prominence online and in gourmet outlets. Consumers now favour beverage and snack flavours such as cardamom, saffron, mango-lassi, kulfi and other indigenous combinations. Meanwhile, global influences (Szechuan sauces, Korean kimchi, Thai curry blends) show up in chips and ready foods. This dual trend has led to more hyperlocal variants (e.g., millet-based snacks, regional chutneys and heirloom rice packaging) and to niche brands highlighting provenance. Small-scale food manufacturers (often at village/cluster level) are scaling up to meet this demand under modern retail and D2C models. This geographically diversified portfolio offers authenticity and novelty to the market.

This demand for regional specialities creates opportunities for micro-entrepreneurs and co-op federations. For instance, states are pushing "One District, One Product" schemes to feed into F&B supply chains. The trend also aligns with the broad "flavour fusion" wave: traditional Indian tastes reimagined with modern convenience, often packaged by local processors.

**Plate and palate diversification:** Alongside flavours, product formulations are diversifying to reflect health and lifestyle shifts. The "multigrain" movement is now mainstream, with consumers habitually buying roti/bread made with oats, jowar, ragi, barley and other grains. A Times of India report notes that multigrain and millet-based staples have become go-to choices for health-conscious families. New staples such as quinoa or rajgira (amaranth) are entering bakery mixes and snack bars[B]. Meanwhile, convenience foods are being reimagined for variety: dosa and idli batters now come in mixed-grain formulas, instant noodles and soups feature exotic spices and ready-snack mixes (nutri-chivda, moong dal snacks, etc.) proliferate. Indian brands are increasingly drawing inspiration from local cuisines and micro-geographies:

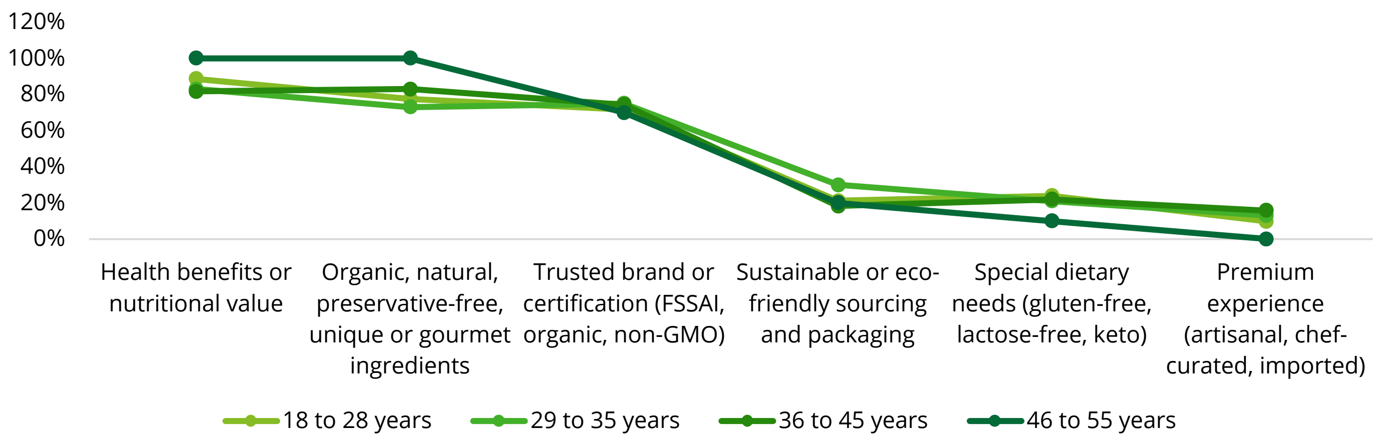
- Leading packaged snack manufacturers are introducing regionally inspired flavors, such as Nagpur lime flavoured snacks inspired by regional citrus heritage.
- Many QCOM-exclusive brands have begun offering hyperlocal products such as Chandrakala pickle (from UP), Malnad-style jackfruit pickles or Nagaland bhoot jolokia chutneys catering to regional and diaspora demand.
- Even large FMCG players are tapping into culinary regionalism and rolling out state-specific variants (e.g. Andhra-style sambhar mix, Kolhapuri tikha spice blends) in their convenience food ranges.

Alongside domestic explorations, Indians are increasingly drawn to global taste profiles, such as Korean, Mexican, Thai and Japanese, especially Gen Z and millennials shopping online. Several emerging packaged food players offer kimchi-flavoured chips, cheesy peri-peri makhana and gochujang trail mixes. Palate diversity is no longer limited to taste, crunch, fizz, heat, creaminess and chewiness; now, they matter equally. The rise of aerated dairy (whipped lassis, carbonated chaas) or textured kombuchas reflects this shift. Ready-to-eat snacks increasingly combine dual sensations: spicy and tangy, sweet and salty, and creamy and fizzy. Consumers choose food for flavour notes and how it feels on the tongue, which behavioural scientists call "mouthfeel curiosity."

FMCG marketers are eyeing an opportunity in "everyday indulgence," offering healthful or premium ingredients at affordable price points. For example, even (traditionally bland) staples such as paneer or buttermilk now carry fortification (protein, vitamins) or unorthodox flavours (herbs/spices). This broadens the consumer base from basic sustenance to wellness/convenience.

**Clean-label and green-label focus:** Health and environmental concerns are reshaping product labels and packaging. On the consumer side, over two-thirds of urban Indians say they now check ingredient lists before buying packaged foods, and ~60 percent avoid products with any additives and instead choose wholesome ingredients such as nuts, seeds, and whole grains.[C] (India's functional beverage market (juices, dairy drinks and nutraceuticals) is nearing INR15,000 crore[D] as a result. Per Deloitte's internal consumer survey, health remains the foremost reason Indian consumers are willing to pay a premium across age groups, followed by clean and high-quality ingredients. Interestingly, environmental sustainability and premium experience, often talked up by brands, are far less influential in driving spending decisions.

**Factors influencing decision to pay a premium (% of Consumer)**

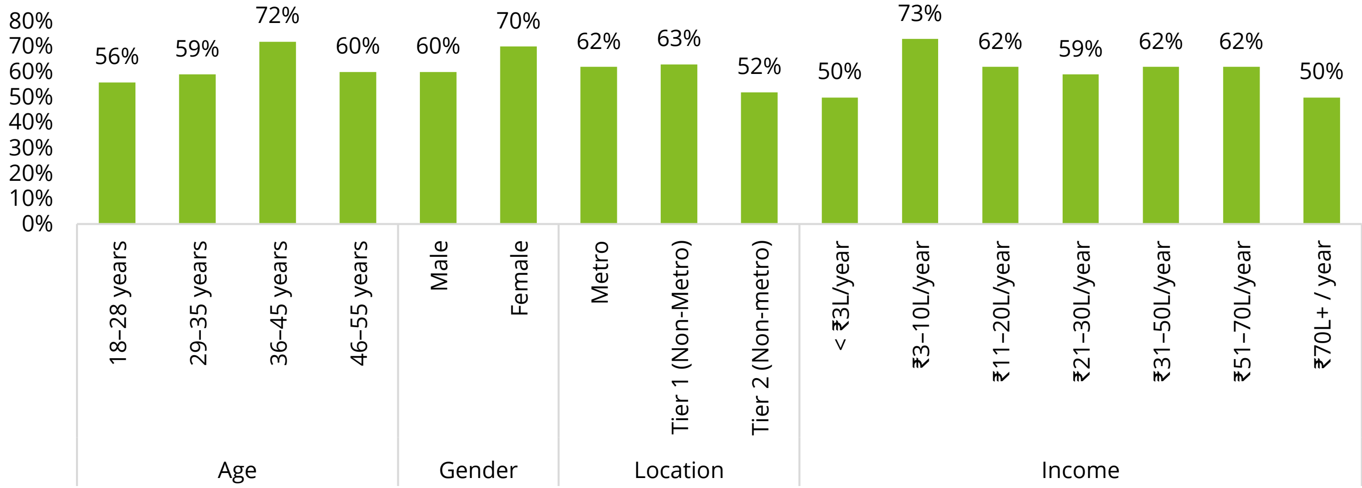



Source: Deloitte's Internal Consumer survey

Manufacturers respond with clean-label formulations (no colours/preservatives, transparent ingredient names) and "green" packaging (biodegradable, minimal plastic). National brands and regional dairies proudly declare "natural" or "no preservatives" on their milk/curds, and even instant snacks advertise transparent seasoning lists. By promising simpler recipes and eco-friendly packs, they aim to build trust amid heightened regulatory scrutiny. The FSSAI has also tightened labelling norms: a July 2024 amendment mandates front-of-pack warnings for high sugar, salt or saturated fat content and requires bold display of calorie/carbohydrate/protein per serving. To ease compliance, FSSAI now fixes 1 July[E] as the annual rollout date for such updates, allowing firms a six-month lead time on new packaging. These measures and consumer push for "All Natural," "No Added Sugar" claims, are leading companies to revamp their labels. They prominently feature vegetarian/vegan logos (green symbol), organic certification marks and QR codes that link to a full nutrition breakdown.

**Dairy sector innovations:** India's dairy cooperatives aggressively respond to health and ingredient trends. Dairy co-ops are reclaiming the nutrition space. By converting everyday dairy into "functional foods" (high protein, probiotic, etc.), they aim to dominate the wellness segment without abandoning traditional markets. Per Deloitte's internal consumer survey, dairy emerges as a standout category, with 72 percent of middle-aged consumers (36–45) and 70 percent of female respondents preferring premium dairy options such as organic milk, probiotic milk, flavoured yoghurts and artisanal cheese. Interestingly, premium dairy also sees high traction across non-metro and Tier 2 cities (52 percent) and even among lower-income brackets, indicating that dairy innovation is no longer niche, but mainstream.

**Premium dairy preference (% of Consumer)**



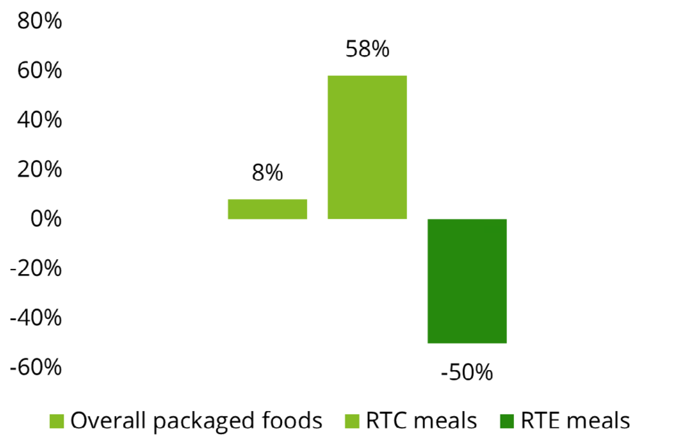

Source: Deloitte's Internal Consumer survey

A large dairy brand has introduced several high-protein dairy variants. In 2024–25, it launched "Protein Lassi," "Protein Kulfi," protein-fortified milk and paneer, each delivering ~10–15 g of protein per serving. This pivot taps into protein-deficiency awareness (and competes with supplement start-ups) – the company's strategy seems to be "inserting protein into everyday staples" (lassi, etc.) to reach mainstream Indians. The co-op's scale (3.6 million farmers, 31 million litres/day) means it can price these affordably (e.g., INR50 for 20 g protein in lassi),[F] undercutting premium start-ups. This also pressures independent health-food start-ups. The company's strength in distribution and cost can "crush" smaller players on volume and pricing. Meanwhile, two large national players have also expanded their organic food lines: One player has launched "Organic" brand (launched in 2022) now also includes packaged pulses (chana, urad, masoor dal), millets, rice and atta. Another player too, has diversified into staples and fresh produce through its "Organic" line. This move into staples complements their dairy core. Other dairy unions similarly launched organic yoghurt/milk variants.

Dairy-fruit hybrids, such as mango lassi with added probiotics, flavoured yoghurts with local fruit pulps (jamun, sitaphal) and protein smoothies are gaining mainstream acceptance as part of breakfast and mid-day consumption.

**Affordable small SKUs and convenience:** Price-sensitive consumers and on-the-go lifestyles are driving demand for mini-packs. Flavoured milk in small, affordable formats (e.g., INR10 for 85 ml) now accounts for a significant share of the INR800 crore segment by volume. A large portion of this demand comes from rural India, indicating a strong thirst for low-cost dairy indulgences. Similarly, low-price offerings such as such as small-serve curd cups and INR10 ice creams are tapping a new base of first-time or budget-conscious buyers who could not afford larger packs. At the same time, Ready-To-Cook (RTC) foods are witnessing a surge. The RTC segment volume doubled over 2022–24 (58 percent growth in 2024). Consumers buy instant dosa batters, gravy/pasta mixes and meal kits for speed, yet prefer to "finish cooking at home." In contrast, fully Ready-To-Eat (RTE) meals have halved in volume over the same period. Major food brands are hence introducing small-format RTE/RTC SKUs (e.g., single-serve soups, instant breakfast bowls, one-cup noodles) typically in convenience stores and Q-commerce outlets.

**Growth rates 2022-24 (%)**



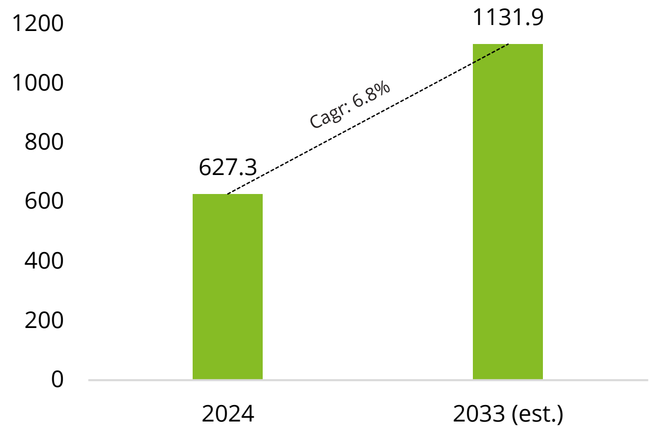

Source: : Economic Times

Miniaturised pricing is the new norm. The success of INR10 SKU-driven dairy and snacks is spurring peers. Several RTE drinks and snacks are now sold in INR5–10 formats. This democratises convenience, and what was once premium (protein bars, flavoured milks and mini-meals) is being made affordable enough for "every bazaar and roadside kirana."

**Zero-calorie and functional beverages:** Health-conscious drinkers are shifting to low-sugar and "better-for-you" beverages. Multinationals (Coca-Cola, PepsiCo) are expanding their zero-sugar portfolios (diet sodas, vitamin waters, flavoured seltzers) to meet consumer expectations. Domestic players and start-ups, meanwhile, are innovating with functional formulations: kombuchas, probiotic mocktails, adaptogen-infused tonics and herbals. Executives note that "zero-sugar has shifted from trend to consumer expectation." For example, homegrown Kombucha and kefir start-ups now sell kcal-free fizzy teas (with hibiscus, ginger, mint) featuring probiotics or Ayurvedic herbs, and micro-distilleries are launching zero-calorie ginger and cola ales. Market forecasts reflect these shifts. India's overall non-alcoholic beverages market is expected to grow ~6.7 percent annually until 2028,[G] primarily driven by low-cal and functional segments. Globally, sugar-free soft drinks form a significant share (~35%) of the US$83 billion sugar-free food and beverage market, reflecting rising consumer demand for healthier beverage alternatives.[H] Locally, companies are betting on clean-label water (infused with vitamins or herbs) and fortified coffees/juices (ginseng, ashwagandha, vitamin D).

Branding is shifting to "wellness." New product launches emphasize nutritional claims (e.g., "0 percent sugar," "with probiotics" and "keto-friendly") on the pack. In retail, these are often shelved alongside bottled water and juices rather than sodas, signalling their hybrid role. Start-ups also market through health influencers and Q-commerce to reach millennial/work-from-home demographics. The emerging "zero-calorie beverage" category thus spans everything from flavoured mineral water to low-calorie-high-protein dairy drinks, tapping into diabetes/weight-management and protein-requirement concerns.

**Dairy protein market (US$ million)**




Source: iMarc Group

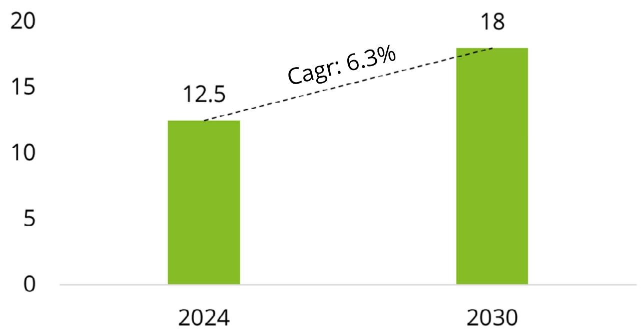
**Platform and channel innovations**

Private labels and quick commerce: India's fast-delivery grocery channels have exploded, and retailers are using them to push value brands.

Quick-commerce orders (Blinkit, Zepto, Instamart, etc.) account for roughly two-thirds of India's e-grocery and an estimated US$6-7 billion in annual sales.[I] Private-label lines have proliferated in tandem, rising to about 6-8 percent of Q-commerce sales (from 1-2 percent two years ago).[J] Private label brands are emerging as formidable challengers to established FMCG players, driving cost, innovation and margin pressures across key packaged food categories. Established retailers owning these private label brands are leading this trend:

- Swiggy Instamart's "Supreme Harvest" line includes staples such as dals and flour, accounting for ~18–20 percent[K] of its sales.
- BigBasket's family of labels (BB Royal, BB Popular, Fresho) accounts for ~35 percent[K] of its sales.
- Zepto has similarly rolled out its "Daily Good" range of oils, millets and pulses.

**Revenue (US$billion) - India private label packaged food market**




Source: GrandViewResearch

These private-label assortments target high-frequency staples, offering 25–40 percent[L] lower prices than branded equivalents, yielding higher margins for retailers. By contrast, perishables remain largely branded or unbranded. This synergy of rapid delivery and cheap home brands is reshaping grocery retail.

Quick commerce is fuelling volume and serving as a testing ground for retailers' brands. Analysts note that as Q-commerce matures, it will drive a broader assortment of private labels across categories. Early data suggest private-label penetration will keep climbing as logistics and consumer trust improve.

### Consumer intelligence and data moat

Q-commerce platforms are establishing a powerful data moat through first- and third-party insights. Each transaction, be it an impulse snack, a multigrain flour purchase or a gourmet condiment, feeds proprietary databases that track consumer preferences by cuisine type, flavour profile, price point and purchase frequency at hyper-local levels (PIN-code accuracy). Platforms capture detailed F&B consumption patterns, e.g., repeat buys of protein lassi or plant-based milk and affinities for new product trials, enabling demand forecasting for F&B goods with precision. By integrating household demographics, credit scores and social-media taste profile data, these platforms segment consumers into micro-clusters (e.g., "Keto-Snack seekers in Hyderabad" or "Regional Pickle enthusiasts in Pune"), guiding targeted F&B new product development and personalised promotions.

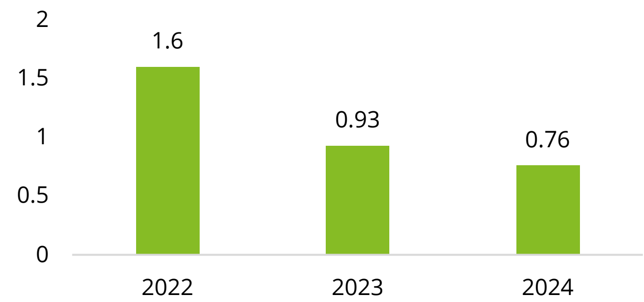
As custodians of this rich, consent-driven consumer intelligence, Q-commerce players now position themselves as "data partners," promising faster insights, sharper targeting and accelerated innovation pipelines, further differentiating themselves from traditional retail channels.

However, with great data power comes the responsibility of clear custodianship. Platforms must adopt robust data governance frameworks, clearly disclose first-party and third-party data collection practices, secure explicit consumer consent and ensure compliance with emerging privacy regulations (e.g., India's Personal Data Protection Bill). Such transparency builds consumer trust and solidifies platforms' reputations as responsible stewards of sensitive shopper intelligence.

### Supply ecosystem shifts

**Start-ups and omnichannel shifts:** The funding crunch of 2023–25 has forced many digital-first food brands to diversify. Venture funding into D2C/F&B start-ups fell ~18 percent in 2024 to about US$757 million (versus US$930 million in 2023 and US$1.6 billion in 2022).[M] Investors now emphasize profitability and growth.

**D2C start-up funding (US$billion)**



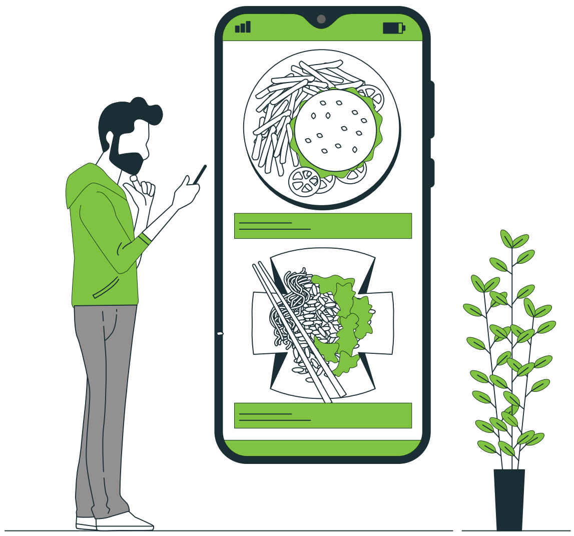

Source: Economic Times

Many D2C players are opening offline stores, branding supermarket corners or collaborating with kiranas to survive. This reflects a broader omnichannel shift: leading D2C brands (even beyond F&B) now integrate e-commerce with modern trade presence. The opposite trend has been consolidation: the number of D2C M&A deals remains high. In 2024 and early 2025, India saw multiple acquisitions of early-stage FMCG/D2C firms (e.g., YogaBar, 24Mantra Organic, Max Protein, Earth Rhythm and Prasuma), as founders took exits. However, scaling an offline distribution network has proven costly; many firms that tried either got acquired or refocused on core SKUs. Even native online brands recognise "kirana + internet + company store" as the winning formula. For instance, several plant-based or health-food start-ups (protein snacks, organic staples) have started pop-up shops and expanded into health-store chains. Big retailers are eyeing select D2C brands for exclusivity, while well-funded legacy FMCG companies are scouting acquisitions of niche labels to expand their offline reach.

**Organised sector growth:** India's F&B staples and dairy are becoming more organised after years of fragmentation. Branded staples (packaged flour, rice, pulses, spices) are rapidly scaling. Allied Market Research projects this segment to grow by more than 10 percent annually, from ~INR27,500 crore in 2017 to over INR105,000 crore by 2031.[N] Urban modern trade and e-commerce are key drivers: consumers now readily buy atta and rice in sealed, premium packages (e.g., millet atta and basmati rice labelled by region). In dairy, cooperatives are in an upswing. One of the large player in dairy sector alone is projected to cross US$12 billion in revenue by FY2026,[O] thanks to broad double-digit growth. More than 60 million urban households now consume UHT/pasteurised branded milk, according to industry data. Organised players continue to encroach on informal local milk markets, aided by cold-chain expansion. The "organised" slice of India's enormous staples and dairy pie is steadily rising, even in smaller towns, as proven brands and safety assurances win consumer trust.

The next few years are expected to see the convergence of scale and variety. Large food companies (ITC, Tata, Patanjali,HUL,etc) are expanding into nutrition and staples, while high-growth Agri-Hub schemes push co-ops to add value. As a result, the Indian consumer will see the boundary between "food" and "grocery" blur – secure, branded products (even milk, curd, spices, etc.) available at a click or the corner store, reflecting a rapidly organised marketplace.

Sources: [A]BDO.in, [B]Times of India, [C]EconomicTimes, [D]Foodsure, [E]India-Briefing, [F]Livemint, [G]RestaurantIndia, [H]TechNavio, [I]BusinessReporter, [J]FinancalExpress, [K]FinancialExpress, [L]Massmerize 2024, [M]EconomicTimes, [N]AlliedMarketResearch, [O]DairybusinessMEA4Foodsure,



## Home and personal care

**Market overview**

### Market overview: Household and personal care sector in India

The Household & Personal Care (HPC) sector, comprising cleaning agents, hygiene essentials, grooming products and cosmetics, is a foundational pillar of India's FMCG industry. Accounting for ~50 percent of total FMCG sales,[45] HPC contributes significantly more than the F&B (19 percent) and healthcare (31 percent) segments. It includes two key verticals:

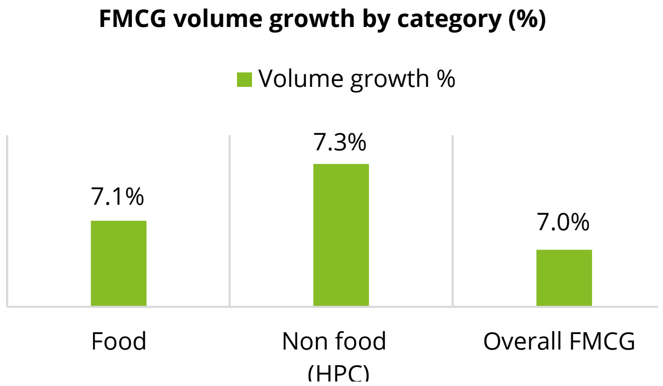
- **Household care:** Detergents, fabric care, surface and toilet cleaners, air fresheners.
- **Personal care:** Toiletries, skincare, haircare, oral care, fragrances, cosmetics.

In 2025, India's HPC sector is valued at **over US$30 billion,** with leading players continuing to dominate alongside a rapidly emerging ecosystem of **local, Ayurvedic and D2C brand**s.[46]

| Parameter | Value/Insight[47] |
|---|---|
| **Total HPC market size (2025)** | Over US$30 billion |
| **Share in total FMCG sales** | 50 percent |
| **Major sub-segments** | Household care, personal care |
| **Key categories** | Detergents, cleaners, skincare, haircare, oral care, cosmetics |
| **Leading players** | HUL, P&G, ITC, Dabur, Godrej, Marico |
| **Rural contribution to HPC sales** | 45 percent |
| **E-commerce share in FMCG** | 17 percent (fast growing) |
| **Non-food FMCG volume growth (Q4'24)** | 7.3 percent |
| **Rural FMCG growth (Q4'24)** | 9.9 percent |
| **Market forecast** | Over US$50 Billion by 2035 |

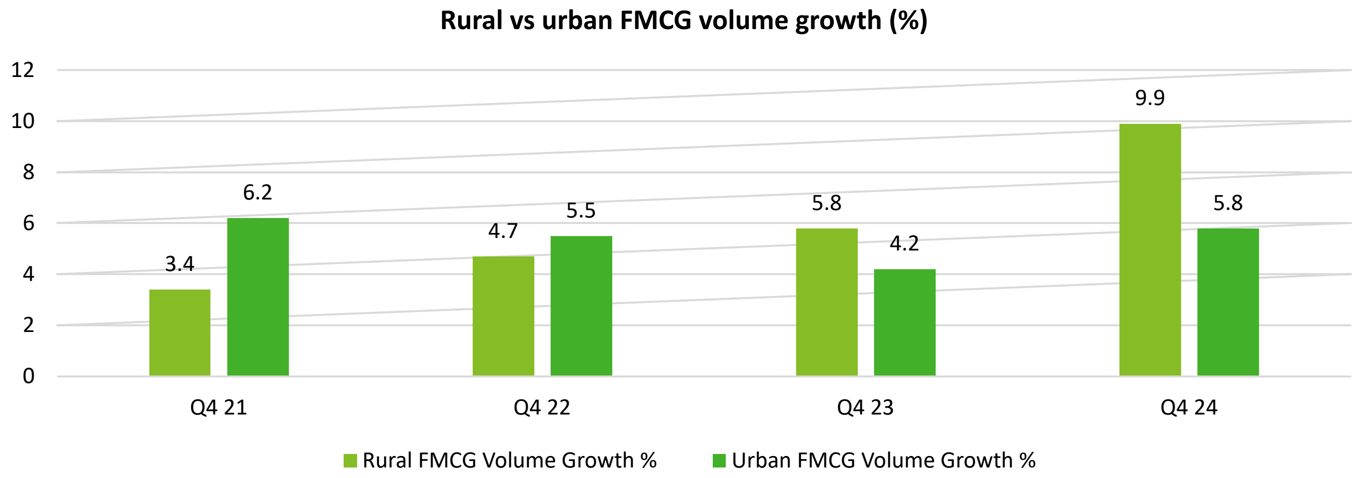
The segment has shown resilient and consistent growth amid economic volatility. According to Nielsen IQ data, FMCG volumes rose 7.1 percent and non-food categories (led by HPC) grew 7.3 percent in volume in Q4 2024, far outpacing food items (7.0 percent).[48]

[45]Indiaretailing.com
[46]imarcgroup
[47]imarcgroup, wikipedia, Wikipedia-ecommerce india, LinkedIn News
[48]Nielsen IQ

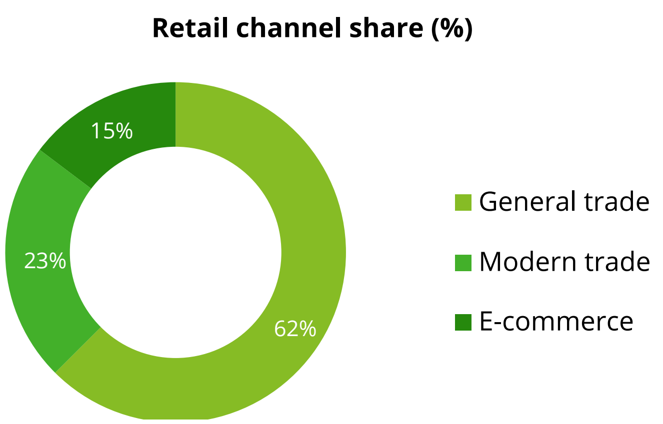



This sustained demand is driven by rising disposable incomes, urbanisation, heightened hygiene consciousness after COVID-19 and India's youthful demographic.

Traditionally strong for FMCG, rural markets are converging with their urban counterparts regarding aspirations and spending. In Q4 2024, rural FMCG grew by 9.9 percent, primarily powered by home and personal care consumption. Rural India now accounts for 45 percent of the HPC market, with significant headroom for penetration and growth.[49,50]




At the same time, digital transformation is reshaping the sector. E-commerce and quick-commerce platforms now contribute 17 percent of FMCG sales, driven by urban millennials and Gen Z shoppers seeking convenience, premium experiences and eco-conscious owptions. However, traditional general trade remains dominant, especially in Tier 2/3 cities and rural areas.[51]




| Retail channel | Market share (%) | Key characteristics |
|---|---|---|
| **General trade (Kirana)** | 62.5 | Deep rural and Tier-2/3 reach; price-sensitive consumers; sachet-friendly; relies on trusted personal relationships. |
| **Modern trade** | 22.8 | Expanding in urban/ metropolitan areas; focuses on premium assortment and in-store experience. |
| **E-commerce + Quick commerce** | 14.7 | Fastest-growing, driven by metros and Gen Z, supported by quick commerce (which now contributes 3–6 percent of FMCG).[52] |

[49]Reuters
[50]LinkedIN, ET brand equity, Livemint
[51]Exchange4media
[52]NIQ

On the supply side, the **sector is witnessing an expansion of local manufacturing capacity, supported by the 'Make in India' initiative,** PLI schemes and improved infrastructure. Multinational and Indian firms are investing in domestic production to meet internal demand and to enhance export potential.

**Sustainability and inclusivity have become central to the HPC growth story.** Consumers are increasingly prioritising natural, biodegradable and cruelty-free products. In response, brands are adopting **eco-friendly packaging, community-based sourcing and responsible manufacturing practices.**

Backed by favourable demographics, supportive policy, a vibrant innovation ecosystem and digitally savvy consumers, **India's HPC market is poised to surpass US$50 billion by the mid-2030s,** cementing its role as a global growth engine in the consumer goods landscape.

**Market size, growth and segmentation**
India's HPC market remains **large and fast-growing** in 2025. Recent estimates place household care (detergents, cleaners, etc.) at **US$10.36 billion,** and beauty and personal care at **US$24 billion**. India's HPC sector is currently valued at **US$30–34 billion**. Long-term forecasts suggest healthy growth. These rates exceed typical consumer goods growth, reflecting rising incomes and new product innovation.

**By segment (2024–25)**

| Segment | Market size (US$billion) | Forecast CAGR |
|---|---|---|
| Household care | 10.36 | 4.96 percent (2025–33) |
| Beauty and personal care | 28.0 | 11.5 percent (2025–30) |

**Household care:** Expanded from US$8.7 billion (2023) to **US$10.36 billion in 2024**, with a projected 15 percent+ CAGR through 2033, reaching ~US$36 billion.

**Beauty and personal care:** Stood at **US$28 billion in 2024** and is forecast to rise by 11.5 percent annually until 2030.

This places total HPC at **~US$38 billion** for 2024–25, making it among India's fastest-growing FMCG sectors.[53]

**Segmentation breakdown**
Within HPC, major subcategories include:
- Laundry & dishwashing: Largest sub-segment in household care.
- Hard surface cleaners & sanitation: Includes toilet, kitchen cleaners, insecticides.
- Skin & hair care: Core personal-care staples.
- Oral care & cosmetics: Rapid premiumisation driven by rising aspirations.
- Home fragrances: Small yet high growth in the urban lifestyle segment.

**Channel and geographic split**
**By channels,** HPC remains heavily offline. Traditional general trade (kiranas, mom-and-pop shops) still accounts for most sales. Industry estimates put general trade at ~62 percent of FMCG value (though shrinking) and modern retail (organised chains/hypermarkets) at 22 percent. In contrast, e-commerce is fast-growing; it already constitutes ~15 percent of overall FMCG sales. Quick-commerce and D2C channels are helping push FMCG online penetration above 15 percent of sales.[54]

- **Geographically,** HPC is pan-India. Urban India generates 50–55 percent of FMCG revenue, but rural consumption is catching up. Rural consumers now represent about 45–50 percent of the total FMCG/HPC spend.[55]

- **Regionally,** all states participate, with faster penetration rising in tier 2/3 cities and towns (projected to drive 60 percent of future retail growth). While precise category shares vary by region (for example, North and West India dominate the overall market value), HPC demand is ubiquitous from metros to villages.

**Offline vs online retail dynamics**
HPC has traditionally been brick-and-mortar-centric, but the online channel is growing rapidly. Due to its ubiquity and credit-driven relationships, general trade controls roughly two-thirds of sales. Modern retail (supermarkets, drugstores, etc.) continues to grow at a high single-digit rate. By contrast, e-commerce was only a few percent of FMCG a few years ago but has surged: recent estimates put online FMCG at 17 percent of sales. Quick-commerce apps (Grofers/Blinkit, Zepto, etc.) and D2C sites have accelerated this shift.[56]

The pandemic and digital adoption triggered change. Today, 31 percent of urban shoppers use quick commerce as their primary FMCG channel. Companies (legacy brands and new entrants) are investing in omnichannel strategies, expanding their online presence through Amazon/Flipkart/Nykaa and direct apps while still servicing millions of Kirana outlets through modern distribution.

[53]imarcgroup
[54]India business& trade , Times of India, Wikipedia
[55]Reuters
[56]NIQ, Economic Times

The result: HPC brands must manage a complex retail mix. Conventional products (value packs, sachets) still move bulk offline, while premium and targeted SKUs (speciality shampoos, organic soaps, gift sets) find traction online and in modern chains.

| Region | Internet penetration (%) | Online FMCG adoption (%) | Offline FMCG share (%) |
|---|---|---|---|
| Urban | 110 | 35 | 65 |
| Rural | 41.7 | 12 | 88[57] |

**Category deep-dive (Consumer behaviour)**
Within HPC, different categories show distinct trends driven by consumer preferences:

**Laundry and home cleaning**
Detergents and fabric care remain staples. Consumers have upgraded to liquid detergents and premium fabric conditioners, but value brands and sachets still dominate in rural and low-income urban segments. Notably, cleanliness habits have intensified: a Dyson survey found 46 percent of Indians significantly increased their household cleaning frequency in 2022, with two-thirds cleaning 5–7 times per week.[58]

Demand for "hygienic homes" (e.g., phenyls, bathroom sanitisers and floor cleaners) has grown. Consumers are also interested in eco-friendly cleaning agents (biodegradable and non-toxic formulations). Price remains important, but convenience (ready-to-use wipes, no-rinse cleaners) is rising.[59]

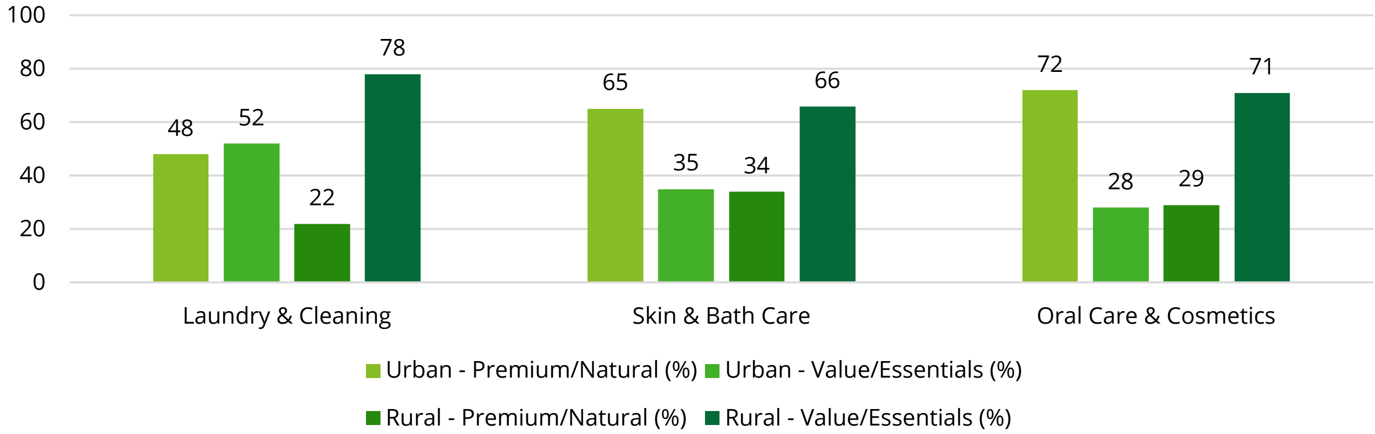
**Skin and bath care**
Bar soaps and body washes continue to sell in massive volumes, but there is a clear shift towards premium and "natural" products. Urban consumers increasingly seek herbal/ayurvedic soaps (Neem, Sandal), moisturisers and fairness/benefit creams, often paying a premium for perceived health and beauty benefits. Personal grooming (shampoos, lotions) is influenced by style and well-being. Men's grooming (deodorants, shaving aids) is a noteworthy niche growing in metros.[60]

**Oral care and cosmetics**
Mass toothpaste and basic skincare hold a broad base, but segments such as premium skin treatments, colour cosmetics (makeup) and niche fragrances are growing fastest. Indian consumers are heavily influenced by social media: 50–60 percent report being swayed by influencers and online reviews in personal care purchases. A strong "wellness aesthetic" trend exists: products promising natural or organic ingredients (e.g., aloe vera and argan oil) command interest.[61]

**Vegan and cruelty-free lines** (e.g., all-natural makeup) are gaining traction, driven by urban youth. At the same time, affordability is key: sachets and small packs remain vital for lower-income groups to try new products.

The preference divergence between urban and rural consumers is especially notable when examining category-level choices. The chart below highlights the share of premium/natural vs value/essential product preferences across key HPC categories.

**Urban vs rural preferences in HPC categories (%)**




[57] Wikipedia, NielsenIQ, Exchange4media
[58] Economic Times
[59] Economic Times
[60] Vouge Business
[61] Livemint

Overall, **consumer behaviour in HPC shows premiumisation (willingness to try higher-priced variants), health-consciousness (demand for "chemical-free" and safe ingredients) and digital influence.** A recent market report highlights that rising urban millennials and Gen Z in India are seeking premium products that are effective and environmentally sustainable.

**Brands that align with local tastes** (for example, launching turmeric/haldi-based skincare) or tap into wellness (ayurvedic oils, homoeopathic personal care) **enjoy a competitive edge.**

**Consumer priorities in HPC purchases – Insights from 2025 survey**

A primary survey of 273 respondents reveals nuanced insights into the factors shaping consumer purchase decisions for household and personal care (HPC) products in 2025.

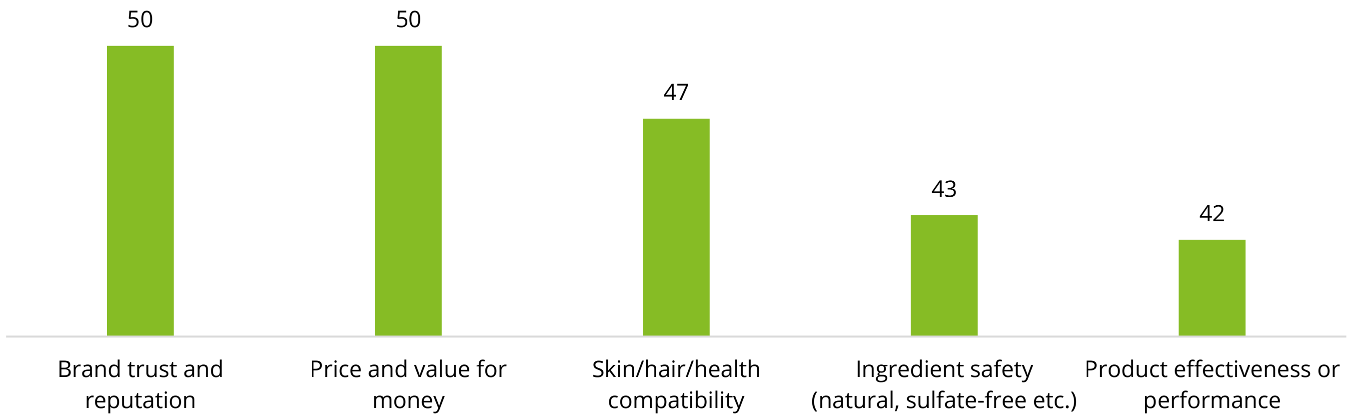
**Top influencing factors**

Respondents were asked to select the top three criteria that most influenced their HPC product purchases. The most cited factors were:

| Rank | Factor | % of respondents |
|---|---|---|
| 1 | Brand trust and reputation | 50 |
| 2 | Price and value for money | 50 |
| 3 | Skin/hair/health compatibility | 47 |
| 4 | Ingredient safety (natural, sulphate-free) | 43 |
| 5 | Product effectiveness/ performance | 42 |

These results point to a dual focus on credibility and care. At the same time, half of the respondents prioritise brand and value, with nearly equal shares considering safety, compatibility and effectiveness. This highlights rising awareness around health and product integrity.

**Consumer priorites (% of consumer)**

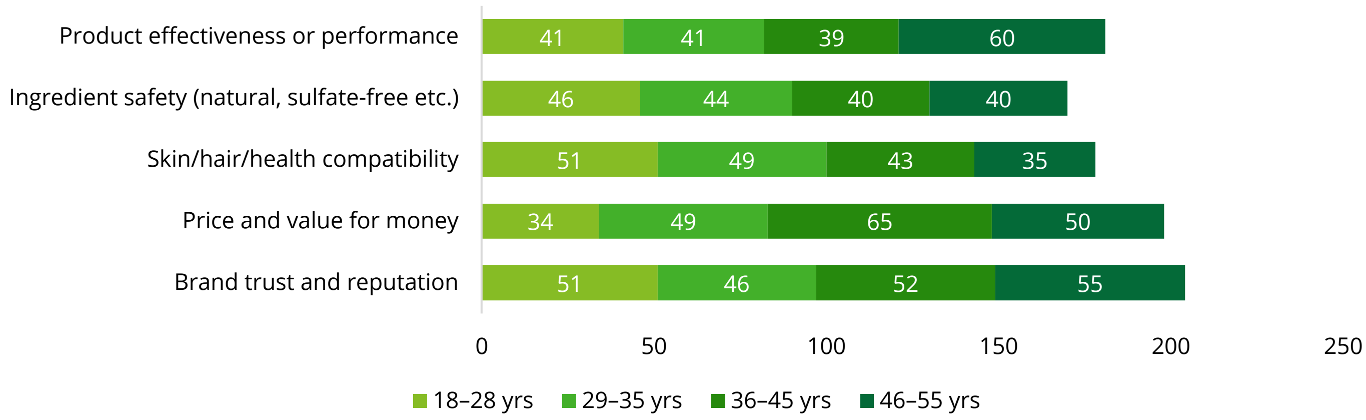



**Segmented Insights by age group**

A heatmap analysis of responses segmented by age reveals critical generational differences in consumer behaviour:

- Younger cohorts (18–28) emphasize ingredient safety and compatibility, reflecting a growing trend towards natural, non-toxic and sensitive-skin-friendly products.
- Middle-aged consumers (36–45) show the highest sensitivity to price (65 percent), pointing to a value-conscious but quality-seeking segment.
- Older consumers (46–55) lean more heavily on product performance (60 percent) and brand reputation (55 percent), signalling trust and experience as key drivers.

**HPC purchase drivers across age groups (% of respondents)**




**Strategic implications for brands**

1. Trust and familiarity remain core, especially important in rural and Tier 2/3 areas.
2. Clean-label and health-safe claims resonate widely, cutting across income segments.
3. Influencer impact is lower than expected but relevant among Gen Z and young urbanites.
4. Mini-packs and sachets enable trial in price-sensitive segments and should be sustained.

**Current demand trends**

Key trends shaping HPC demand include:[62]

- **Hygiene and health focus:** After COVID-19, hygiene remains a priority. Sales of sanitisers, disinfectants and anti-bacterial soaps saw huge spikes and have stabilised at higher baselines. Consumers now treat certain HPC items (hand sanitisers, toilet cleaners) as daily essentials. The rise in "germ-free" products has been lasting, especially in urban markets.

- **Premiumisation:** As incomes rise, many urban consumers trade up. Mid/high-end personal care products (international cosmetics, branded skincare) are growing faster than basic toiletries. Similarly, premium formats (liquid detergents, eco-friendly formula) expand their share in household care.

- **E-commerce uptick:** Digital access is altering buying patterns. In 2024 alone, beauty and personal care e-commerce sales grew 39 percent YoY in India. Quick-commerce apps have introduced impulse buying for daily essentials. According to industry data, over 30 percent of urban shoppers use quick commerce as their primary grocery channel. As a result, demand spikes now correlate closely with festive and promotional periods online.

- **Rural recovery:** As incomes improve, rural areas experience renewed demand. Categories such as detergents, edible oils and soaps are seeing double-digit rural growth again. Affordable brands are redeploying targeted marketing in villages. Improved rural road/internet infrastructure is slowly drawing more rural consumers into modern retail and e-tail channels.

- **Sustainability and health awareness:** Growing environmental and health consciousness is impacting demand. A 2024 survey found **83 percent of Indian consumers** rate the environmental impact of packaging as "important". Around **82 percent say they shop more sustainably now** than five years ago. Many HPC consumers seek eco-friendly packaging (refill pouches, paper boxes) and natural formulations. Thus, products that can claim "organic," "cruelty-free," or "recyclable packaging" often attract premium-seeking buyers.

- **Value packs and sachets:** FMCG companies continue to push value packs and small sachets to cater to cost-conscious segments. These formats ensure "inclusivity," allowing low-income consumers to access branded products. Sachets also serve as a marketing tool: lipstick, shampoo and detergent sachets let consumers sample brands cheaply before committing to larger sizes.

**Current supply trends**

Supply-side dynamics in HPC involve manufacturing, raw materials and distribution network developments:

- **Domestic manufacturing growth:** India has developed a robust manufacturing base for HPC ingredients and products. Major multinationals (e.g., HUL, P&G and Nestlé) have expanded local plant capacity in recent years, partly due to

[62] Mintel, Reuters, Financial Express , Market Research Future

incentives such as the PLI scheme. The government's PLI scheme (launched across 14 sectors, including consumer goods) offers incentives for domestic sales of local products, encouraging companies to "Make in India." For instance, HUL, ITC and PepsiCo have cited PLI support for planning larger food and hygiene product output. Regulatory easing (100 percent FDI in single-brand retail, relaxed factory norms) has also spurred investment in new plants.[63]

- **Raw materials and inputs:** HPC relies on petrochemicals (for surfactants, fragrances) and agricultural ingredients (oils, extracts). India is self-sufficient mainly in vegetable oils (soap ingredients) and many herbal extracts, but still imports significant surfactant chemicals and speciality inputs. Recent disruptions (such as commodity inflation) have prompted firms to diversify sourcing. There is growing investment in sustainable ingredient production, for example, more local sourcing of coconut oil and neem, to meet demand for "green" formulations.

- **Supply chain and logistics:** The sector's supply chains have become more efficient and tech-driven. Many companies use ERP and distribution platforms to serve 5–7 million+ retail outlets. Growth of modern trade and e-commerce has led to new cold chain (for certain beauty products) and fast-supply ("dark store") networks. Government initiatives such as the "One Nation, One Ration Card" or unified logistics data platforms (Gati Shakti) indirectly improve rural distribution efficiency for FMCG too.

- **Role of MSMEs and local producers:** A vast informal supply base exists for certain HPC subsegments. Thousands of small and micro units manufacture soaps, cosmetics, ayurvedic oils and artisanal cleaners. For example, Karnataka and Kerala have large cottage industries that produce incense and natural skincare products. These MSMEs often supply local markets and are beginning to integrate into broader retail; government schemes for MSMEs (financing, training) help some modernise. There has also been growth in Indian contract manufacturers collaborating with global brands to produce high-quality goods (e.g., fragrance compounding and packaging).

**Consumer health and well-being trends**

While not a healthcare report, HPC trends increasingly intersect with health and wellness. Consumers view many HPC items as health devices: hand sanitisers, antiseptic soaps, air purifiers and herbal tooth powders, which are bought with health in mind. The concept of "personal care" now has a preventive-health dimension. For instance, there is a rising demand for Ayurvedic or organic personal care as preventive self-care. Indian urban consumers prefer natural or Ayurvedic skincare and haircare, driven by health and environmental concerns.[64]

Fitness and lifestyle shift also influence HPC: fitness enthusiasts buy speciality sunscreen or sweat-proof deodorant, while yoga/ayurveda aficionados gravitate to herbal oils for massage.

Mental wellness trends have even produced calming home fragrance diffusers and "aroma therapy" soaps. In short, Indian consumers increasingly tie HPC purchases to overall health, seeking products free of harsh chemicals, promoting immunity (e.g., turmeric soaps), or enhancing hygiene. This blurs the lines between FMCG and wellness industries and suggests collaborative opportunities (e.g., collaborations between FMCG and nutraceutical brands for health-focused personal care).[65]

**Future outlook**

The **future of the HPC sector in India** looks strong. Forecasts (IMARC, ExpertMR, etc.) predict mid-to-high single-digit growth over the next 5–10 years. NielsenIQ, for example, projects FMCG growth of 4.5–6.5 percent for FY2024, and HPC should at least mirror that.

Key drivers will be continued rural penetration, rising per-capita consumption and product premiumisation. The organised retail footprint is expanding into smaller towns, and internet access (growing towards 70 percent+ of the population) means e-commerce will steadily increase its share, such asly surpassing 20 percent of FMCG by 2028.

Digital and data will reshape the sector. Companies will use analytics to tailor offerings to micro-segments (e.g., hyperlocal urban clusters, tribal markets). Innovation will accelerate, and more homegrown R&D is expected in new herbal formulations, biodegradable packaging and AI-based beauty tools. Global factors such as commodity cycles, trade policies and climate change will also impact the supply of raw materials and packaging inputs.

Due to its essential nature, the Indian HPC market should continue outperforming many categories. Multinational players will keep expanding local capacity (serving domestic and export markets), while Indian companies will innovate aggressively in affordable and natural segments. Consumer appetite for sustainability, health and convenience will drive new product lines. If current trends hold, HPC sales in India could reach **US$48 billion** by the mid-2030s.[66]

[63]Economic Times
[64]marketsandresearch
[65]mintel, grandviewresearch , persistence
[66]imarc

**Recommendations for growth**
To capitalise on this outlook, HPC industry stakeholders should consider:

- **Deepen rural reach:** Strengthen distribution into tier 3/4 markets. This includes building rural logistics, customising smaller SKUs (sachets/pouches) and products for local needs (e.g., regional fragrances, more loose-sale formats). Investing in rural ad campaigns and on-ground sampling can capture under-penetrated segments.

- **Embrace omnichannel:** Continue expanding e-commerce and modern retail channels. Companies should develop strong D2C platforms and tie-ups with major online marketplaces. Incorporating digital marketing (influencers, targeted ads) will help reach younger consumers. Also, using POS data from modern trade can refine inventory and promotion strategies.

- **Invest in innovation:** Allocate R&D and marketing to high-growth subsegments. For example, launch new ayurvedic/herbal lines to meet the natural product trend. Develop eco-friendly packaging and refill systems to appeal to sustainability-minded shoppers. Use consumer insights (via social listening and surveys) to rapidly adapt to emerging preferences.

- **Scale local manufacturing:** Utilise government incentives (PLI schemes, tax breaks) to build more local capacity. Collaborate with MSMEs to improve quality and scale. Accelerate backwards integration for key inputs (e.g., setting up a domestic surfactant plant). Enhanced make-in-India capabilities will reduce import dependence and strengthen export readiness.

- **Customer value focus:** Maintain affordability by offering value products and loyalty schemes. Bulk packs, FMCG loyalty programmes and subscription models can lock in price-sensitive consumers. At the same time, tier products (value-to-premium tiers of a brand) can migrate customers up as incomes rise.

- **Stakeholder collaboration:** Industry associations, governments and NGOs should collaborate on skill-training for local microenterprises and consumer education (e.g., proper use of chemicals, recycling). Such inclusive initiatives build long-term demand and brand goodwill.

**Make in India and manufacturing expansion**

**Domestic manufacturing trends**

"Make in India" has strongly influenced HPC manufacturing. The government's emphasis on boosting domestic production (through PLI incentives, eased FDI norms and infrastructure investments) has attracted global FMCG giants to invest further. Over the last few years, Hindustan Unilever, Nestlé, Marico, ITC, etc. have expanded plant capacity to serve the Indian and export markets. For instance, Unilever India's exports grew significantly in FY25 as exports of soaps and shampoos rose faster than domestic sales.

The domestic value chain has also been strengthened: many intermediates (e.g., basic detergents, edible oils used in soaps, packaging films) are now produced locally.[67]

Production hubs in states such as Gujarat, Uttar Pradesh and Karnataka have become major centres for HPC products. Continued support, such as extending PLI benefits to more HPC categories, improving power and water supply to chemical parks and simplifying licensing, will further galvanise domestic production.

**Role of MSMEs and local brands**

MSMEs and local brands form the **bedrock of inclusive manufacturing** in HPC. Thousands of small enterprises make herbal cosmetics, artisanal soaps, incense and detergents in India's hinterlands. Some notable trends:

- **Ayurvedic/Niche brands:** Companies such as Patanjali, Lotus Herbals, Dabur and Forest Essentials started as local/national players focusing on Ayurvedic personal care. Their success shows the potential of local formulations. Hundreds of small ayurvedic firms are such aswise active regionally.

- **Local detergent makers:** Many states have small proprietary detergent companies catering to value segments. These firms often use lower-cost inputs and informal distribution networks (e.g., town markets).

[67]ET manufacturing, PIB, Reuters

- **Entrepreneurship and start-ups:** There is a surge of funding into homegrown personal care start-ups (Mamaearth, WOW, etc.), many run by MSMEs or midsized companies. These brands often emphasize "Made in India" and local ingredients.
- **MSME schemes:** Government schemes (subsidised loans, technology upgradation funds) have helped some small-scale soap and candle makers modernise. Trade bodies and incubators for personal care are also emerging.[68]

Supporting MSMEs is key to "inclusive growth": they create jobs in smaller towns and add diversity to product offerings. Industry players can engage through contract manufacturing or raw ingredient supply to help scale quality.

### Sector-wise manufacturing initiatives

Several government initiatives directly or indirectly target the HPC sector:

- **PLI schemes:** Though PLI was first launched for mobile and electronics, it has extended into FMCG/food processing. Over 70 food and FMCG firms have been selected for PLI incentives, which benefit items such as packaged foods and possibly hygiene products. A recent announcement proposed expanding PLI to cover speciality chemicals used in personal care.
- **Packaging and infrastructure:** The government is encouraging PET/plastic waste recycling and pushing for biodegradable packaging. Programmes such as the Extended Producer Responsibility (EPR) mandate are gradually shaping how HPC companies design packaging.
- **Skill and innovation funds:** The Ministry of MSME and others offer R&D grants and skill development for cosmetics and allied industries. For example, the government's Technology Upgradation Fund Scheme (TUFS) supports the purchase of machinery for small-scale detergent and cosmetics units.
- **Quality standards:** Agencies such as the Bureau of Indian Standards (BIS) and the AYUSH ministry have been working to codify quality standards for herbal cosmetics, giving more legitimacy to local herbal HPC products.
- **Export promotion councils:** The Export Promotion Council for Handicrafts and Chemicals (EPCH, for perfumes/detergents) and others assist companies in taking HPC products abroad.

Overall, the policy focus is on making India a global manufacturing base for consumer goods. Recent improvements in ease of doing business (India's rank rose from 142 in 2014 to 63 in 2022) also benefit sector investment.[69]

### Export potential and global integration

Indian HPC brands are **increasingly global.** There is a rising demand for Indian soaps, shampoos, detergents and Ayurvedic products overseas. An Angel One report (July 2025) highlights that companies such as Unilever India Exports, Marico and Dabur are seeing export sales growth outpace domestic growth. For example, FY25 exports of HUL's personal care arm grew 8 percent vs just 2 percent domestically. Products such as Patanjali's herbal products, Godrej's personal hygiene range and ITC's personal care exports are reaching markets in the Middle East, Africa and Asia. Indian brands benefit from the global wellness trend: consumers abroad are increasingly interested in natural and exotic ingredients (turmeric, neem, sandalwood, aloe vera, etc.).

To capitalise, India is integrating into global value chains. Companies are setting up export-oriented units and entering international retail (through FDI and collaborations). Notably, relaxed FDI and trade agreements have eased access. India now allows 100 percent FDI in single-brand retail and 51 percent in multi-brand retail, enabling more global retailers to stock Indian HPC products domestically and abroad.

Government support for exports is also rising. Schemes such as the Markets Access Initiative and PLI for chemicals help subsidise marketing abroad. The shared success in food exports (e.g., atta, pickles) is encouraging HPC firms to target similar corridors. India could become an export hub for eco-friendly home care products and traditional cosmetics in the future.

### Sustainability and inclusive growth

Sustainability is increasingly integrated into India's HPC industry. Consumers are demanding it. About 83 percent say packaging environmental impact is "important," and 70 percent actively factor sustainability into purchases. Companies are responding in multiple ways:

- **Green ingredients:** A shift towards natural and biodegradable inputs (e.g., surfactants from coconut or sugar instead of petrochemicals) is underway. Many brands now market sulphate-free or paraben-free lines.
- **Eco-friendly packaging:** Leading companies are piloting refill stations, pouches with recycled content and paper-based cartons. For example, some detergents are sold in water-soluble or compostable sachets. Unilever India and others have targets to reduce virgin plastic use by 2025; start-ups offer zero-plastic soap bars in cardboard boxes.
- **Energy and water efficiency:** Factories are investing in solar power and rainwater harvesting to reduce their carbon footprint. The chemical industry (key HPC input) is seeing a push for cleaner production through government incentives and international certification.

[68]marcglocal, ET
[69]IBEF, PIB, MSME, EPCH

- **Social inclusivity:** The sector contributes to the livelihood of millions of retail shopkeepers, distributors and factory workers. Companies are focusing on fair trade and community sourcing, such as herbs from tribal farmers under mutual benefit programmes. Some major firms engage in skill development (training women in rural areas to produce affordable hygiene products) as part of CSR. Affordable sachet and small-pack strategies ensure HPC essentials reach even low-income consumers (promoting inclusive consumption).[70]

In summary, **sustainability and inclusivity** are not afterthoughts but growth drivers. The HPC sector can achieve long-term, broad-based growth that benefits stakeholders by aligning product design with India's social and environmental priorities, such as recyclable packaging, rural livelihood and health-focused formulations. For example, brands that embed sustainable practices while delivering on cost, health and quality will stand out in the marketplace.

### Consumer health

India's consumer healthcare industry is undergoing a significant transformation, driven by rising health consciousness, increased prevalence of chronic and lifestyle-related diseases and a growing preference for preventive and self-care solutions.

With over 80 percent of Indians suffering from micronutrient deficiencies and rising medical costs, immunity is compromised and treatment is expensive. As a result, nutraceuticals and health supplements are emerging as affordable, preventive alternatives.[71]

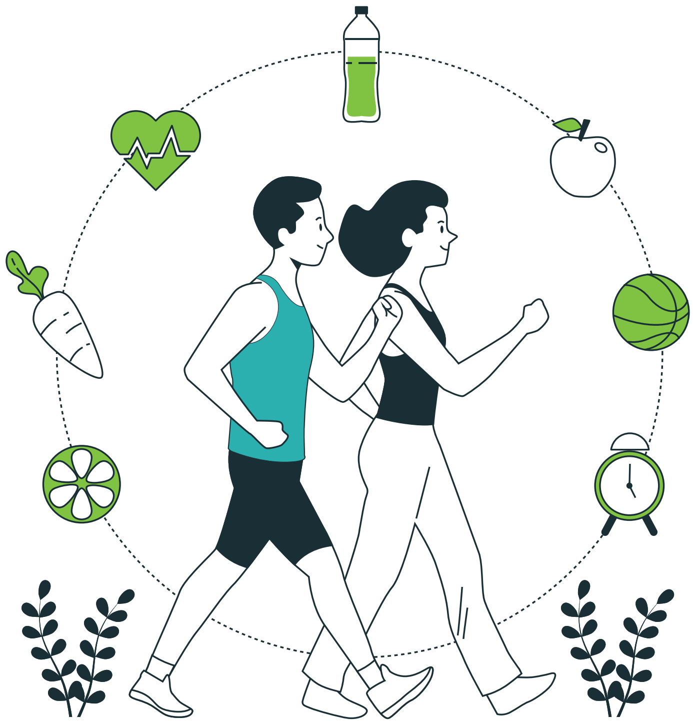
The consumer healthcare segment, including OTC medicines, nutritional supplements and wellness products, is witnessing double-digit growth. Factors such as urbanisation, greater access to information and the influence of digital health platforms are reshaping consumer behaviour, with a marked shift towards vitamins, functional foods, immunity boosters and Ayurvedic personal care products.

On the supply side, India's strengths in pharmaceutical manufacturing and generics continue to provide scale advantages, while new policy measures such as the INR5,000 crore Pharma-MedTech Innovation Promotion (PRIP)[72] scheme aims to shift the sector from "copying to creating." The penetration of e-pharmacy is also expected to increase from 7.54 percent in 2025 to 10 percent in 2029.[73] Global firms are investing in Indian innovation hubs, further signalling confidence in the sector's potential. India's consumer healthcare space is evolving from transactional care to holistic, tech-enabled wellness, positioning it for sustained growth in the coming decade.

### Market and section overview

The global consumer healthcare market was valued at US$302 billion in 2023 and is expected to reach US$543 billion by 2031, posting a CAGR of 7.60 percent between 2023 and 2031.[74]

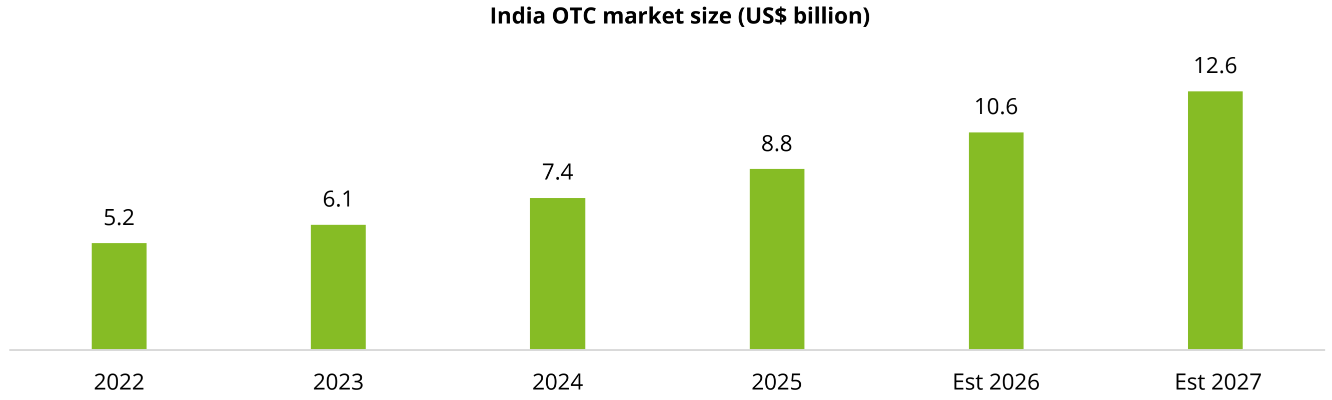
The consumer healthcare market in India has seen substantial growth over the last few years, fuelled by increasing health awareness, ease of access, rising disposable incomes and the prioritisation of prevention.



[70]trellis
[71]https://health.economictimes.indiatimes.com/news/industry/over-80-of-indians-suffers-from-micronutrient-deficiencies-report/94644733
[72]https://pharma-dept.gov.in/prip/
[73]https://www.statista.com/outlook/hmo/digital-health/digital-treatment-care/digital-care-management/online-pharmacy/india
[74]https://www.financialexpress.com/business/healthcare-we-have-made-strategic-choices-for-indian-market-to-grow-scale-and-meet-unmet-needs-of-consumers-manish-anandani-md-kenvue-india-3683069/

**Consumer healthcare can be segregated into three segments:**

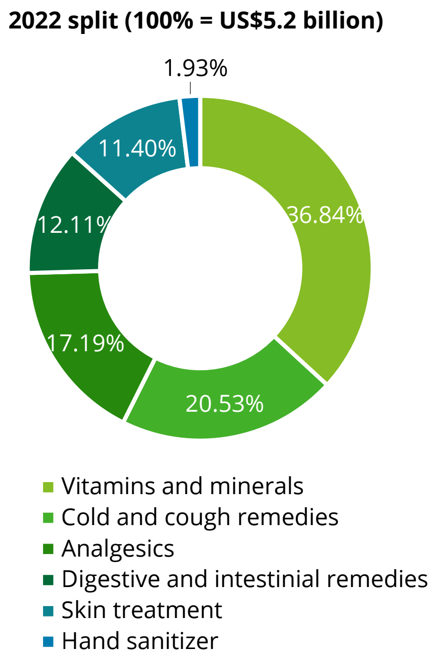
**1. Over The Counter (OTC)**

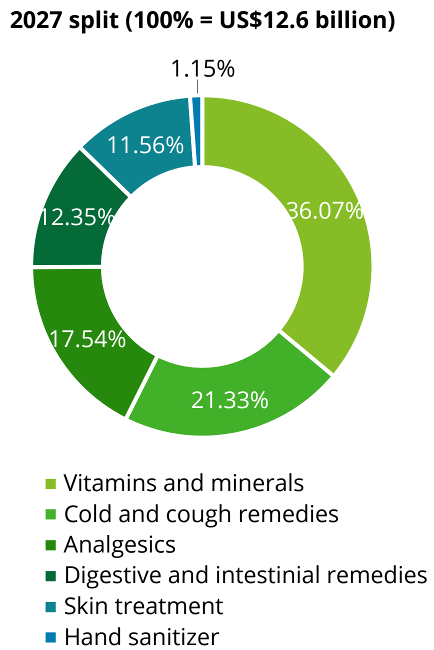



OTC drug market in India, Netscribes

The OTC healthcare market, encompassing the sale of non-prescription medicines, treatments and healthcare products directly to consumers, is experiencing significant growth. The OTC market in India is expected to reach US$12.6 billion by 2027, witnessing a CAGR of 19.35 percent during 2023–27.

According to Deloitte's consumer survey, 73 percent of consumers are willing to spend up to INR500 on OTC medicines, such as balms, sprays and painkillers.

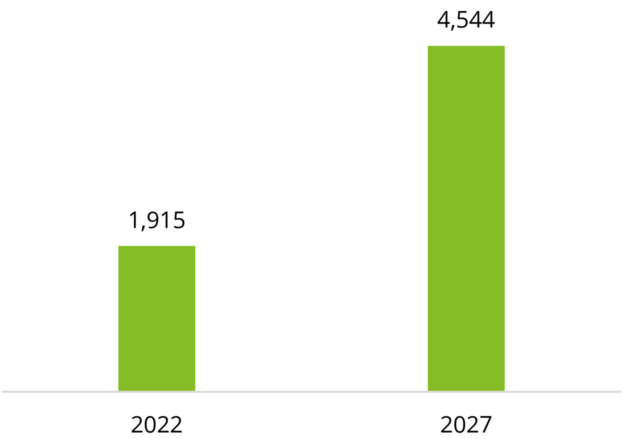



OTC drug market in India, Netscribes

Dietary supplements, comprising vitamins, minerals and other supplements, are the largest category within OTC. Indian dietary supplements were valued at US$1,915 million in 2022 and are projected to reach US$4,544 million by 2027.[75]

**India dietary supplements market size (US$ million)**

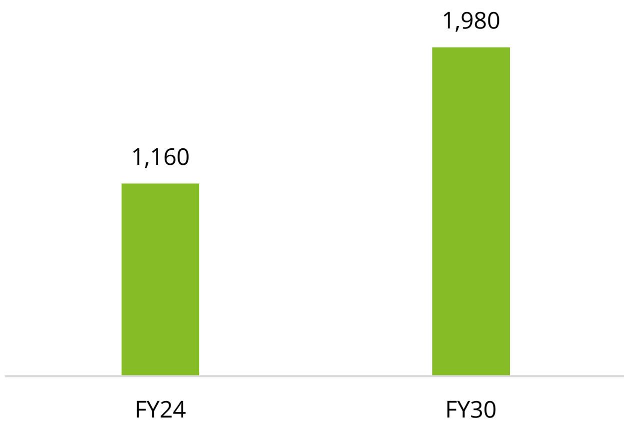



Indian consumers have been seeking advanced supplements, such as probiotics and vitamin K2 supplements, to improve digestive functions and enhance bone health. A survey conducted by the Indian Dietetic Association revealed that 7 out of 10 Indians experience digestive or gut health issues.[76] India has 60 million osteoporosis patients, of which 80 percent are women. About 30 percent of postmenopausal women have osteoporosis.[77] Growth in consumer awareness about this and increased awareness about the benefits of these vitamins helped propel the demand for dietary supplements. This is also reflected in the findings from the consumer survey, which indicate that consumers are spending the most on the vitamins and minerals category. Under the vitamins and dietary supplements category, the average spend on a single supplement product was the highest at over INR600. About 30 percent of the respondents are willing to spend INR500–1,000 on a single product, while 15 percent are willing to spend over INR1,000.[78]

2. **Consumer healthcare food and beverages**
   Consumer demand for healthier food and beverage options is rising, driven by increased health awareness and a desire for products with functional benefits, clean labels and minimal ingredients. Consumers actively seek products that support specific health goals, such as improved digestion, enhanced immunity and better mental clarity. This trend is visible in the growing popularity of plant-based alternatives, functional beverages and products with reduced saturated fat, sugar and sodium.

   Baby food and nutrition hold the largest share of this segment, while weight loss supplements are the fastest-growing category. The baby food market was valued at US$1,160 million in 2024 and is expected to reach US$1,980 million by 2030 at a CAGR of 9.32 percent.[79]

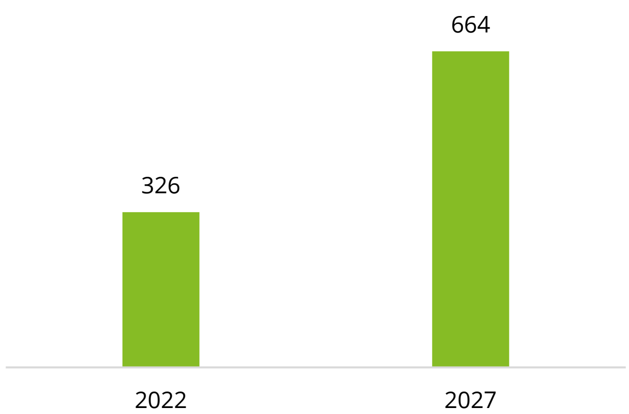
**India baby food market size (US$ million)**




The weight loss supplements market is expected to grow from US$326.5 million to US$664 million at a CAGR of 15.25 percent between 2022 and 2027, faster than the overall market. It will contribute 16.33 percent to the incremental growth of the overall market between 2022 and 2027. India contributed 6.1 percent to the global weight loss supplement market in 2022, and its contribution will increase to 8.95 percent in 2027.[80]

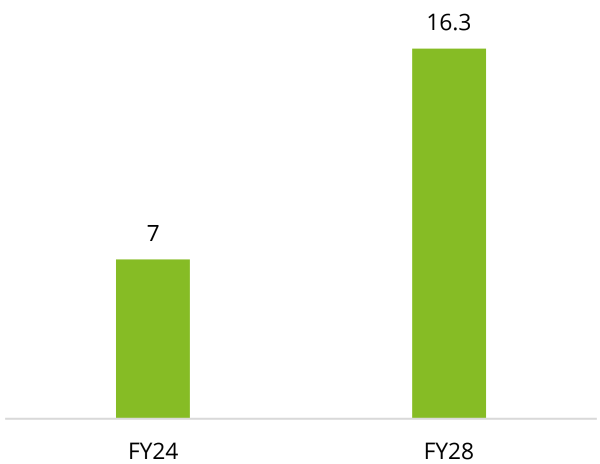
[75] OTC drug market in India, Netscribes
[76] https://www.expresshealthcare.in/news/over-80-per-cent-urban-indians-see-themselves-vulnerable-to-lifestyle-diseases-survey/438660/#:~:text=The%20survey%20revealed%20that%207,to%20long%2Dterm%20lifestyle%20diseases.
[77] https://www.newindianexpress.com/xplore/2023/Nov/28/india-has-six-crore-osteoporosis-patients-of-which-80-are-women-2636757.html
[78] Deloitte consumer survey
[79] India baby food market, MarkNtel, 2024
[80] Global Weight Loss Supplement Market Report '23-'27, Technavio

**India weight loss supplements market size (US$ million)**




3. **Ayurveda:** India's Ayurveda product market is projected to reach US$16.27 billion in FY28 from US$7 billion in FY24, registering a CAGR of ~23 percent.[81]

**India ayurveda market size (US$ billion)**



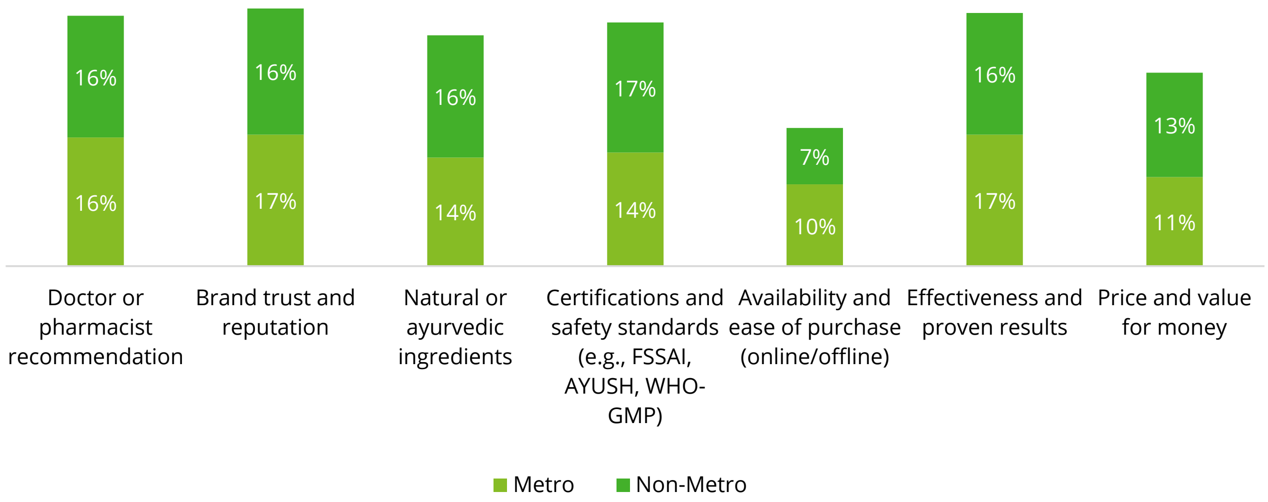

The Ayurveda product market has witnessed significant growth due to rising demand for natural and herbal remedies in local and international markets, an increase in Ayurvedic medical practitioners, government initiatives and the emergence of new entrepreneurs. Over 50 percent of the consumers are willing to pay a premium for products such as herbal tonics and chyawanprash.[82]

With a heightened focus on health consciousness and a proactive approach to well-being, individuals increasingly embrace Ayurvedic supplements to enhance their overall health. The surge in interest in Ayurvedic dietary supplements is driven by a growing recognition of the advantages offered by natural remedies, coupled with a preference for personalised and holistic healthcare solutions. The products use natural ingredients, providing consumers with safer and more sustainable alternatives.

[81]https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/indias-ayurveda-product-market-to-reach-rs-1-2-lakh-crore-by-fy28-study/articleshow/109062773.cms?from=mdr
[82]Deloitte consumer survey

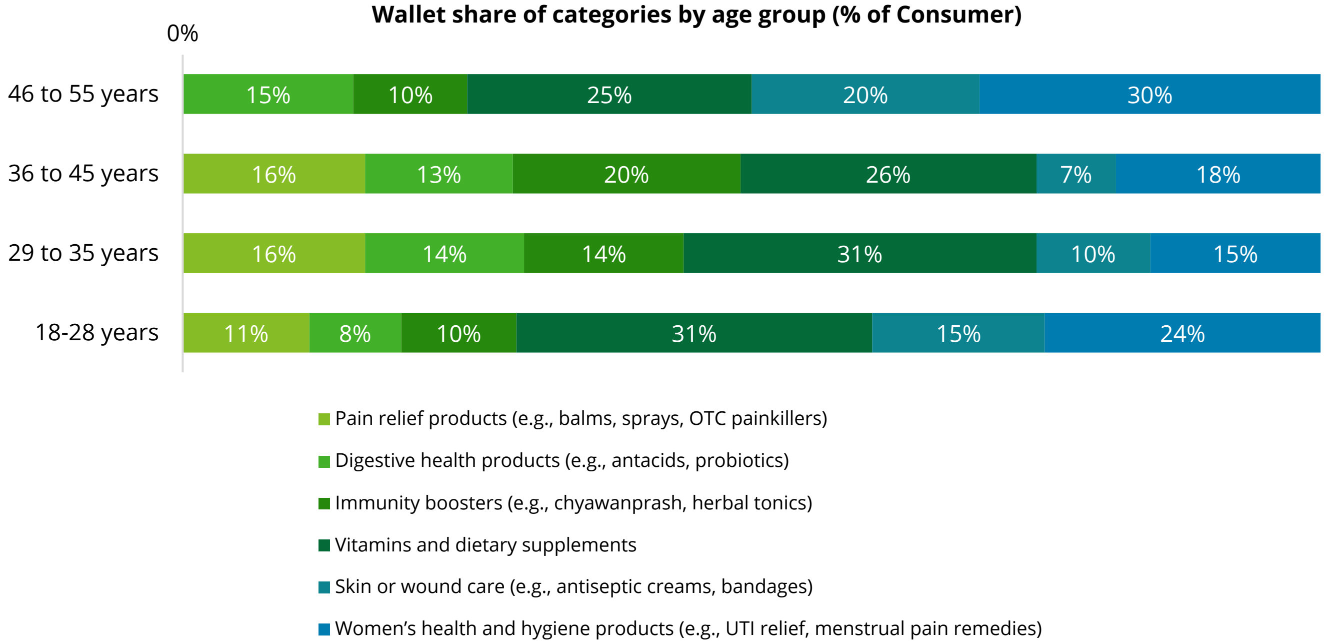
**Insights from the consumer survey:** A survey by Deloitte found that brand trust and reputation, effectiveness and proven results of the product, and doctor or pharmacist recommendation are the factors most influencing the purchase of consumer health products. These factors remain consistent regardless of whether the location is a metro or a non-metro city.

**Factors influencing purchase of consumer health products (% of Consumer)**



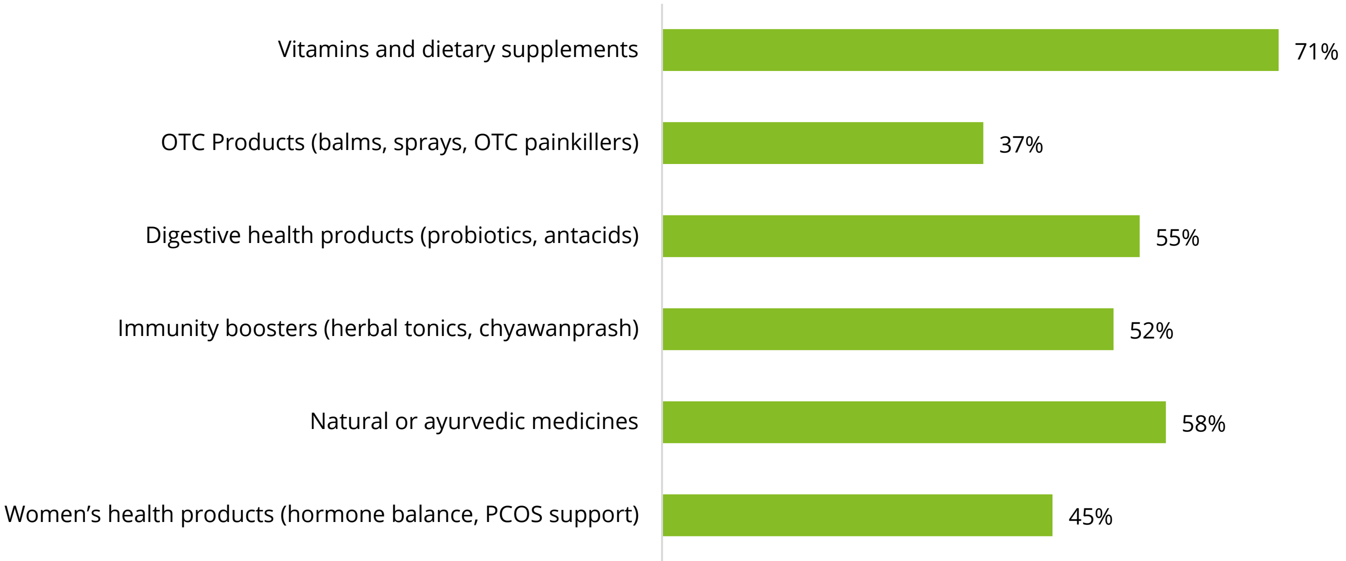

The survey also reveals that consumers spend the most on vitamins and dietary supplements, followed by women's health and hygiene products.

**Wallet share of categories by age group (% of Consumer)**



Most consumers are willing to pay a premium for vitamins and dietary supplements, followed by natural or ayurvedic medicines. Higher safety standards or certifications, clinically proven effectiveness or faster results and doctor or pharmacist recommendation are important factors influencing this willingness.

**Willing to pay a premium for consumer health (% of Consumer)**




Consumers are willing to spend an average of INR400–600 on consumer healthcare products, and spending generally increases with increasing age and income levels.

**Channels**
The consumer healthcare landscape is rapidly changing, with a variety of channels, from traditional retail such as local unbranded shops, to modern retail such as multi-brand stores and EBOs, and digital platforms such as e-pharmacies, brand websites and quick commerce, shaping how products are found, bought and used as consumer preferences shift. Companies are using a combination of these channels to reach more customers while reducing delivery times. With rising digital adoption, a growing consumer preference for online and omnichannel experiences is driven by convenience, personalisation and access to a broader product range.

**General trade:** The brand is retailed across channels, focusing on the retail pharmacy and other mass-market routes. Pharma distributors and FMCG distributors may be utilised to stock products. While this channel can serve hospitals and trade, there is no exclusivity due to products from multiple pharma companies being stocked. About 26 percent of Deloitte's consumer survey respondents prefer local/unbranded stores to purchase consumer health products.

**Modern trade:** Key players in the market have been offering their supplement products in supermarkets and hypermarkets to reach a larger consumer base. These retail outlets allow consumers to compare and choose between diverse products from several brands under one roof, based on their individual needs and preferences. As per the consumer survey, 29 percent of respondents prefer multi-brand retail stores for purchasing consumer health products.

**E-pharmacy:** The brand is sold primarily on e-commerce/e-pharmacy channels. E-commerce (especially for OTC and wellness) is expanding rapidly, with e-commerce FMCG share predicted to rise from 8 percent to 15 percent by 2025. India is expected to see 400 million e-commerce consumers by 2027,[83,84]

[83]www.statista.com/statistics/251631/number-of-digital-buyers-in-india
[84]https://retailasia.com/e-commerce/news/online-shoppers-in-india-grow-450-million-2027

supporting online health purchases. The Indian e-pharmacy market, with over 1,100 active players,[85] is expected to reach US$1.11 billion in 2025 and post a CAGR of 11.53 percent between 2025 and 2029.[86] About 27 percent of respondents prefer purchasing consumer health products from an e-commerce channel.

**D2C:** The brand is sold by manufacturers directly to customers or consumers. This can be done through: (a) EBOs, websites which allow access to customer data, strong channel control and differentiation potential, but come with high operational complexity or (b) directly selling to pharmacy chains/hospitals, which allow high volume sales generally at discounted prices. About 14 percent of the respondents in the survey prefer purchasing consumer health products from exclusive brand outlets or brand websites.

**Rx to OTC shift:** The positive prospects of the OTC market have prompted pharmaceutical and FMCG companies to foray into the OTC segment to accelerate sales growth. Indian and global healthcare MNCs have forayed into the OTC market through product launches, acquisitions or moving from Rx to OTC. This leads to increased customer connection, reduced risk of generic competition, and no price ceiling, such as for prescription drugs. Case: A British and a French pharmaceutical organisation recently demerged their Indian consumer healthcare units as separate entities to focus on the consumer healthcare business. Case: A multivitamin and mineral supplement brand turned OTC from prescription to unlock growth and become one of India's leading offerings in the supplements space.

**Demand-side trends**

**Self-diagnosis and medication:** With over 950 million internet subscribers in India,[87] people are more inclined to self-medicate by referring to information available on the internet, as the country's use of the internet and social networks is growing. People are relying on self-medication diagnosis due to a lack of time to visit the doctor, unavailability of doctors, shyness or high cost of healthcare. According to a survey by the National Library of Medicine, the mean prevalence of self-medication practices in India was 53.57 percent.[88]

**Changing lifestyle conditions:** Overworked working population,[89] sedentary lifestyles, poor diets and declining physical activity have led to micronutrient deficiency, resulting in a sharp increase in non-communicable diseases. This leads to increased demand for supplements, fortified foods and functional beverages.

**Rise of digital health solutions:** Digital platforms are on the rise as healthcare consumers embrace telemedicine, mobile health apps and wearable devices. Over 100,000 health apps are available on the Play Store.[90] People are using digital health solutions to access and monitor their health in real time. AI-driven diagnostics, virtual consultations and remote monitoring are increasingly gaining traction, making healthcare more convenient and efficient.

**Expansion of OTC healthcare products:** Self-care and self-medication trends are driving the growth of OTC healthcare products. Consumers prefer accessible and affordable treatment options, leading to increased demand for vitamins, supplements and non-prescription medications. Research indicates that brands focusing on transparency, natural ingredients and personalised recommendations will such asly dominate this segment in 2025.[91]

**Buying frequency:** Subscription models, driven by data-driven automatic reordering based on health data and consumption patterns, are seeing increasing trends. This is also bolstered as products fortified with vitamins, probiotics and adaptogens are becoming part of everyday nutrition routines for health maintenance.

**Premiumisation in urban segments:** Rising income levels are boosting demand for high-end skincare, serums, ayurvedic personal care and oral health solutions.

[85] https://www.financialexpress.com/business/healthcare-quick-commerce-to-fill-the-prescription-for-pharmacy-growth-3696685/
[86] https://www.statista.com/outlook/hmo/digital-health/digital-treatment-care/digital-care-management/online-pharmacy/india
[87] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2040566
[88] https://pmc.ncbi.nlm.nih.gov/articles/PMC7579319/
[89] https://www.ndtv.com/feature/list-of-top-10-countries-with-longest-work-hours-heres-where-india-stands-7451112
[90] https://pmc.ncbi.nlm.nih.gov/articles/PMC11933765/
[91] [https://www.unimrkt.com/blog/ten-consumer-healthcare-market-trends-for-2025.php]

**Personalised nutrition and wellness products:** Demand is rising for products tailored to individual needs based on age, lifestyle and health conditions, including personalised vitamins and DNA-based supplement plans. Start-ups and D2C ventures are driving innovation and disruption, offering niche products and personalised solutions to cater to evolving consumer preferences.

**Clean label and natural ingredient trends:** Natural, organic and chemical-free formulations are gaining popularity, particularly among younger and health-conscious consumers.

**Integration of mental wellness and sleep health products:** About 15 percent of India's adult population experiences mental health issues requiring intervention.  There is increasing consumer demand for products that address stress, anxiety and sleep, such as herbal teas, melatonin supplements and aromatherapy oils. The Indian government has sanctioned 25 centres of excellence to be set up to train more postgraduate students in mental health and provide advanced treatment.[93]

**Supply-side trends**

**Increasing government spending on healthcare:** In the Union budget 2025, the government increased the allocation to the Ministry of Health and Family Welfare (MoHFW) and the Department of Health and Family Welfare (DoHFW) by 11 percent and to healthcare schemes by 4–24 percent.[94] This aligns with last year's similar trend, indicating an increasing focus on health and wellness.

**Expansion of consumer healthcare:** FMCG companies are expanding their consumer health divisions through investments and acquisitions. For example, India's largest dairy brand expanded its offering by foraying into protein lassi, buttermilk, etc. Pharma companies are carving out their consumer health divisions as separate business entities.

Case study: A leading Indian pharma company recently carved out its consumer health business in a wholly-owned subsidiary.[95]

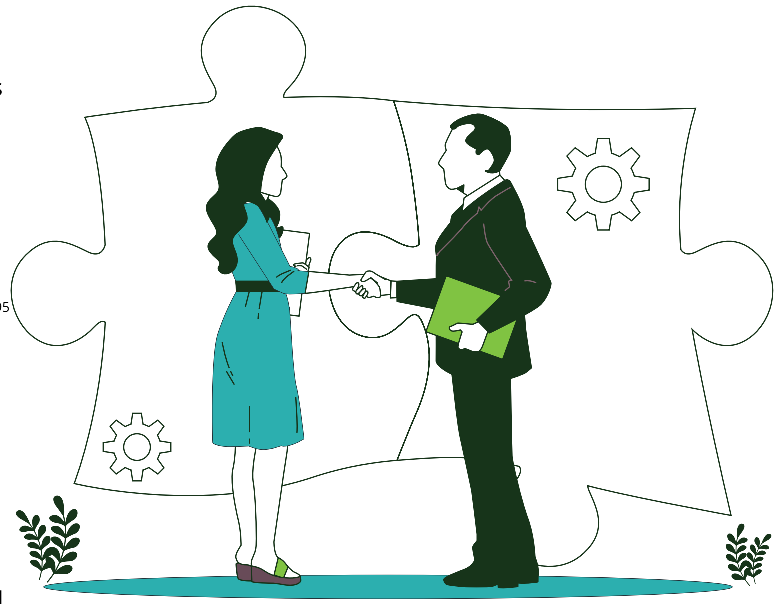
**Quick-commerce collaborations:** Leading quick-commerce companies are collaborating with e-pharmacy companies to provide 10-15-minute delivery of OTC drugs, supplements and nutraceuticals. Pharma and healthcare are significant untapped segments in quick commerce, where average order value is the current big focus for players.

Case study: India's biggest e-pharmacy chains have collaborated with leading q-com players for 10-minute deliveries in select Indian cities.[96]

**Private label brands:** E-commerce marketplaces are launching private-label supplement brands, catering to online consumers' growing demand for health and wellness products. These platforms continue to sell products from other brands but use consumer insights on trends and demand to help shape their product line and sales strategies.

**Platform:** Companies are increasingly moving towards a platform-based positioning to offer multi-benefit products for a particular need/segment. These channels provide overall solutions focusing on a specific (a) ingredient, for example, organic, ayurveda products (b) need/occasion, example fitness, preventive care (c) consumer segment, example products for pregnant women and new mothers (d) wellness area, example nicotine de-addiction. Such an approach helps companies meet evolving consumer needs, boost lifetime value, provide data-driven personalisation, increase customer retention and satisfaction and build scalable models.

**Channel partner experience:** Companies are shifting from traditional, earnings-focused, target-based loyalty schemes with tiered rewards to more engaging "Learn, Earn and Grow" models. These programmes promote stronger channel partner engagement by creating a pull effect rather than push-based incentives. The transition is being driven by digitisation and includes personalised schemes, gamification elements and AI-enhanced features that offer real-time rewards and actionable insights.



[92]https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2100706
[93]https://www.mohfw.gov.in/?q=en/pressrelease-200
[94]Prsindia.org
[95]https://www.business-standard.com/companies/news/lupin-carves-out-consumer-healthcare-subsidiary-125070101334_1.html
[96]https://www.financialexpress.com/business/healthcare-quick-commerce-to-fill-the-prescription-for-pharmacy-growth-3696685/

# Evolving business model in FMCG

India's FMCG sector is undergoing significant transformation fuelled by rising incomes, digital penetration and changing consumer behaviours. FMCG companies and retailers are adopting new business models that use technology and shifting consumer preferences to capitalise on this growth. Below are four key evolving models in the Indian FMCG sector:

1. D2C brands
2. Private labelling by retailers
3. Hyperlocal and quick commerce delivery
4. Platform as a Service (PaaS) models in distribution

**D2C model in FMCG**

**Overview**

The D2C model involves brands selling directly to consumers, often through online channels (brand websites, social media, marketplaces), bypassing traditional distributors and retailers. These brands handle their marketing, sales and distribution, which is powered by e-commerce and digital marketing tools. The appeal of D2C lies in owning the customer relationship and data, faster innovation cycles and avoiding channel intermediaries.

**Opportunities and benefits**

The D2C model offers distinct opportunities for brands:

- **Consumer insight and personalisation:** By owning the entire customer journey, D2C brands gain valuable third-party data, which enables them to tailor products and marketing efforts and offer a personalised experience.
- **Cost optimisation and higher margins:** By bypassing wholesalers and retailers, D2C brands reduce operational costs. These savings can translate into lower prices for consumers or higher profit margins for businesses.
- **Brand building and loyalty:** Storytelling and community-building through social platforms allow D2C players to create strong brand affinity. Many Indian D2C brands use influencer marketing and content to build a loyal customer following.
- **Entry for new players:** The model lowers barriers to entry, and brands can launch without a massive upfront investment in distribution. This has democratised innovation in the sector, bringing diverse offerings to the market.

**Challenges and risks**

While D2C in India is promising, it also faces challenges that brands must be aware of:

- **Scaling beyond online:** After a certain point, D2C brands often need to enter offline retail to scale. Building an omnichannel presence challenges supply chain, channel conflict, and capital requirements. Managing online and retail inventory and creating a distribution network can strain young companies.
- **High Customer Acquisition Cost (CAC):** Online advertising and customer acquisition have become expensive as competition increases. With hundreds of brands vying for the same target audience. About 12 percent of Indian D2C brands are profitable, reflecting the heavy discounting and ad spend needed to scale.[97]
- **Trust and consistency:** Retail stores typically help new brands get noticed by their customers, but D2C brands lack that advantage. Because of this, building trust with customers online can be tricky, especially for new businesses. D2C brands must ensure quality and consistency to build word-of-mouth.

**Private labelling in FMCG retail**

**Overview**

**Private labelling** refers to retailers or distributors selling products under their store brands, rather than well-known manufacturer brands. In practice, a supermarket/grocery chain (or an e-commerce platform) develops products, often made by third-party manufacturers and sells them under a brand name owned by the retailer. The model allows retailers to offer unique products, control quality and pricing, and enjoy higher margins.

**Opportunities and benefits**

For retailers and for manufacturers willing to produce private labels, several opportunities arise:

- **Higher margins and control:** Private labels can deliver better margins by eliminating the need to pay licensing fees or markups associated with national brands, enabling retailers to set competitive prices and increase profitability. Retailers have complete control over their pricing, promotion and placement. They can respond to consumer demand faster without convincing an external supplier. This control extends to the supply chain as a supermarket/retailer chain (or an e-commerce platform) can ensure a steady supply by having multiple contract manufacturers, reducing reliance on big-brand supply cycles.
- **Customer loyalty and differentiation:** Customer loyalty is one of the most significant benefits of private labelling. By offering quality products and excellent customer service, the re-purchase rate of the customer increases. A supermarket/retailer chain (or an e-commerce platform) offering private labels is able to differentiate the products as competitors' stores carry the same big FMCG brands.

[97] https://economictimes.indiatimes.com/industry/services/retail/majority-of-d2c-businesses-still-not-profitable-shows-a-study/articleshow/108290041.cms?from=mdr

### Challenges and considerations

Despite the momentum, private labelling comes with challenges:

- **Competition and cannibalisation**: As retailers push their labels, relationships with leading FMCG suppliers can be strained. Big brands might retaliate with better trade terms to maintain shelf space or pull back co-marketing funds. Careful category management is needed so private labels complement rather than cannibalise sales (e.g., using private labels to cover price-entry segments or unique flavours, while still carrying premium brands for variety).

## Hyperlocal and quick commerce

### Overview

**Hyperlocal** refers to the model of ultra-fast, on-demand delivery of products (often within 30 minutes to 2 hours), fulfilled from nearby inventory nodes. The model relies on a network of hyperlocal fulfilment centres close to customers and a tech platform to route orders to the nearest node and courier.
Quick Commerce (or Q-commerce) is essentially an evolution of hyperlocal delivery with a promise of extreme speed (commonly 10–30-minute delivery). This is enabled by densely located dark stores or micro-warehouses stocking a limited range of high-turnover products and a fleet of gig-economy delivery riders.

### Opportunities and benefits

For the FMCG sector, hyperlocal and quick commerce present several opportunities:

- New sales channel: Quick commerce has rapidly become a significant sales channel, especially in urban markets. Leading FMCG companies reported that quick commerce platforms now generate ~35 percent of companies' e-commerce revenue. Embracing this channel can drive incremental sales, particularly for product lines suited to impulse or immediate consumption.
- D2C synergies: D2C brands increasingly use quick commerce to reach their target consumers faster, as their young, urban and affluent user base overlaps with their typical customer profile.
- Faster turnarounds and trials: Given its hyperlocal nature, quick commerce can be a channel to test new products in a micro-market. This channel's agility for go-to-market is an advantage over traditional retail, where stocking a new SKU nationwide is a long process.

### Challenges and risks

Hyperlocal and quick commerce also bring challenges and uncertainties:

- Operational strain and stocking: Quick commerce promises near-instant availability of many items. For FMCG suppliers, this means ensuring rapid replenishment and flawless supply chain to dozens of micro-warehouses per city.
- Reliance on a few large platforms: The quick commerce field is now dominated by a few large players. This concentration means the brands have less negotiating power on terms and data sharing. Close collaboration and possibly joint business planning with these platforms will be necessary to ensure the products get fair visibility.
- Profitability and unit economics: Profitability remains the biggest concern for quick commerce platforms. The unit economics are challenging as high delivery frequency and low average order values make the model costly. Despite measures such as platform fees, late-night charges, rain surcharges, small cart fees and subscription passes, sustained profitability remains out of reach. This presents a risk for FMCG manufacturers. If platforms continue to struggle financially, they may resort to consolidation or increase commission rates, thereby squeezing manufacturer margins.

## Platform as a Service (PaaS) in FMCG distribution

### Overview

PaaS refers to the emergence of digital platforms that act as intermediaries in the FMCG value chain, providing services to other businesses and treating distribution or retail infrastructure as a service that can be accessed through a tech platform.
This is a shift from the traditional distribution model to a platform-based model where a tech-enabled aggregator connects manufacturers/brands with retailers, offering end-to-end services such as order placement, fulfilment and sometimes financing. These platforms can be independent B2B marketplaces or initiatives by large companies to open their distribution as a service.

### Opportunities from the PaaS model

- **Wider direct reach:** FMCG companies can extend their reach to more outlets (especially in rural or new markets) through these platforms. By collaborating with or selling through such a platform, a brand can access stores its distribution might not cover well. This is especially useful for midsized or emerging brands that lack a vast distribution network; they can "plug into" an existing network as a service.
- **Faster market feedback and innovation:** FMCG companies get instant sales data with direct digital ordering. They can test product launches in select geographies by offering them on the B2B app to gauge pickup from Kirana stores and retailers. Promotions can be rolled out quickly through these digital networks. The platform also enables direct communication with stores and retailers, and companies can market schemes or new products via in-app notifications, increasing engagement compared with relying on a salesperson's visit.

### Challenges and considerations

- Platform power dynamics: If a third-party platform becomes very powerful, it could start dictating terms, pushing for higher discounts from manufacturers, promoting its private labels or even charging listing fees. So, while we benefit from the reach, we must be cautious of over-reliance on any single platform and maintain a diversified route to market.

# Employment generation and skilling

**i. Workforce trends: FMCG industry sustainably employing the Indian working population**

1. Sectoral employment growth
   From 2020 to 2025, the FMCG sector added ~1.6 million direct and 2.2 million indirect jobs. Manufacturing contributed over 700,000 new jobs, retail and distribution added 1.1 million and digital commerce created 600,000.[98]

2. Urban vs rural employment distribution
   Urban areas accounted for 55 percent of total employment, driven by organised retail and digital commerce hubs, while rural areas contributed 45 percent,[99] supported by manufacturing clusters and last-mile delivery networks.

3. Gender inclusion
   Women's participation in the FMCG workforce rose from 21 percent in 2019 to 29 percent in 2024, and it is projected to reach 32 percent by 2026.[100] Women constitute 35 percent of the packaging and quality control workforce, and 40 percent in digital roles.

4. Gig and platform economy integration
   Quick commerce and hyperlocal delivery created over 600,000 gig jobs between 2020 and 2024.[101] Platforms such as Zepto, Blinkit and Swiggy Instamart have employed thousands of delivery partners offering flexible employment.

5. Youth employment
   About 60 percent of new hires in the FMCG sector are under the age of 30. Campus hiring by major FMCG companies increased by 25 percent over the last three years.[102]

**ii. Skilling initiatives: Government programmes driving employment and skilling in FMCG**

**1. Skill India Mission**

Launched in 2015, the **Skill India Mission** aims to train over **400 million people** by 2022 and beyond, focusing on employability and industry alignment.[103] The FMCG sector has been a major beneficiary, primarily through the **Pradhan Mantri Kaushal Vikas Yojana (PMKVY).**

**PMKVY progress numbers**

| | | |
|---|---|---|
| 2,742,479 Enrolled ↑ 0.06% | 84,217 Total batches ↑ 0.58% | 593,049 Ongoing training ↑ 1.12% |
| 6,397 Training partners | 13,555 Training centres | 36 States |
| 1,720,749 Trained ↑ 0.34% | 931,979 Assessed ↑ 0.74% | 830,113 Certified ↔ 0.00% |
| 734 Districts | 37 Sector | 814 Job roles |

[98] https://ficci.in/public/storage/SPDocument/23762/FICCI-Deloitte_report.pdf
[99] https://ficci.in/public/storage/SPDocument/23762/FICCI-Deloitte_report.pdf
[100] https://ficci.in/public/storage/SPDocument/23762/FICCI-Deloitte_report.pdf
[101] https://ficci.in/public/storage/SPDocument/23762/FICCI-Deloitte_report.pdf
[102] https://timesofindia.indiatimes.com/business/india-business/fmcg-sector-boosts-hiring-of-freshers-amid-rapid-growth-in-indias-food-processing-industry-report/articleshow/115622432.cms
[103] https://skillindiamission.in/

Key highlights

- **PMKVY** trained over **1.2 crore youth** across India between 2016 and 2020.[104]
- FMCG-related job roles under PMKVY include retail sales associate, packaging technician, warehouse picker and food processing operator.
- **State-wise performance**
  - **Uttar Pradesh:** Over **1.5 lakh candidates** trained in FMCG-related roles.
  - **Maharashtra:** More than **1.2 lakh youth** trained, especially in urban retail and logistics.
  - **Tamil Nadu and Karnataka:** Focused on food processing and personal care manufacturing, training over 1 lakh **candidates** combined.

Impact

- Increased employability in tier 2 and tier 3 cities.
- Enhanced industry-academia collaboration through Sector Skill Councils.
- Integration of Recognition of Prior Learning (RPL) for informal workers.

Skill India Mission has trained over 1.2 crore youth. PMKVY focused primarily on FMCG roles. State-wise performance included UP (1.5 lakh), Maharashtra (1.2 lakh), Tamil Nadu and Karnataka (1 lakh+).

Alongside India's efforts in skilling to international standards are reflected through strategic initiatives such as the Skill India International Centres (SIIC) and collaborations facilitated through Government-to-Government (G2G) MoUs. Establishing 30 SIICs (FY24 interim budget) marks a remarkable step towards enhancing India's global skilling priority for youth. Currently operational centres in Varanasi and SDI Bhubaneswar exemplify this initiative's early success, with plans finalised for seven more centres in the first phase. In the future, with expected fine-tuning, Skill India is set to continuously encourage Indian youth to upskill to improve their employability in the FMCG industry, with the growing requirement of new skills.

2. **Vocational training centres**
   Vocational Training Centres (VTCs), under schemes such as Jan Shikshan Sansthan (JSS) and Industrial Training Institutes (ITIs), have played a pivotal role in skilling for FMCG.

Key highlights

- Over 15,000 ITIs across India offer FMCG-relevant courses in packaging, refrigeration and retail operations.[105]
- **Jan Shikshan Sansthans** trained **over 5 lakh individuals** in rural and semi-urban areas in FMCG-adjacent skills such as tailoring, food preservation and herbal product preparation.

State-level performance

- West Bengal: Strong focus on food processing and herbal products; over 60,000 trained in the last three years.[106]
- Punjab and Haryana: Emphasis on packaging and logistics; over 50,000 trained.
- Odisha and Chhattisgarh: Focus on tribal and rural skilling; over 40,000[107] trained in FMCG-related trades.[108]

Impact

- Bridging the rural-urban skill gap.
- Creating micro-entrepreneurs in the food and personal care segments.
- Supporting local manufacturing clusters under Make in India.

With a focus on targeted industry-focused training, VTCs play a critical role in addressing the skill gap in tier 2 and below populations. This often turns out to be a big step in a career in the FMCG industry, where new skills are always in demand.

3. **Women-centric skilling programmes**
   Women's participation in the FMCG workforce has grown significantly due to targeted skilling programmes across states.

Key initiatives

- Mahila Shakti Kendras (MSKs): Operational in over 640 districts, these centres have trained over 1.6 lakh women in retail, packaging and customer services.[109]
- HUL's Project Shakti: Empowered 150,000+ rural women as micro-entrepreneurs selling FMCG products.
- NSDC's Women Empowerment Programme: Focused on digital literacy and retail skills, training over 80,000 women.[110]

[104] https://nsdcindia.org/pmkvy-overview
[105] https://www.niti.gov.in/sites/default/files/2019-01/Skill_Workforce.pdf
[106] https://finance.wb.gov.in/writereaddata/Economic_Review/Economic_Review21.pdf
[107] https://inskills.co.in/download/States/Odisha%20-%20SGR.pdf
[108] https://socialwelfare.vikaspedia.in/viewcontent/social-welfare/skill-development/best-practices-on-skill-development/livelihood-colleges-in-chhattisgarh?lgn=en#:~:text=Skill%20Training%20is%20provided%20absolutely%20free%20of,Based%20Household%20Survey%20in%20all%2027%20Districts
[109] https://nsdcindia.org/pmkvy-overview
[110] https://news.microsoft.com/en-in/microsoft-and-nsdc-collaborate-to-empower-1-lakh-underserved-young-women-across-india-with-digital-skills/#:~:text=The%20program%20will%20curate%20a,Dr

**State-Level highlights**

- Rajasthan and Gujarat: High uptake in rural entrepreneurship and herbal product manufacturing.
- Kerala: Focus on sustainable packaging and eco-friendly FMCG products.
- Jharkhand and Bihar: Training in retail and distribution roles for women in semi-urban areas.

**Impact**

- Increased female workforce participation in FMCG from 21 percent in 2019 to 29 percent in 2024.
- Enhanced financial independence and community leadership among women.
- Creation of women-led distribution networks in rural India.

Along with these initiatives, FMCG companies have been increasingly focusing on improving women's participation in their leadership roles to achieve the SDG norms.[111]

4. **Apprenticeship and internship programmes**
   Apprenticeship programmes have become a key bridge between education and employment in FMCG.

**Key programmes**

- National Apprenticeship Promotion Scheme (NAPS): Offers financial incentives to employers for engaging apprentices.
- Over 60,000 apprentices are engaged annually in FMCG firms across manufacturing, R&D and retail.[112]
- Industry tie-ups with universities and polytechnics have grown by 30 percent, enhancing practical exposure.

**Sectoral focus**

- Manufacturing: Apprenticeships in food processing, quality control and packaging.[113]
- Retail: Internships in store operations, merchandising and customer engagement.
- Digital commerce: Training in platform management, cataloguing and analytics.

**State-level highlights**

- Delhi NCR: Strong industry-academia collaboration with FMCG majors.
- Andhra Pradesh and Telangana: Focus on tech-enabled retail and supply chain apprenticeships.
- Madhya Pradesh: Emphasis on rural manufacturing and distribution apprenticeships.

**Impact**

- Improved job readiness and retention.
- Enhanced productivity and innovation in FMCG operations.
- Strengthened pipeline of skilled youth entering the sector.

The government drives these major skill development programmes, along with others, such as the Craftsman Training Scheme, Jan Shikshan Sansthan and Skill Loan Scheme.

**Government programmes as catalysts for FMCG employment**

The synergy between government initiatives and industry needs has transformed the FMCG sector into a robust employment generator. Programmes such as Skill India, PMKVY, VTCs, women-centric skilling and apprenticeships have:

- Trained millions of youth and women for FMCG roles.
- Created state-level skilling ecosystems aligned with local industry clusters.
- Enabled inclusive growth by integrating rural and semi-urban populations into the formal economy.

**Future outlook**

With the expansion of digital skilling for e-commerce and AI-driven FMCG operations, greater integration of sustainability and green skills in packaging and logistics and an enhanced focus on gig economy roles and platform-based employment, the FMCG industry will continue to add more jobs across geographies in the coming days with the strong support of the government of India and evolving policymaking.

[111] https://hr.economictimes.indiatimes.com/news/workplace-4-0/diversity-and-inclusion/women-in-leadership-sees-an-upward-trend-in-it/ites-fmcg-bfsi-and-pharma-registered-a-dip-study/87156180#:~:text=To%20combat%20times%20of%20business,intent%20transcends%20all%20diversity%20dimensions
[112] https://degreeapprenticeship.teamlease.com/public/assets/pdf/apprentice_outlook.pdf
[113] https://news24online.com/business/fmcg-sector-expands-hiring-for-fresh-talent-as-indias-food-processing-industry-booms-reports/390470/

# Retail and e-commerce in India

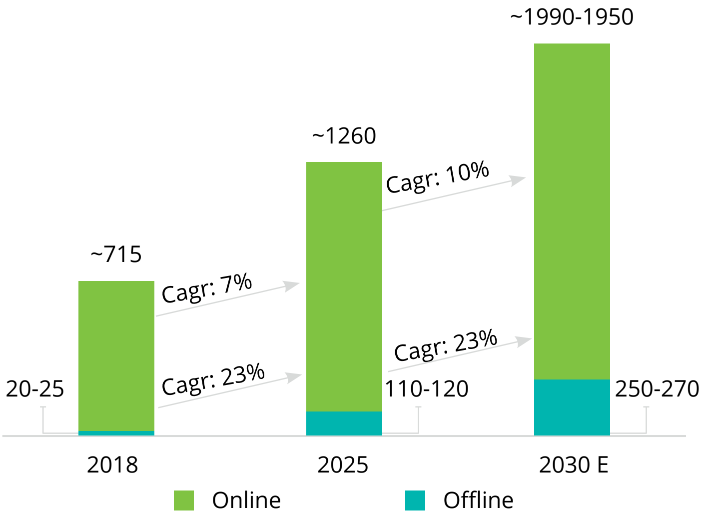
# Market overview

India's retail sector is undergoing a significant transformation, propelled by rapid digital disruption, evolving consumer expectations and the rising influence of Gen Z shoppers. As the world's fifth-largest[114] retail market, the sector plays a pivotal role in the economy, accounting for over 10 percent of India's GDP and employing ~8 percent of the overall workforce. Currently valued at US$1,065 billion (2024), the market is on track to reach US$1,930 billion by 2030, reflecting a strong 10 percent CAGR.

### Channel-wise segmentation

India's retail landscape is entering a transformative era marked by rapid modernisation and expanding digital influence. While traditional retail formats continue to dominate with a 93 percent market share in 2024, their contribution is projected to come down to 86 percent by 2030 due to the accelerating shift towards digital retail. Its market size is expected to grow steadily from ~US$1,000 billion in 2024 to ~US$1,700 billion by 2030, reflecting a 9 percent CAGR. The online retail sector, valued at US$75 billion in 2024, is projected to reach US$260 billion[115] by 2030, posting a CAGR of 23 percent. Online contribution is projected to double from 7 percent in 2024 to 14 percent by 2030. This rapid expansion underscores a new phase of retail evolution, where omnichannel strategies are becoming central to consumer engagement and business growth. Organised retail is also on a strong upward trajectory. Currently contributing 12 percent to the overall market, it is projected to reach 17–19 percent by 2035.[116]

**Online and offline retail size in India (US$billion)**

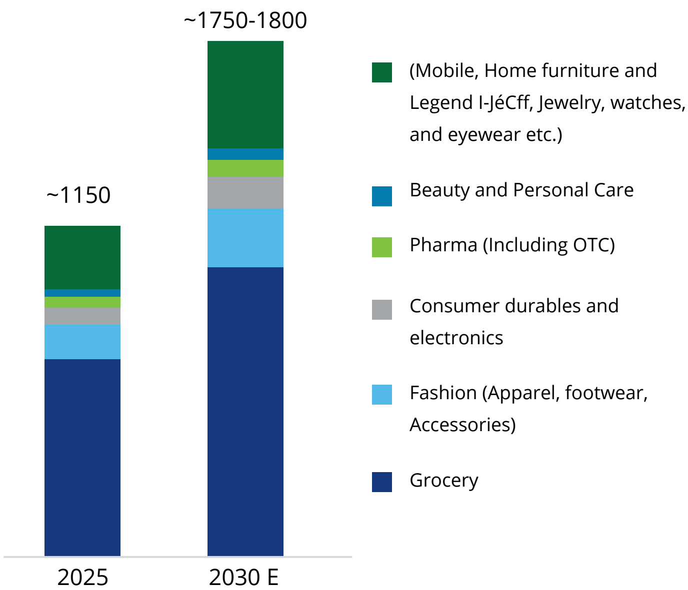



Source: Deloitte Analysis, Deloitte Report, Swiggy DRHP, E-com Express DHRP, Unicommerce

### Sector-wise segmentation

The grocery segment is expected to post a CAGR of 8 percent between 2024 and 2028, primarily driven by deeper e-commerce penetration and growing consumer preference for convenience. In contrast, the fashion category will see accelerated growth driven by rising demand for premium offerings and the increasing popularity of fast fashion, particularly among Gen Z and millennial shoppers. Meanwhile, the electronic appliances sector is poised for the fastest growth, projected at a CAGR of 14 percent, supported by rising income levels, rapid urbanisation and the expansion of India's middle class.

**Segment-wise retail market size growth (US$billion)**




Source: Deloitte Analysis, Datum Report, Economic Times, Swiggy DRHP, Technavio Report

### Market trends

i. **Urbanisation and changing family dynamics:** In 2023, about one-third of India's population lived in cities, with over 50 percent of households being nuclear. By 2030, the urban population will rise to 40 percent, driving the addition of first-time users of fashionable and branded consumer goods, leading to higher demand for convenience-driven products and services.

[114]https://www.ibef.org/industry/retail-india
[115]Deloitte Analysis, Deloitte Report, Swiggy DRHP, E-com Express DHRP, Unicommerce
[116]https://www.indiaconnected.co.uk/industries/retail-sector-india/#:~:text=Retail%20in%20India-,Retail%20in%20India,the%20retail%20sector%20in%20Indiav

ii. **Digitalisation and e-commerce boom:** India's e-commerce market is projected to reach INR27,000 billion by 2030 (16 percent of the overall market), driven by increased accessibility, ease of payment, immersive product trials and personalised shopping experiences for a larger, tech-savvy population. E-commerce platforms have reached every corner of the country, ensuring that even remote villages can access a range of products with a click. In a recent consumer survey, ~50 percent[116] of customers purchase products through either marketplaces or brand websites. Quick commerce promises deliveries within minutes, catering to an increasingly convenience-driven urban population, but it is still underpenetrated. Meanwhile, social commerce, through influencers, community-driven sales and regional language integration, is gaining traction, especially in tier 2 and 3 cities.

iii. **Increasing spending power of customers:** The middle-income segment is growing at 6.3 percent annually and is projected to reach 60 percent by 2047.[118] This demographic is spending more on discretionary items such as fashion, electronics and beauty products. Meanwhile, Gen Zs – known for their digital fluency and fast-evolving preferences – have emerged as a dominant consumer group. In 2025, their direct spending is projected to reach US$250 billion.[119] In fashion alone, they drive close to half the category's consumption, while also leading spending in personal care and footwear. Their collective spending power constitutes 43 percent[120] of the country's total consumption.

iv. **Growing demand for customised and sustainable products:** The growing demand for personalised and region-specific products, driven by cultural diversity and evolving consumer preferences, is significantly increasing SKU proliferation across categories. Brands must manage a wider assortment to meet niche and localised needs while ensuring efficient inventory planning across categories. Consumers today seek uniqueness and relevance in their purchases, and brands are responding by launching limited editions and hyper-targeted collections. Indian consumers, especially Gen Z and millennials, are also increasingly leaning towards products that align with values such as sustainability and self-expression.

v. **Premiumisation leading growth:** The Indian retail landscape is increasingly shaped by premiumisation, a trend fuelled by rising disposable incomes, evolving aspirations and growing exposure to global culture. Economic forecasts suggest that the number of super-rich households in India will increase fivefold from current levels to reach 9.1 million by 2030–31, and further rise to 32.7 million by 2046–47.[121] India's per capita income is projected to reach US$14,900 by 2047, up from US$2,120 in 2023-24,[122] significantly influencing consumer spending habits. Meanwhile, credit card spending in 2024 increased by nearly 5 percent YoY,[123] reflecting evolving purchasing patterns. Premiumisation extends beyond metro cities. It is gaining traction across tier 2, 3 and 4 cities, where consumers increasingly shop online for exclusive and global-quality products.

[117] Deloitte Customer Survey 2025
[118] Rediffusion Consumer Lab
[119] News Article: https://www.fibre2fashion.com/news/retail-industry/gen-z-to-drive-2-trn-in-spending-by-2035-in-india-report-298670-newsdetails.
[120] News Article: https://www.fibre2fashion.com/news/retail-industry/gen-z-to-drive-2-trn-in-spending-by-2035-in-india-report-298670-newsdetails.
[121] News Article: https://www.financialexpress.com/policy/economy-india-to-have-billion-plus-middle-class-by-2047-study-3157931/
[122] News Article: https://www.moneycontrol.com/news/business/india-can-be-developed-economy-by-2047-achieve-per-capita-income-of-14000-13011729.htm
[123] News Article: https://retail.economictimes.indiatimes.com/news/industry/indian-retail-poised-for-a-new-growth-trajectory-anarock-etretail-report/118416634

## Supply drivers

i. **Growth of omnichannel retailing:** India's retail sector is rapidly shifting from fragmented offline and online operations to a more integrated omnichannel framework. This transition is driven by widespread digital adoption, changing consumer preferences and the e-commerce boom. Retailers are expected to deliver consistent experiences across all touchpoints—online, mobile apps or physical stores. Consumers demand the ability to start their purchase journey on one platform and seamlessly continue on another, with synchronised access to product details, shopping carts and user accounts. The increasing demand for convenience and speed has fuelled this growing need for integration. Omnichannel strategies are helping retailers foster stronger customer relationships, enhance satisfaction and increase repeat purchases.

ii. **Advanced analytics and AI:** The retail sector often leads in adopting advanced technology to increase shoppers' experience while bringing higher efficiency and productivity. Sophisticated technologies such as virtual trials, self-checkouts, image analytics at the shelf, supply chain control towers, computer-assisted ordering models, etc., have always been key topics in retail discussions. This trend is primarily driven by the widespread adoption of AI, ML and data analytics in the industry.

iii. **Government policies and reforms:** Government policy has been pivotal in shaping India's organised retail sector. Currently, 100 percent124 Foreign Direct Investment (FDI) is permitted in single-brand retail under the automatic route, while multi-brand retail allows up to 51 percent125 FDI. Flexibility in the 30 percent126 local sourcing mandate has further facilitated easier market access for global brands. Additionally, 100 percent127 FDI is allowed in e-commerce retail under the automatic route, adding much-needed clarity for online retail operators. Implementation of GST streamlined the tax framework, reduced logistics overhead and improved inter-state supply chain operations. Recognising the importance of retail SMEs, the government expanded the Credit Guarantee Scheme, increasing the credit limit from INR5 crore to INR10 crore.[128]

iv. **Rising number of retail outlets:** India has emerged as one of the top five global retail destinations, ranking just after the US, China, Japan and Germany. In 2024, the retail sector witnessed the opening of more than 750 new stores, with the total value of investments exceeding INR12,000 crore (~US$1.38 billion).129 Fashion and apparel dominate the landscape, accounting for 31 percent of leasing activity. Major cities such as Bengaluru and Hyderabad led the charge, making up 60 percent of total retail space absorption.130 As mall culture grows and high-street retail evolves, India's retail footprint is poised for sustained and widespread growth. One of the most prominent players in Indian retail currently operates over 10,000 outlets, spanning 22 million sq. ft. and holds a significant presence in categories such as food, electronics and fashion.

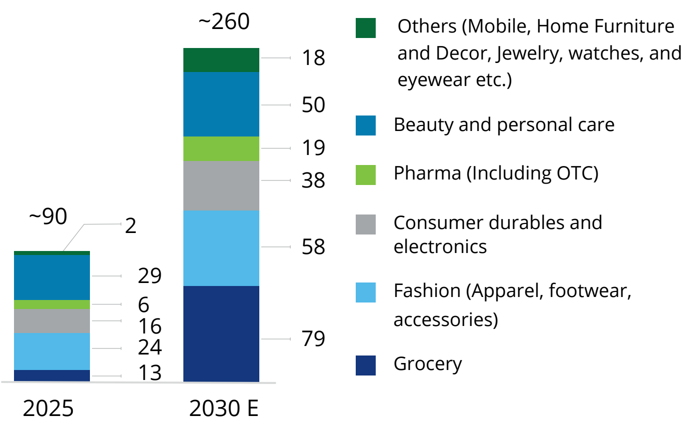
[124]https://www.ibef.org/industry/retail-india
[125]Press Information Bureau Release
[126]Press Information Bureau Release
[127]https://cleartax.in/s/fdi-regulations-e-commerce-startups
[128]Press Information Bureau Release
[129]IndiaRetailing Insights
[130]Indian Retailer Report

# Online vs offline market dynamics

### Online market size trend and segmentation

The highest growth across segments within e-commerce will come from Grocery, which is supposed to post a 44 percent CAGR from 2024 to 2028, i.e., 2x as compared with the e-commerce growth rate. Meanwhile, BPC has the highest e-commerce penetration and will such asly grow from ~22 percent in 2024 to ~48 percent in 2030. Other categories to witness increased e-commerce adoption are Home Décor (including kitchen) Category, which will grow due to rising home ownership and hybrid work norms, where customers are driving investment in home aesthetics and functional décor. Additionally, higher disposable income and ease of online shopping fuel the demand for the category. Overall, there were 7.8 billion daily e-commerce transactions. Online shoppers in India are expected to reach ~400–420[131] million in 2030 from 262 million in 2024.

**Segment-wise online retail market size growth (US$billion)**




Source: Deloitte Analysis, Datum Report, Economic Times, Swiggy DRHP, Technavio Report

**Demand trends for online retail**

i. **Rising internet and mobile access:** The widespread accessibility of internet services and smartphones strongly supports India's online retail growth. Affordable data plans, digital literacy initiatives and budget-friendly smartphones have accelerated online shopping adoption, particularly across tier 2 and 3 cities. In early 2025, India had 1.12 billion active mobile connections, representing 76.6 percent of the population. Internet usage reached 806 million individuals, equating to a 55.3 percent penetration rate. Social media platforms also witnessed significant engagement, with 491 million user identities, covering 33.7 percent[132] of the population. This connectivity boom has substantially widened the base of digital consumers.

ii. **Urbanisation and lifestyle shifts:** India is undergoing rapid urbanisation, with the urban population expected to grow from 30 percent in 2011 to ~40 percent[133] by 2036. This shift is accompanied by rising incomes and an expanding middle class, driving the demand for convenience-oriented retail experiences. Urban households are increasingly nuclear, with dual-income earners and busy lifestyles. This has triggered a preference for time-saving and hassle-free solutions such as doorstep delivery, auto-subscriptions and one-click shopping. The urban shift is not just geographic; it is redefining expectations around convenience, speed and value alignment in purchasing decisions.

iii. **Evolving consumer behaviour and trust in online purchases:** Consumers are increasingly comfortable buying everything online, from essentials to high-value electronics. Improved platform experience, reliable logistics, customer-friendly return policies and responsive service teams have contributed to this shift. Secure digital payment systems, verified customer reviews and transparent policies further support enhanced trust. As consumers mature more digitally, their comfort level with online purchasing will continue to increase.

iv. **Desire for personalisation and variety:** Modern shoppers expect hyper-personalised and highly curated experiences, particularly in online channels. Unlike local stores with limited assortments, digital platforms provide access to broad catalogues tailored to individual tastes. Personalised recommendations and offers, based on shopping history or behaviour, significantly boost satisfaction and loyalty. In fact, 67 percent[134] of consumers express a clear preference for receiving personalised offers linked to their past online and offline purchases.

v. **Social media and influencer-led commerce:** Social

[131]Media Reports – ABP & Mint, Brickworks Report, Swiggy DRHP
[132]News Article: https://datareportal.com/reports/digital-2025-india
[133]News Article: https://www.worldbank.org/en/news/opinion/2024/01/30/gearing-up-for-india-s-rapid-urban-transformation
[134]Adobe Commerce survey

platforms have emerged as powerful commerce drivers, particularly among Gen Z and millennials. From shoppable posts and live video sales to influencer campaigns and user-generated content, these tools have turned browsing into buying. Consumers now discover trends, review products and purchase directly within social apps. In a recent survey, 55 percent of Gen Z and Millennial customers highlighted that their purchase decision is influenced by social media ads and 25 percent by influencer recommendations. With easy-to-understand interfaces and local language support, platforms are opening new opportunities. Social media platforms are a powerful tool for inclusive commerce in regions with limited access to traditional e-commerce.

vi. **Growth in tier 2 and 3 cities:** Traditionally focused on metro areas, Indian retail is now witnessing a significant shift towards tier 2 and 3 cities, which collectively account for over 60 percent[135] of total e-commerce transactions. These regions are quickly evolving into dynamic retail centres, driven by aspirational yet value-driven consumers. Shoppers in these cities are increasingly gravitating towards branded merchandise, eco-conscious fashion and immersive retail experiences. For offline channels, brands are recognising this shift, expanding aggressively beyond metros, building malls and introducing localised store formats to cater to these evolving demands.

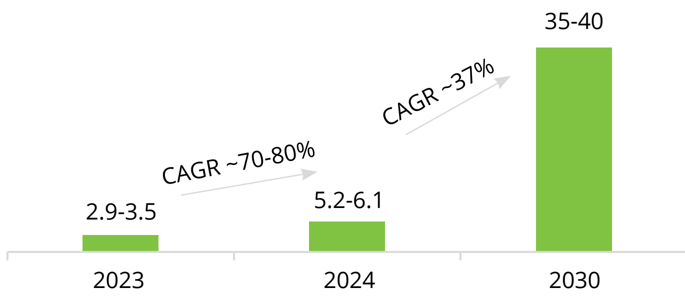
**Supply drivers for the online market**

i. **Rise of D2C brands:** The Indian D2C industry was initially projected to touch US$60 billion by 2027.[136] However, this milestone has already been surpassed, with the sector reaching US$80 billion in 2024 and poised to exceed US$100 billion by 2025.[137] D2C enables brands to interact directly with customers, promoting a deeper understanding of their needs and preferences, and gathering real-time feedback for personalised marketing. Brands can manage the entire customer journey, thus ensuring a consistent identity and building consumer trust. By eliminating intermediaries such as wholesalers and retailers, brands can achieve higher profit margins. This allows for more flexibility in pricing strategies and the potential to invest more in product development and customer experience.

ii. **Quick commerce growth story:** The increasing demand for instant convenience has propelled quick commerce into mainstream retail. Known for its rapid delivery model, this segment has transformed grocery and essentials retail by boosting demand and influencing consumer shopping. Retailers and quick commerce platforms are setting up dense networks of dark stores, micro-fulfilment centres and tech-enabled delivery fleets to meet sub-30[138]-minute delivery expectations. India is the first country where quick commerce has scaled as a viable channel, now operational in 80+[139] cities, including tier 2 locations such as Bhopal, Mangalore and Thrissur. About 10 percent[140] of e-commerce users have adopted this channel, reflecting a broader behavioural shift. Beyond customer convenience, it supports job creation in last-mile delivery and contributes to premiumisation and category expansion in urban and semi-urban areas.

iii. **Strengthening e-commerce ecosystem:** India's e-commerce backbone continues to strengthen as the number of online shoppers is projected to surge from 262 million to over 400 million[141] by 2030. This growth is underpinned by third-party logistics (3PL) providers that form the critical link between digital storefronts and customers. These players are expanding their offerings beyond basic delivery, with tailored end-to-end solutions such as warehousing, inventory control, real-time shipment tracking and returns prediction. By investing in automation, AI-led delivery routing and tech-enabled customer interfaces, 3PL providers are boosting service speed and reliability. This evolving logistics network enables e-commerce platforms to scale efficiently, fulfil faster and serve customers even in remote regions – reinforcing the backbone of India's digital retail supply chain.

**Quick commerce market size in India (US$billion)**




Source: Datum Intel, Swiggy DRHP

iv. **Policy support and FDI liberalisation:** Favourable

[135] ETRetail quoted by Business Standard, Forbes
[136] News Article: https://inc42.com/resources/indias-100-bn-d2c-gold-rush-and-the-forces-driving-it/
[137] News Article: https://inc42.com/resources/indias-100-bn-d2c-gold-rush-and-the-forces-driving-it/
[138] Swiggy & Zomato Annual Reports
[139] Swiggy & Zomato Annual Reports
[140] Deloitte Analysis, Swiggy DRHP, Datum
[141] Media Reports – ABP & Mint, Brickworks Report, Swiggy DRHP

regulatory support has been crucial in accelerating digital retail. Key reforms include allowing 100 percent[142] FDI in B2B e-commerce and enabling marketplace models through the automatic route. These initiatives have enhanced capital inflows and boosted innovation in the retail sector. Government-led efforts such as the “Digital India” programme are strengthening digital infrastructure, improving broadband access and promoting digital literacy, particularly in rural regions. Additionally, the launch of Open Network for Digital Commerce (ONDC) is decentralising platform control and enabling easier onboarding for MSMEs and local retailers, creating a more competitive and equitable e-commerce landscape.

v. **Expansion of digital payment infrastructure:** The rapid evolution of India’s digital payment ecosystem is reshaping how consumers transact in online retail. Tools such as UPI, digital wallets and Buy Now, Pay Later (BNPL) have eliminated friction and are driving the frequency and value of online purchases. The exponential rise in transaction volumes evidences this shift: from 2,071 crore in FY18 to 18,737 crore in FY24, growing at a 44 percent CAGR.[143] Retailers are seamlessly integrating these payment options across platforms, enabling smoother checkout experiences and unlocking new user segments even in semi-urban and rural markets.

vi. **Technology as a backbone:** Technology is the foundation of India’s e-commerce engine, enabling efficiency across the front and back ends. On the consumer side, AI, mobile apps and cloud platforms personalise shopping experiences, automate recommendations and simplify navigation. From the back-end perspective, advanced technologies such as machine learning, IoT and blockchain are transforming supply chains’ operations. Real-time stock visibility, predictive demand analytics and automated restocking ensure leaner inventory and reduced operational lags. These tech tools allow brands to scale faster, minimise wastage and deliver products more reliably.

**Demand trends for the offline market**

i. **Trust in physical product experience:** Despite digital growth, many consumers, especially in tier 2/3 cities, prefer physical engagement, in-person inspection and interaction before buying, especially for apparel, jewellery or appliances. Physical stores serve as shoppable billboards, enabling brands to showcase their offerings while fostering customer trust. These outlets also allow for personalised assistance from knowledgeable staff, strengthening consumer relationships. In-store interactions often result in higher engagement time, stronger recall and increased conversion, making the offline experience an irreplaceable part of the customer journey.

ii. **Social and experiential shopping:** Malls and high streets are increasingly visited for recreation, family outings and socialisation, making shopping a part of lifestyle and leisure rather than just utility. The blend of premium fashion, food courts and entertainment zones is attracting aspirational consumers seeking more than just products. For instance, one of the biggest malls in Gurgaon and Vasant Kunj reported a 10 percent footfall rise in H1 2025[144] over the previous year, underscoring the resilience of experiential retail. As consumers seek memorable outings, offline retail plays a vital role in shaping social and leisure experiences.

iii. **Loyalty to traditional formats:** Neighbourhood outlets dominate daily needs retail due to personalised service, credit availability and convenience. These formats effectively cater to region-specific preferences and seasonal demand, offering curated assortments tied to local festivals and traditions. Modern offline retailers are also adopting loyalty programmes and payment-linked insights to replicate this personalisation at scale. Retailers are optimising inventory at the micro-market level through real-time data from store traffic and customer profiles.

**Supply drivers for offline retail**

[142]https://invest.up.gov.in/retail-e-commerce/
[143]https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2057013
[144]https://www.indianretailer.com/article/retail-business/retail-trends/how-these-malls-are-seeing-steady-rise-footfall-and-brand

i. **Integration with online for omnichannel models:** Retailers are merging online and offline channels, enabling services such as in-store pickups for online orders and shared inventories, improving access and consumer stickiness. Brands are implementing cross-channel promotions and loyalty programmes to incentivise customers to shop across multiple channels and drive repeat purchases. Retailers are adopting a strategic approach that focuses on delivering convenience, personalisation and consistency across channels.
**Case study:** A leading Indian footwear brand enables users to reserve shoes online, try them in-store and complete the purchase, combining convenience with physical assurance.

ii. **Experiential retail:** To compete with digital convenience, retailers are investing in immersive in-store experiences that engage customers through all senses. AR, interactive displays and virtual try-ons are transforming how consumers explore products. These stores also use analytics to offer personalised recommendations and in-store exclusives. Brands are hosting workshops, product demos and events to create community-driven engagement. These experiences deepen customer loyalty while turning stores into interaction hubs rather than just points of sale.

iii. **Decreasing mall vacancies:** India's physical retail footprint is expanding rapidly, as evidenced by declining mall vacancy rates, from 15.5 percent in 2021 to 7.8 percent[145] in 2024. Developers are responding with new supply, adding 59.5 lakh square feet across eight major cities of mall space in 2024 alone, leading to a 72 percent increase from 2023. India is on track to add ~20[146] premium shopping malls across its eight largest cities by the end of 2026. This improvement is attributed to strong retail demand, higher leasing activity and increasing urban disposable incomes.
Destination malls remain key footfall drivers. For instance, one of the biggest malls in Kolkata generates an annual turnover of INR1,800 crore, with daily footfalls averaging 55,000–60,000 and surging to 200,000[147] on festive weekends. This illustrates the enduring relevance of offline retail experiences.

iv. **Value-driven offline market:** Value retail chains are emerging as strong offline players, targeting India's aspirational yet price-sensitive consumers. By offering sharp pricing strategies, such as low entry price points and bundled offers, along with curated assortments, these retailers have captured ~60 percent of the apparel market. Their appeal spans urban and rural segments, with rapid expansion in tier 2+ cities.
**Case study:** A notable value fashion chain under a leading Indian conglomerate added 244 outlets in FY25 alone, bringing its total to 765[148] stores, and has recorded a CAGR of over 70 percent year-on-year, underscoring the format's runaway success.

v. **Agile supply chain:** Offline retailers are increasingly reimagining their store networks as multi-functional hubs, serving as customer-facing outlets and as warehouses, dark stores and last-mile fulfilment centres. This shift enables the development of agile supply chains that lower logistics costs, shorten delivery timelines and enhance responsiveness to hyperlocal demand. By integrating automation tools and analytics, retailers enable real-time inventory visibility, dynamic replenishment and smarter merchandising decisions.

[145]News Article: https://www.moneycontrol.com/news/business/real-estate/house-full-malls-defy-cooling-demand-vacancies-drop-to-7-8-in-2024-12970428.html
[146]Cushman & Wakefield Report
[147]News Article: https://retail.economictimes.indiatimes.com/news/industry/blackstone-acquires-south-city-mall-in-kolkata-for-rs-3250-crore/121908464?
[148]News Article: https://bsmedia.business-standard.com/_media/bs/data/announcements/bse/29042025/4cab294c-3463-4902-b2bd-d116f8793938.pdf

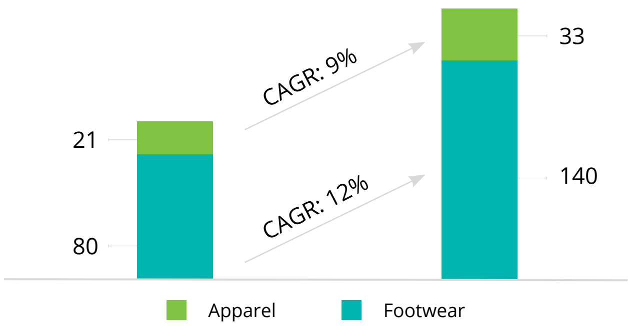
# Category deep dive

## Apparel and footwear

**Market overview**

### Market size

**Market size for apparel and footwear (US$billion)**




Source: Deloitte Analysis, IMARC Report

### Demand-side trends

**i. Digital-native Influence: Gen Z and the rise of social media**

The women's fashion industry is expected to witness significant growth due to increasing numbers of working women, continuously evolving fashion trends, the ability to spend more on various emerging women's products and social media influence. Another consumer cohort is Gen Z, India's largest generational cohort at ~377 million (vs. 356[149] million millennials), which strongly influences fashion purchases, impacting US$40–45 billion annually.[150] This digitally native segment thrives on trend-driven, visual content from platforms such as Instagram and TikTok. Trends now go viral in hours, aided by reels, live sessions and short-form videos. Social media has become the epicentre of fashion discovery in India. A recent consumer survey revealed that 70 percent of Indian internet users discover apparel and footwear brands through social media and other online platforms, and 40 percent highlighted that product styling video and reviews influence their purchase decision. Among Gen Z, around 65 percent[151] of fashion purchases are now made online. These behaviours are reshaping how brands design, market and engage, with digital influence at the heart of brand discovery and purchase decisions.

**ii. Rise of functional, inclusive and sustainable fashion**

Apparel and footwear products are becoming more inclusive, functional and environmentally aligned. From a functional perspective, a health-conscious lifestyle is driving growth in non-formalwear, especially activewear, projected to post a 25 percent[152] CAGR (FY24–29). Occasional category wear, such as bridal wear, continues to anchor festive spending, accounting for 10–12 percent of India's clothing market and registering a 4–5 percent[153] CAGR. While metros focus on luxury couture, tier 2/3 cities boost demand for affordable designer-style ethnic wear. Another growing segment is plus-size fashion, reflecting increased body inclusivity, which was valued at US$10 billion in FY24 and is projected to exceed US$18 billion[154] by FY32. In a recent study, 62 percent[155] of customers highlighted they spend the most on functional clothing and footwear across categories, and 60 percent of people pay a premium for occasion-based purchases. Above all, sustainable fashion is also gaining ground. It is made from hemp, lyocell, bamboo and organic cotton and is mainly supported by eco-consciousness and regulatory focus by key customer segments.

**iii. Accelerated shift to fast fashion**

Fast fashion is redefining the pace of the retail industry. It grew at 30–40 percent YoY in FY24, compared with overall fashion retail at 6 percent. Currently valued at US$10 billion,[156] India's fast fashion segment remains underpenetrated, less than a third the size of a leading global peer, indicating immense growth potential. Projections suggest a fivefold rise to US$50 billion by FY31, driven by digital adoption and rising disposable incomes. Fast fashion thrives on speed and frequency, with over 50 collections annually (vs. 2–4 traditionally), enabled by agile supply chains, trend forecasting and strong digital engagement. The primary consumers of fast fashion, Gen Z, shop eight to nine times a year, versus the national average of five to six, redefining how brands manage inventory and merchandising cycles.

**iv. Growing demand for premiumisation**

India's expanding middle class and youth aspirations are fuelling the demand for premium fashion. Millennials and Gen

[149]Deloitte Retail Report
[150]Deloitte Retail Report
[151]Deloitte Customer Survey 2025
[152]News Article: https://brandequity.economictimes.indiatimes.com/news/marketing/indian-apparel-sector-to-clock-11-pc-growth-over-fy24-fy29hsbc
[153]Clothing Manufacturers Association of India (CMAI) estimates
[154]DFU Publication
[155]Deloitte Customer Survey 2025
[156]News Article: https://www.fibre2fashion.com/industry-article/10432/fast-fashion-to-slow-luxury-india-s-50-billion-style

Z increasingly seek personalised, high-quality products and are willing to pay for alignment with their values. Premiumisation spans menswear through bespoke tailoring and luxury fabrics; womenswear through designer labels and premium ethnic wear and kids' wear through quality-focused brands. This demand is growing beyond metros, with tier 2–4 towns increasingly shopping online for premium experiences. One significant premium category is the luxury market, where the resale market is also booming. India's second-hand fashion market grew from US$3 billion in FY23 to ~US$3.5 billion in FY24 and is projected to reach US$9.1–9.5 billion by FY32–33 at a 13–13.2 percent CAGR.[157] Digital platforms offering trust and authenticity are propelling resale fashion into the mainstream.

**Supply-side trends**

**i. Strengthening online distribution channels**

India's online fashion ecosystem, comprising D2C brands, e-commerce platforms and quick-commerce services, is rapidly expanding. Currently valued at ~US$20 billion, the sector is projected to reach US$55–60 billion by 2029.[158] Apparel and footwear dominate this space, accounting for ~95 percent of the total fashion e-commerce spend. Women's apparel leads growth within the category, responsible for ~52 percent[159] of sales. The key enablers include smartphone and internet penetration reaching urban and regional areas, providing the convenience of vast inventory access. The brands have user-friendly websites, mobile apps and secure digital payment systems that build trust and streamline transactions. Online retailers provide many attractive online discounts and loyalty programmes targeting value-sensitive shoppers. The option of flexible return and exchange policies by brands reduces purchase hesitation for users. The online channel has become the primary avenue for consumers to discover, evaluate and purchase fashion.

**ii. Scaling domestic manufacturing and supporting government policies**

India's apparel and footwear manufacturing sector is gaining global traction, which is supported by policy, infrastructure and shifting sourcing trends. Apparel exports increased by 11.3 percent YoY in May 2025[160], a rise fuelled partly by shifting trade dynamics and higher tariffs on competing countries. A survey of leading US brands revealed that ~60 percent[161] plan to boost sourcing from India, positioning the country as a preferred destination in 2024 due to lower tariff imposition on India compared with Bangladesh, Vietnam and China – all of which are bigger American suppliers. Government policies further boost domestic manufacturing. The FY25 budget increased textile and apparel allocations to INR5,252 crore, a 57.7 percent increase[162] over the previous year, primarily supporting the PLI scheme. Initiatives to double cotton yield and a 20 percent import duty on select knitted fabrics aim to curb cheap imports. MSMEs also benefit from expanded credit facilities. The PM-MITRA Parks scheme will create integrated hubs with end-to-end facilities for spinning, weaving, dyeing and garmenting textiles.

**iii. Technology-driven supply chain modernisation**

Technology is reshaping India's apparel and footwear supply chains, making them faster, more flexible and resilient. AI-powered demand forecasting models combine historical sales with real-time inputs such as weather patterns and local events to create dynamic plans. These insights enable factories to deploy modular sewing lines that can switch SKUs in hours. IoT-driven predictive maintenance minimises equipment downtime by alerting teams to issues in advance. Quality-control teams use mobile apps to report store-level defects instantly, triggering timely interventions. Micro-factories and satellite fulfilment centres near demand hubs enable quicker turnaround for trend-based assortments. Real-time dashboards track the end-to-end lifecycle of each order, improving visibility and responsiveness. Fashion B2B aggregators are also streamlining sourcing by connecting manufacturers directly with retailers, cutting down on intermediaries and costs. They help SME manufacturers onboard global brands while ensuring adherence to compliance, productivity and tech standards. These digital and operational upgrades are crucial in modernising the industry's supply foundation.

**iv. Immersive retail experience and store tech enablement**

Retail in India is evolving into an experience-centric model, driven by immersive technologies and data-driven personalisation. Augmented Reality (AR) allows shoppers to try clothing and footwear virtually, reducing dependency on trial rooms and improving engagement. AI technologies power hyper-personalised recommendations and real-time promotions that enhance in-store conversion rates. These digitally enable inventory optimisation by extending the digital shelf in-store. The shift to immersive retail formats makes the supply side more adaptive and customer-responsive while enhancing brand differentiation in a competitive marketplace. Experiential stores, those featuring interactive displays, smart mirrors and endless aisle tech, are seeing an average 40 percent increase in customer dwell time and up to 30 percent[163] higher sales compared with traditional outlets.

v. Case study: A leading apparel retail brand has implemented smart trial rooms, customisation zones with embroidered badges, heat-transfer designs and digital kiosks, allowing customers to personalise and explore products easily.

[157]UnivDatos Report: https://www.linkedin.com/pulse/looking-good-shouldnt-cost-planet-indias-second-hand-apparel-hlatc/
[158]Technavio report on Online Fashion Market in India 2024
[159]News Article: https://retail.economictimes.indiatimes.com/news/apparel-fashion/apparel/indian-online-fashion-industry-grows-51-in-fy21-report/83942020
[160]News Article: https://www.reuters.com/world/china/walmart-calls-indias-garment-worker-woes-blunt-tariff-edge-2025-05-09/
[161]News Article: https://www.reuters.com/world/china/walmart-calls-indias-garment-worker-woes-blunt-tariff-edge-2025-05-09/
[162]https://texfash.com/column/india-announces-game-changing-initiatives-for-textiles-and-apparel-industry-misses-on-many
[163]News Article: https://www.dfupublications.com/news/apparel/the-rise-of-experiential-retail-and-fashion-brands-creating-immersive-shopping-experiences

## Future outlook

**i. Expanding digital distribution channels**

To tap into India's rapidly digitising fashion market, brands must diversify across D2C, marketplaces, q-commerce and social commerce. With fashion e-commerce expected to post 20 percent CAGR to US$61 billion by FY30, compared with just 10 percent[164] in traditional retail, digital will outpace offline in volume and influence. Social commerce, driven by over 4 million creators (60 percent[165] of whom generate fashion content) is creating new engagement formats. Digital ad share in India is also rising sharply, from 12 percent in 2016 to a projected 61 percent[166] by 2026, signalling where brand-building budgets should pivot. Retailers must focus on digital-first brand storytelling and tech-integrated customer journeys. The key consumer cohort for online fashion retailing is Gen Z, who are alone projected to account for 20–25 percent[167] of spend. They are prioritising style, speed and mobile-first convenience. Building regional assortments, gamified loyalty programmes and influencer-led campaigns, primarily through micro-influencers, will drive conversion.

**ii. Build agile supply chains to unlock fast fashion**

Fast fashion brands have already adapted by compressing style refresh cycles to less than 15[168] days, where emerging Indian brands in this space are seeing over 60[169] percent CAGR after COVID-19. Traditional 60–90-day cycles are becoming obsolete. The biggest challenge is to build an agile and nimble supply chain that can convert trend signals into store assortment within days. This is addressed by digitising design-to-delivery workflows, using AI-generated mood boards, virtual sampling and real-time PLM platforms. Several Indian manufacturers now offer cloud-based PLM systems that reduce errors and improve collaboration across design, sourcing and production. Brands must collaborate with tech-forward vendors for flexibility in smaller production runs and last-mile fulfilment. For example, Design-as-a-Service platform vendors are allowing real-time design iterations, enabling fashion brands to reduce inventory risk while staying ahead of trend shifts.

**iii. Tap into the athleisure and functional fashion boom**

The rise of hybrid work, fitness consciousness and lifestyle-led spending has blurred the line between performance and casual wear. The athleisure market is projected to grow faster than the overall apparel market, driven by millennials and Gen Z seeking comfort, versatility and design appeal. Features such as odour-resistant, stretchable, UV-protective and sweat-wicking fabrics are becoming mainstream. Athleisure is also gaining cultural cachet through endorsements by influencers and celebrities, making it aspirational across income segments. For brands, this presents an opportunity to introduce cross-occasion styles (e.g., active loungewear, casual formals) with built-in technical performance.

**iv. Embed sustainability into brand DNA**

While India lags behind its global peers on sustainability awareness, over 60 percent of urban millennials and Gen Z[170] express preference for brands with transparent environmental and ethical practices. Instead of treating sustainability as a niche proposition, brands must embed it into core operations, across sourcing, production, packaging and post-sales. Use of recycled fabrics, low-impact dyes, biodegradable packaging and circular models (rental, resale or repair) is gaining traction. Global benchmarks suggest that resale markets could contribute significantly to fashion revenue by 2030. Regulatory push (such as extended producer responsibility) and global investor focus on ESG will only accelerate this shift. Indian brands with transparent and verifiable sustainability commitments will gain long-term consumer trust and target newer premium-conscious customers.

[164]Deloitte Analysis
[165]India Influencer Marketing Report 2025
[166]e4m's Digital Advertising Report 2025
[167]Redseer Consulting Report
[168]https://www.equentis.com/blog/zudios-impact-on-trents-133-growth/
[169]https://www.linkedin.com/pulse/zudio-vs-world-how-indian-brands-beating-zara-hm-govind-kumar-singh-pap9c/
[170]https://www.firstinsight.com/white-papers-posts/gen-z-shoppers-demand-sustainability?utm_source=chatgpt.com

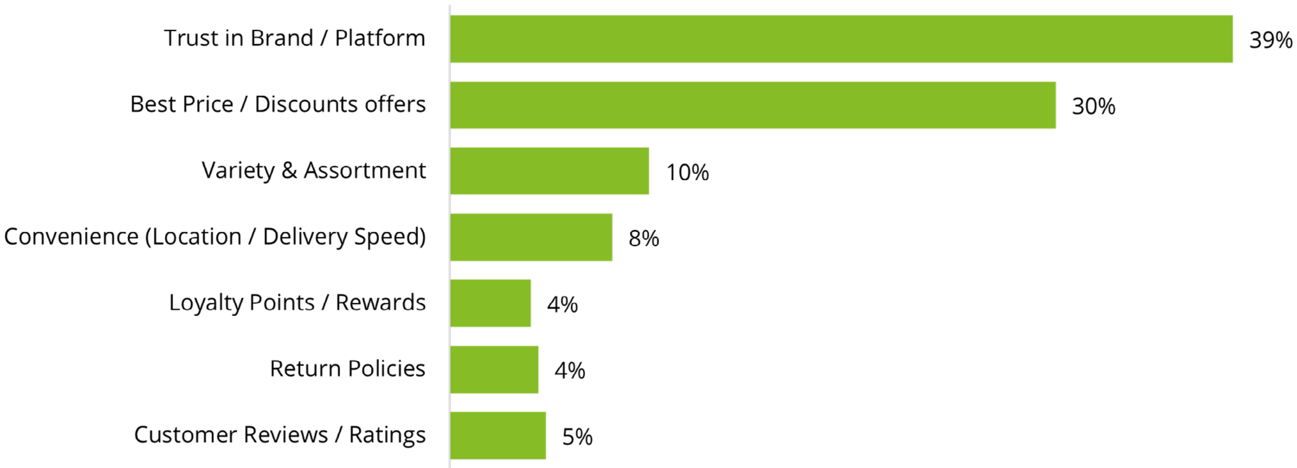
## Jewellery, watches and eyewear

**Insights from the consumer survey**

Deloitte surveyed over 300 respondents to gain insights into anticipated consumer shopping behaviour within the lifestyle industry (jewellery, watches and eyewear).

This survey aimed to examine consumer preferences in the context of ongoing economic uncertainties and shifting purchasing priorities. The insights derived from the survey provide a nuanced understanding of evolving consumer sentiment and decision-making patterns.

Factors that influence choice of retailer for lifestyle products (% of Consumer)




Source: Deloitte India Consumer Survey 2025

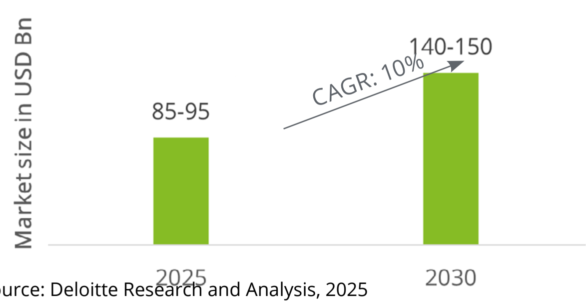
- Around 39 percent of consumers cited brand trust as the key factor influencing their choice of retailer for lifestyle products. This underscores the need for retailers to focus on building a credible reputation and dependable platforms to attract and retain customers, especially as service and product-based differentiation continues to narrow.

## Jewellery

**Market overview**

- Deloitte estimates the Indian jewellery market to be valued at US$85–95 billion in 2025 and is expected to grow to US$140–150 billion in 2030 at a CAGR of ~10 percent, outpacing China and the US to become the world's second-largest jewellery market.[171]
- Rising income, the aspirational middle class and demand for multi-category jewellery products drive the market growth.

Indian Jewellery Market




Source: Deloitte Research and Analysis, 2025

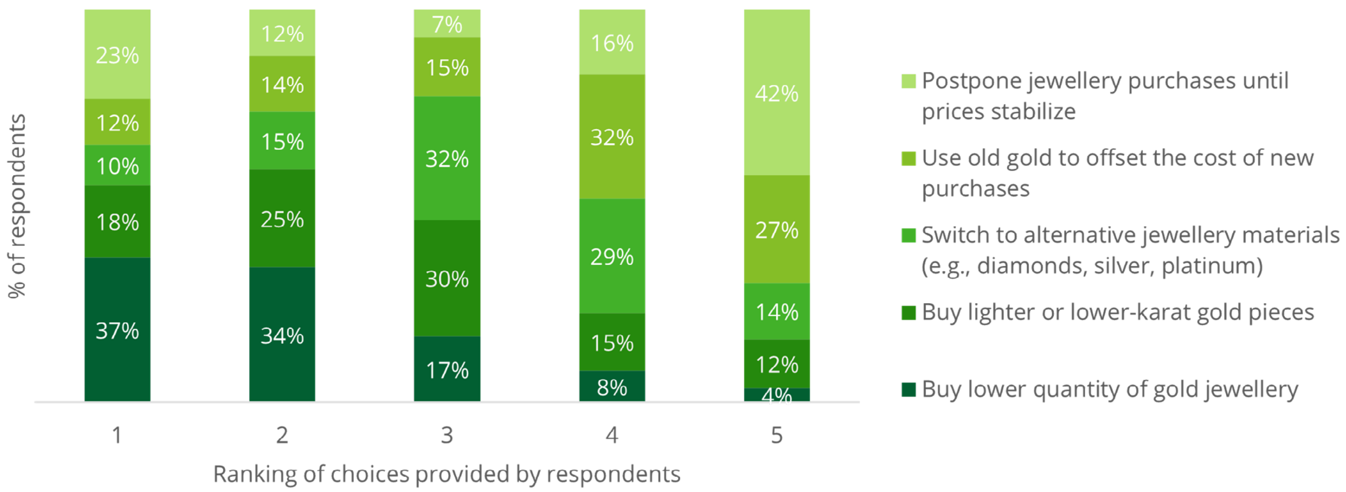
[171] https://www.businessworld.in/article/india-surpasses-china-as-worlds-leading-gold-jewellery-consumer-in-2024-547138

## Market trends

### Gold prices at historic highs, leading to a slump in 24K retail demand

- Geopolitical conflicts, economic uncertainty in the US and aggressive central bank gold stockpiling have recently driven up gold prices, reaching new highs of INR1 lakh per 10 gram.[172]
- Due to geopolitical risks and uncertainty, the RBI purchased 57.5 tonnes of gold in FY25 to hedge against US dollar depreciation, marking the second-highest annual buy since FY17. This has contributed to inflated domestic gold prices.[173]
- While short-term Middle East ceasefire talks have eased safe-haven demand and brought prices below INR1 lakh per 10-gram, gold prices are still expected to see bullish long-term growth, which could signal a shift in status from ornament to investment.[174]

Changing consumer jewellery buying habits with increase in gold prices




Source: Deloitte India Consumer Survey 2025

- According to a recent Deloitte consumer survey, 71 percent and 43 percent of respondents ranked buying a lower quantity of gold and lighter or lower-karat gold pieces, respectively, as their top two behavioural responses to the recent surge in gold prices.
- High gold prices are discouraging discretionary jewellery purchases, with demand now focused mainly on weddings and essential events, and there is a shift in consumer preference towards lightweight (14K and 18K) jewellery for weddings and everyday pieces.[175]

### Rising consumer demand for gold alternatives and jewellers face pressure to adapt

- With gold prices at unprecedented highs, jewellery dealers are offering discounts and buyers are using old gold for nearly half of their new purchases, illustrating a lower demand for pure gold (24K) jewellery and a consumer preference for affordable alternatives.[176]
- Consumer behaviour is shifting towards lighter, lower-karat pieces and investment-focused buying, pushing retailers and manufacturers to adapt their business models towards new offerings.
- Jewellers have noted that consumer budgets cannot support continued purchases of high-purity gold accessories, leading to increased interest in affordable options such as lightweight, costume and studded jewellery.[177]
- To adapt to the evolving consumer preferences, jewellery retailers are focusing on sub-brands to launch lower-karat and fashion-forward pieces, introducing men's jewellery accessories and partnering with fintech platforms to offer digital gold as an alternative investment.

[172] https://economictimes.indiatimes.com/markets/commodities/news/gold-hits-fresh-record-high-of-rs-1-01-lakh/10-gms-analysts-see-more-upside-ahead/articleshow/121876039.cms?utm
[173] https://economictimes.indiatimes.com/news/new-updates/880-tonnes-and-counting-why-rbi-keeps-buying-gold-despite-indias-7th-largest-reserves/articleshow/120762409.cms?utm
[174] https://www.gold.org/goldhub/gold-focus/2025/04/india-gold-market-update-rally-and-demand-realignment#:~:text=Gold's%20steep%20climb%20and%20on-going,quarter%20for%20corporate%20retail%20jewellers
[175] https://www.gold.org/goldhub/gold-focus/2025/04/india-gold-market-update-rally-and-demand-realignment
[176] https://www.cnbctv18.com/market/commodities/gold-demand-trends-india-central-banks-buying-19622627.htm

- Despite a volume decline in traditional gold jewellery designs, gold's investment appeal is growing, keeping demand for bars and coins steady even at higher price levels.[178]

- Jewellery retailers are experiencing a downturn with a 15–25 percent decline reported in sales volume in Q1 2025. Still, this reduction was offset by a surge in the overall value of demand by 20 percent due to higher gold prices.[179]

- As consumers move towards minimalist jewellery styles and the appetite for traditional design wanes, demand for karigars has seen a recent slump, with over 50,000 artisans struggling financially since the start of FY25.[180]

- Manufacturers are facing rising gold costs, and smaller workshops are struggling to stay profitable as margins continue to shrink. Still, as the adoption of technologies such as CAD and 3D printing increases and manufacturing processes are optimised, this could positively influence their margins.[181]

**Future outlook**

- Historically, such a steep rise in gold price over two years is rare, but not unprecedented.

- The last comparable episode was between 1978–1980 when gold prices surged more than 40 percent in a short span due to runaway inflation, the Iran crisis and major geopolitical risk.

- A similar phenomenon occurred between 2008 and 2011 when prices increased again by ~40 percent due to the global financial crisis, quantitative easing and safe-haven demand.

- After the 1980 gold price surge, prices fell by ~57 percent over the next two years, and similarly, following the 2011 peak, gold prices fell by about 44 percent over the subsequent four years.

- Therefore, the current price rise could lead to price corrections as geopolitical conflicts end and global trade uncertainties reduce.[182]

- During the intervening period, the Indian jewellery market could face long-term polarisation between budget-first and product-first consumers as inflated gold prices persist.

- Budget-first consumers are expected to increasingly "down trade", maintaining their total spending budgets but purchasing lighter, lower-karat or hollow jewellery.

- In addition, besides purchasing lightweight pieces, budget-conscious consumers could shift to silver, gold-plated or imitation jewellery as substitutes.

- On the other hand, product-first and status-driven buyers could maintain strong demand resilience, viewing gold as a luxury or Veblen good whose value increases with price.

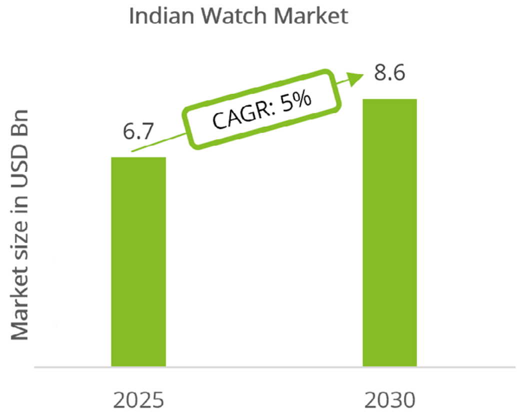
- The Indian jewellery market could diversify away from gold-centric products, embracing platinum, rare gemstones and designer collections as growth avenues.

## Watches

**Market overview**

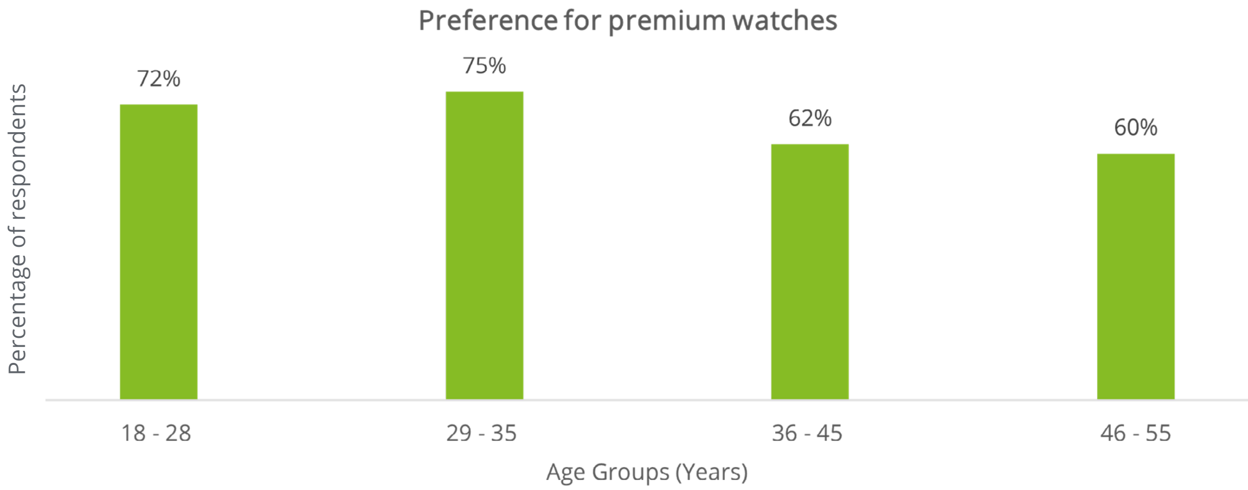
- India's watch market is projected to reach US$8.6 billion by 2030 at a CAGR of ~5 percent, as the market is driven by the growth of aspirational consumption, particularly in the affordable luxury segment.[183]

- Increased affluence, a rise in discretionary spending from the burgeoning middle class and the weakening stigma around luxury spending are propelling the rise of premium watches. This prompts global brands to deepen their market presence through India-specific product lines, localised campaigns and retail expansion.




Source: IMARC Group, 2025

[177]https://www.moneycontrol.com/news/business/karat-and-shift-sky-high-gold-prices-see-buyers-turning-to-affordable-jewellery-12971607.html?utm
[178]https://www.gold.org/goldhub/gold-focus/2024/12/india-gold-market-update-investment-demand-shines
[179]https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q1-2025/jewellery#from-login=1&just-verified=1
[180]https://timesofindia.indiatimes.com/city/chennai/hundreds-of-goldsmiths-in-tamil-nadu-leave-traditional-craft-due-to-high-prices-and-low-demand/articleshow/122076080.cms?utm
[181]https://www.grandviewresearch.com/industry-analysis/3d-printed-jewelry-market-report
[182]https://auronum.co.uk/is-gold-overvalued-lessons-from-the-1980-and-2011-price-peaks/
[183]https://www.imarcgroup.com/india-watch-market




Source: Deloitte India Consumer Survey 2025

- Premium watches are gaining popularity across age groups, signalling that the watch segment is undergoing the same premiumisation trend seen in other lifestyle categories. Consumers are increasingly embracing watches as fashion accessories, rather than just functional timepieces. This trend is consistently strong across demographics, reinforcing the category's evolving role in personal style.
- Rising demand in tier 2 and 3 cities, along with e-commerce and omnichannel platforms, is reinforcing watch industry growth by improving access, brand visibility and consumer engagement.[184]
- The watch sector in India has observed higher growth in the premium-entry luxury segment, including smartwatches and analogues, underpinning a consumer shift away from budget brand offerings.

### Market trends

#### Changing preferences within smartwatches and a growing appetite for luxury classics

- India's smartwatch market contracted by 33 percent YoY in Q1 2025, mainly due to declining confidence in budget smart watches, slower replacement cycles and limited differentiation in lower price segments.[185]
- Despite the overall market decline, the premium smartwatch segment has expanded. It is expected to post a CAGR of 22.9 percent until 2030, which will be contributed to by the penetration of global brands into the Indian market and hybrid models that offer style and health-tracking technology.[186]
- The kids' smartwatch segment was another bright spot, witnessing growth as OEMs increasingly targeted younger users with dedicated features and enhanced safety.[187]
- The decline in budget smartwatch demand is happening alongside rising analogue luxury sales, as some consumers shift back to mechanical watches for style and identity.
- Furthermore, India has emerged as the fastest-growing market for Swiss luxury watches with a 27.6 percent YoY import volume increase in 2024.[188]
- The luxury watch segment has experienced impressive growth, with demand seen in metros and in tier 2 and 3 cities, reflecting a broader trend of aspirational consumption in India.

#### Desire for affordable luxury fuels the pre-owned watch market and the growth of domestic brands

- India's pre-owned luxury watch market is expected to double to US$861.8 million by 2030 at a CAGR of 11.4 percent, driven by a surge in younger, status-conscious buyers seeking new and collectable timepieces.[189]
- Per an industry survey, over 50 percent of Indian consumers are open to buying pre-owned watches (above the global average), and the demand is driven by affordability, sustainability and access to rare models.[190]
- Certified Pre-Owned (CPO) programmes and NFC tagging have enhanced consumer trust in major secondary luxury watch platforms, offering significantly lower prices than new retail models.[191]

[184] https://www.verifiedmarketresearch.com/product/india-watch-market/
[185] https://economictimes.indiatimes.com/industry/cons-products/electronics/smartwatch-boom-cools-off-in-2025/articleshow/121298915.cms?utm
[186] https://www.imarcgroup.com/india-smartwatch-market?utm
[187] https://www.counterpointresearch.com/report/india-smartwatch-shipments-in-2024?utm
[188] https://thehourmarkers.com/articles/swiss-watch-statistics-2024-india?utm
[189] https://grandviewresearch.com/horizon/outlook//pre-owned-luxury-watches-market/india?utm
[190] Deloitte Swiss Watch Industry Insights, 2024
[191] https://economictimes.indiatimes.com/small-biz/startups/firms-like-luxepolis-confidential-couture-bluestone-are-using-innovative-techniques-to-reduce-rate-of-return/articleshow/51319603.cms?from=mdr

- The market is witnessing consumers showcase keen appreciation for heritage and craftsmanship, with domestic brands reporting development of watch models that blend mid-tier affordability with luxury appeal, supporting the "Make in India" initiative.
- Furthermore, as the number of affluent individuals in India grows, they are expected to drive domestic luxury growth, particularly within niche homegrown brands that promote personalisation through storytelling and legacy.

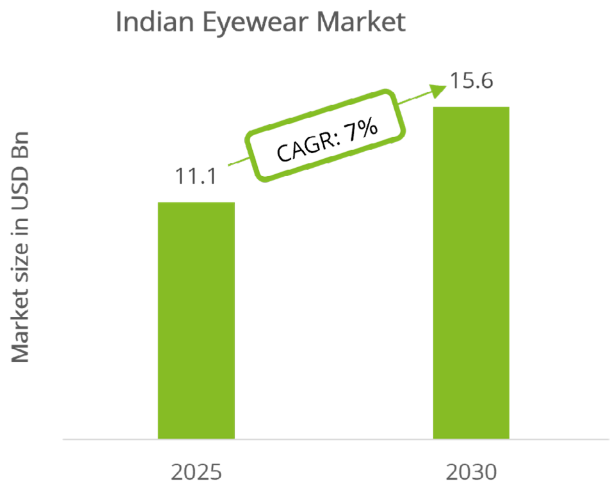
### Future outlook

- Going forward, traditional analogue watch sales could stabilise and further pivot towards premiumisation, with demand concentrated in the luxury, designer and gifting segments.
- Digital channels and e-commerce will such asly dominate market expansion, as consumers are expected to increasingly prefer seamless discovery, virtual trials, competitive pricing and easy financing from online platforms.
- The luxury segment is anticipated to keep growing, driven by affluent urban buyers who may seek status, heritage, exclusivity and limited-edition collaborations. This is especially true as international brands expand their Indian footprint and regulatory barriers on imports ease.
- Indian and niche brands could gain ground by offering personalisation, local design cues and purpose-driven narratives, while competing aggressively in pricing and feature-set.
- Across segments, watches will such asly become symbols that blend technology, fashion, health and social status, rather than serving as timekeeping devices, reshaping product innovation and marketing strategies for the coming decade.

## Eyewear

### Market overview

- The eyewear market in India is expected to reach US$15.6 billion by 2030 at a CAGR of ~7 percent, with demand mainly driven by the desire for style, premiumisation and increasing vision problems.[192]
- The industry is growing organically as more people develop vision problems such as myopia and presbyopia due to increased screen time and indoor lifestyles, leading to a higher demand for corrective lenses.[193]
- Rising disposable income and a shift towards premium and branded eyewear are accelerating market expansion, as consumers increasingly view eyewear as a functional and aspirational purchase.
- Market growth is also contributed to by increased online retail penetration, with large optical companies using teleoptometry to reach patients in rural areas.
- Large domestic private labels are scaling up production capacity in line with the "Make in India" initiative, increasing brand visibility and displacing small local players.[194]




Source: Deloitte India Consumer Survey 2025

[192]https://www.imarcgroup.com/india-eyewear-market
[193]https://www.imarcgroup.com/india-eyewear-market
[194]https://the-ken.com/story/lenskart-built-its-empire-on-franchisees-now-its-battling-them-in-courts/?utm

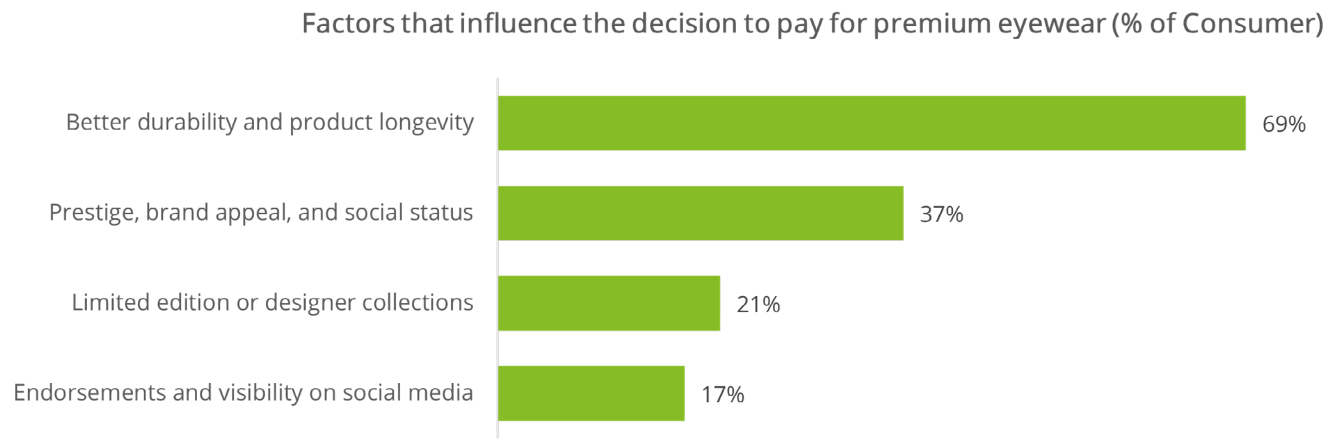
## Market trends

### Eyewear's status as a fashion statement

- Eyewear has transitioned from a basic utility to a lifestyle accessory, shaped by growing interest in design, personal style and curated "eyewear wardrobes" for interchangeability.[195]
- Design-led trends such as geometric frames, dual-tone finishes, transparent designs and muted earth tones are gaining popularity across tier 1 markets and supporting price premiums.
- Value-driven consumption is rising, with consumers prioritising affordability and style, prompting brands to innovate and diversify their product offerings.[196]
- Influencer culture and celebrity endorsements are elevating eyewear as a fashion staple, especially among Gen Z and urban millennials who increasingly treat eyewear as a core element of style identity.
- Retailers are responding with frequent seasonal launches and style-curated collections, blurring the lines between fashion and optics.

### Premiumisation of eyewear, including the growth of blue-light and smart lenses

- India's luxury eyewear segment is estimated to be valued at US$995 million in 2025 and projected to reach US$1.72 billion by 2030 at an 11.7 percent CAGR, driven by the growth of foreign luxury brands, a rise in demand for blue-light blocking lenses and the adoption of smart lenses.[197]
- Sunglasses dominate India's luxury eyewear market, accounting for about 70 percent of luxury eyewear sales, driven by their dual appeal as a fashion accessory and a functional product offering UV protection.[198]
- About 69 percent of respondents identified enhanced durability and long-lasting quality as their top priority when purchasing premium eyewear. Meanwhile, 37 percent of customers view the status appeal of eyewear as a significant factor influencing their buying decisions. Indian consumers increasingly perceive eyewear as more than just a vision correction tool, yet the demand for superior quality continues to dominate.
- Indian eyewear players are using strategic alliances and licensing to bring global design to local markets, helping them offer more premium products and meet growing demand for stylish, high-quality eyewear.[34]
- Blue-light blocking lenses and advanced coatings have become standard features in urban eyewear, specifically in response to digital eye strain and the health risks of prolonged screen exposure.[199]
- India's smart eyewear market is expected to grow from US$116 million in 2025 to US$458 million by 2030, driven by increasing demand for tech-enabled, customisable eyewear for everyday use.[200]
- The adoption of smart eyewear is robust in urban metros, where digitally literate consumers are quick to embrace innovations that blend user-centric designs with lifestyle enhancement.[201]
- The growth of India's premium eyewear market suggests a shift towards more brand-conscious, health-focused and style-driven consumption, opening higher-margin opportunities for organised players.




Source: Deloitte India Consumer Survey 2025

[195] https://www.indianretailer.com/brandlicense/archives/article/growing-trend-licensed-eyewear-products-india.a2723?utm
[196] https://www.expertmarketresearch.com/reports/india-traditional-and-connected-watches-market?utm
[197] https://www.markntel advisors.com/press-release/india-luxury-eyewear-market-growth?utm
[198] https://www.marknteladvisors.com/research-library/india-luxury-eyewear-market.html
[199] https://www.grandviewresearch.com/industry-analysis/india-spectacles-market-report
[200] https://www.imarcgroup.com/india-smart-eyewear-market?utm
[201] https://www.imarcgroup.com/india-smart-eyewear-market?utm

### Future outlook

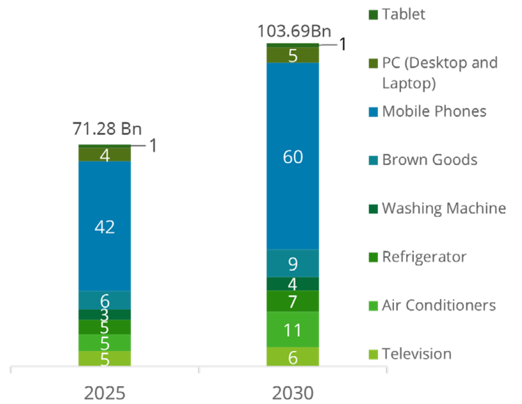
- Indian consumers are expected to increasingly treat eyewear as a fashion accessory and a wellness product, driving demand for stylish, branded and technologically advanced frames.
- As digital device usage continues to rise, more people, especially children and working adults, will such asly seek corrective eyewear for myopia and digital eye strain, fuelling sustained growth in prescription and blue-light-blocking lenses.
- The shift towards "eyewear wardrobes," where individuals own multiple pairs for different styles, moods and activities, could accelerate among young urban buyers, boosting category volumes beyond necessity-based purchases.
- Fashion-conscious Gen Z and millennials will such asly fuel demand for premium, designer and customised eyewear, including collaborations with celebrities, designers and sports brands.
- Health awareness campaigns and employer wellness programmes could further promote regular eye check-ups and early adoption of corrective solutions, expanding the market base.
- Smart eyewear and tech-enabled features (such as AR, fitness tracking and health monitoring) may gain traction as costs decline and consumers look for multifunctional, connected lifestyle products.
- The market is expected to become more segmented, with rapid premiumisation at the top and strong innovation in value-for-money products at the base.
- As these behaviours take hold, the Indian eyewear market is anticipated to move towards higher volumes, greater diversity of offerings, rising average price points in urban centres and sustained double-digit annual growth.

### Consumer durables and electronics sector

The Indian consumer electronics and durables sector is entering a pivotal phase of transformation, marked by rapid expansion, strategic localisation and inclusive innovation. Valued at ~US$70 billion, the market is projected to post a CAGR of 7 percent to reach ~US$100 billion by FY30. By FY27,[202] India is expected to become the fourth-largest global market for consumer electronics, underscoring its rising influence on the world stage.

This growth is propelled by a surge in domestic demand, faster digital adoption and government backing through strong policies such as Make in India and PLI schemes. The sector is gradually shifting from dependency on imports to local manufacturing, with companies investing in smart factories, automated production lines and local supply chains to increase resilience against global disruptions. As one of the fastest-growing segments in India's manufacturing sector, the consumer electronics and durables industry is boosting economic growth and opening up opportunities for inclusive employment, particularly across tier 2 and tier 3 cities.

**Indian consumer durables market size (US$billion)**




Source: Industry reports, Deloitte analysis; Brown Goods include microwave oven, kitchen appliances, home appliances and personal care appliances


[202]News Article: https://www.business-standard.com/industry/news/india-s-consumer-durables-market-to-be-world-s-4th-largest-by-2027-cii-124093000277_1.html

### Market trends and drivers

**Demand-side trends**

- **Rise of intelligent living:** The sector is undergoing a dynamic transformation, driven by the rising adoption of smart appliances. Today's devices are no longer expected to perform basic functions alone; they are evolving into intelligent systems that offer automation, connectivity and personalised user experiences. At the heart of this shift lies a tech-savvy, convenience-driven consumer who values control, efficiency and innovation. A recent consumer survey[203] revealed that ~35 percent of consumers upgraded their electronic appliances in the past year for smart features, underscoring a preference for intelligent devices. This trend is shaped by several converging forces such as widespread internet penetration, Internet of Things (IoT) adoption and AI and machine learning. Per industry estimates,[204] the penetration rate of smart home appliances is expected to double to reach 20–25 percent in the next five years. This growth extends to urban centres and semi-urban households, which are also embracing smart solutions for convenience. Smart appliances are increasingly becoming mainstream, from connected light systems to voice-controlled entertainment systems/ACs/refrigerators, to AI-powered washing machines that can auto-analyse laundry contents to optimise wash cycles. Another example is the AI-enabled PCs, which, within 12–18 months of market launch, have achieved ~5 percent market share.[205] Durable majors are increasingly counting on intelligent products to drive sales, with many brands targeting to achieve 60–70 percent revenue from AI-powered products, up from ~40 percent today.[206] As consumers gradually lean into smarter lifestyles, brands will need to invest in intelligent appliance innovation and development.

  **Case studies**

  1. A leading consumer electronics brand is introducing AI-based voice commands in nine vernacular languages. Furthermore, the company is extending AI features beyond its premium product range and adding India-specific features.[207]

- **Conscious consumption:** Modern consumers are increasingly redefining value through conscious consumption, demanding more from their purchases than ever before. This shift reflects a growing preference for products that deliver on functional and intelligence angles and deliver new value propositions such as health & wellbeing, energy efficiency, reliability and personalisation. As air quality deteriorates and health concerns rise, consumers are increasingly prioritising products that contribute to personal well-being and safer living environments. This shift is driving strong demand for appliances such as air purifiers, water purifiers, air fryers and washing machines equipped with advanced sanitation technologies. In 2024, leading brands reported a 50 percent surge in air purifier sales across northern states, coinciding with worsening Air Quality Index (AQI) levels during winter.208 From a cost-saving and performance efficiency perspective, energy efficiency is another leading priority for modern consumers. This growing emphasis is reflected in a 29 percent increase in sales of four- and five-star rated ACs during Q4 2024.209 This trend of conscious and convenience-driven purchases extends beyond urban and tier 1 cities, with appliance consumption in tier 3 towns increasing by ~10 percent in Q4 2024, the highest growth among all tiers.

  **Case studies**

  1. A leading consumer appliance brand unveiled its Smart Home Experience Centre, featuring wellness-focused innovations such as the energy recovery ventilator and NanoeX generator, designed to enhance indoor air quality and promote healthier living environments.[210]
  2. A leading Indian appliance major recently launched an anti-dust BLDC fan that claims to reduce energy consumption by up to 50 percent. Its features include a boost mode for rapid cooling, remote control, timers and a 5-star energy rating.[211]

- **Aspiration-led premium choices:** The sector is undergoing a profound transformation propelled by a rising tide of aspiration-led premiumisation. With an increasingly affluent middle class, Indian consumers are gravitating towards products that offer superior quality, cutting-edge features and a sense of prestige, reflecting their evolving lifestyles and social ambitions. A recent consumer survey[212] highlighted this shift with ~60 percent of consumers willing to pay a premium for superior quality and performance, and ~36 percent valuing the latest or exclusive features. This shift is reflected across various categories, from smartphones to smart TVs to premium air conditioners and gaming PCs. The sector demonstrated remarkable resilience despite macroeconomic headwinds such as escalating input costs,

[203] Deloitte Consumer Survey 2025
[204] https://www.statista.com/forecasts/887728/smart-home-penetration-rate-per-segment-in-india
[205] News Article: https://www.livemint.com/companies/laptop-makers-push-ai-pcs-but-buyers-arent-biting-11746016651715.html
[206] News Article: https://www.financialexpress.com/business/industry-appliance-makers-bet-on-ai-in-growth-push-3904870/
[207] News Article: https://economictimes.indiatimes.com/industry/cons-products/electronics/samsung-to-introduce-local-languages-india-specific-features-to-drive-ai-appliances-sale/articleshow/120477679.cms?from=mdr
[208] News Article: https://www.business-standard.com/industry/news/air-purifier-sales-spike-over-50-as-air-quality-worsens-in-delhi-ncr-124110400988_1.html
[209] News Article: https://cfo.economictimes.indiatimes.com/news/indian-tech-and-durables-sector-logs-6-pc-growth-in-q4-2024-smaller-cities-outpace-metros/118929596
[210] https://www.digit.in/features/general/as-aqi-in-indian-cities-decay-in-house-air-quality-solutions-rise.html
[211] Company website: https://orientelectric.com/blogs/fans/introducing-aeon-bldc-pro-bringing-the-future-of-fans-to-your-home-today#:~:text=Energy%20Efficiency,even%20on%20the%20hottest%20days.
[212] Deloitte consumer survey 2025

inflationary pressures and global supply chain disruptions. It embraced innovation and digital integration and focused on enhancing domestic manufacturing, laying the foundation and enabling brands to cater to the growing appetite for premium offerings. This upward trajectory is expected to continue and is evident at a product level. For example, the average selling price for smartphones reached a record high of ~INR24,000,[213] with the premium segment (INR50,000+) registering the highest growth of 78.6 percent, with share up from 2 percent to 4 percent.[214] Similarly, high-end categories such as gaming PCs and washing machines saw 30 percent growth, while refrigerators recorded an 11 percent rise in sales in 2024.[215] Fuelling this wave of premiumisation is enhanced consumer access to flexible financing. Easy credit mechanisms such as EMIs, Buy Now Pay Later (BNPL) and zero-cost financing have become instrumental in shaping purchase decisions. These easy financing options power a sizeable portion of the urban purchases in the category, evident from the growth in durable loans, which witnessed an 11.5 percent growth by volume in FY25. Furthermore, durable loans in the INR25,000-50,000 range are steadily gaining traction, increasing from 32 percent in FY22 to ~35 percent in FY25, signalling a stronger appetite for high-end appliances.[216] This trend is not a temporary uptick but a fundamental shift in the country's consumption story. It signals a new era where technology, lifestyle and financial accessibility converge to redefine what Indian consumers expect from their electronics. This presents a compelling opportunity for brands to innovate, differentiate and build deeper connections with a more discerning and empowered customer base.

### Supply side

- **GreenTech evolution:** Principles of sustainability and circular economy are gradually gaining traction across the value chain. Driven by environmentally conscious consumers, evolving regulatory frameworks and ESG commitments, brands are reimagining their operations to align with green goals. Many companies are integrating eco-friendly and/or recycled materials and using sustainable design, sourcing and manufacturing processes. The use of recycled plastics and metals is gaining traction, and leading players are piloting initiatives to reduce the use of virgin materials. Additionally, green certifications such as BEE star ratings and ECO Mark are increasingly sought after to validate sustainability claims and build consumer trust. The circular economy model is also gaining momentum, with refurbished electronics, once viewed as niche, now becoming a mainstream offering in urban markets. The refurbished electronic goods market is expected to reach US$11 billion by 2026,[217] driven by affordability, quality assurance and rising awareness of e-waste reduction. Brands are launching dedicated programmes for product take-back, repair and resale, contributing to longer product lifecycles and reduced landfill impact. Packaging innovation is another area of focus, with companies adopting biodegradable, recyclable or minimal packaging to reduce their environmental footprint. These initiatives resonate with the new generation of eco-conscious shoppers, who are increasingly considering environmental impact in their purchase decisions. This shift is echoed in a recent consumer survey[218] where 36 percent of respondents identified sustainability or energy efficiency as a key criterion when purchasing electronics.

**Case studies**

1. A leading consumer conglomerate aims to replace 30 percent of rigid plastics, 10 percent of flexible plastics and 5 percent of multi-layer plastics with recycled content by FY26.[219]
2. A leading consumer electronics brand has opened six retail stores in the country, focusing on selling refurbished products as part of their mission to support the e-waste circular economy and promote sales of refurbished products.[220]

[213]USD to INRconversion considered at 85.94
[214]News Article: https://my.idc.com/getdoc.jsp?containerId=prAP53403725
[215]News Article: https://brandequity.economictimes.indiatimes.com/news/business-of-brands/premiumisation-trend-charges-up-consumer-electronics-space/112498170#:~:text=Premiumisation%20is%20evident%20in%20sales,E
[216]CRIF: https://www.crifhighmark.com/media/5038/how-india-lends-report.pdf
[217]News Article: https://www.hindustantimes.com/business/refurbished-tech-mkt-booms-as-gadgets-get-expensive-101734169191704.html
[218]Deloitte consumer survey 2025
[219]Company Report: https://www.godrejcp.com/sustainability/green-supply-chain?utm_source=chatgpt.com
[220]News Article: https://www.indianretailer.com/news/asus-expands-retail-presence-india-select-store-launch-chennai

- **Rise of localisation:** Localisation as a strategic focus is gaining increased importance, particularly amid growing uncertainties in global markets. Disruptions in supply chains, geopolitics and ever-evolving trade dynamics underscore the need for self-reliant and agile manufacturing ecosystems. Government initiatives have accelerated this shift, focusing on Make in India, driven by the PLI scheme for domestic manufacturing. The government has increased budget allocation with IT hardware and electronics increasing from INR5,777crore (2024–25) to INR9,000 crore in 2025–26.[221] Another key factor driving this trend is the growing consumer preference for locally produced and customised products. This sentiment was reflected in a recent consumer survey[222] where ~66 percent of respondents indicated that the 'Made in India' label is a significant consideration in their purchasing decisions, and 35 percent actively chose these products over global alternatives. Modern Indian consumers are valuing authenticity, faster delivery and products tailored to Indian usage patterns, driving brands to localise design and production. Local manufacturing can enhance time-to-market, allowing companies to respond swiftly to consumer feedback and market trends. It improves quality control, lowers logistics costs and minimises risks from global supply chain disruptions. Moreover, this shift is creating inclusive employment opportunities across tier 2 and 3 cities, fostering regional economic development and skill-building. As India strengthens its position as a global electronics hub, empowering local production and optimising supply chains will be key to sustainable and resilient growth.

- **Digitisation across value chain:** The sector is rapidly embracing digitisation across the entire value chain from product design and manufacturing to sales, service and customer engagement. Rising consumer expectations, government initiatives and integration of advanced technologies are driving this transformation. On the retail front, digital commerce platforms are attempting to transform the purchase experience by experimenting with AI-powered recommendations, virtual demos and chatbot assistance. Complimenting this shift is the rapid evolution in delivery logistics, where technology is enabling significantly reduced delivery timelines, giving rise to quick commerce. Quick commerce channels today offer delivery of small appliances and accessories within 30 minutes, catering to urban consumers' demand for instant gratification. Physical retail channels are also using digital tools and enablers such as AI-powered training applications, real-time sales insights and predictive modelling to optimise sales beats, assortments and stock levels. Moreover, post-sale services are increasingly digitised, with brands offering app-based diagnostics, remote troubleshooting, predictive servicing and more. Technology is becoming a key differentiator, a trend reinforced by a recent consumer survey[223] wherein 49 percent of respondents ranked after-sales service among the top three factors influencing their purchase decisions for durable goods. As digital tech becomes central to strategy, brands integrating it across the value chain are better positioned to tap into rising consumption demand.


[221]News Article: https://www.pib.gov.in/PressReleasePage.aspx?PRID=2107825
[222]Deloitte consumer survey 2025
[223]Deloitte consumer survey 2025

**Future outlook**

The Indian consumer durables sector is on the brink of a transformative era, propelled by rapid technological progress, shifting consumer preferences and a heightened focus on building resilience against disruptions worldwide. As more households in urban and semi-urban areas adopt digital lifestyles, the demand for premium, smart and energy-efficient products is growing swiftly. This increasing domestic consumption and greater access to affordable financing options will such asly sustain growth across various product categories. To capitalise on these growth drivers, brands will need to focus on:

- **Build AI-native appliances:** AI is set to become the backbone of next-generation appliances. Devices will increasingly be designed as AI-native rather than simply AI-enabled. Products across categories from refrigerators and air conditioners to wearables and entertainment systems will feature embedded intelligence that learns, adapts and automates based on user behaviour and environmental inputs. Indian manufacturers have a significant opportunity to develop AI-driven platforms that cater to domestic and global markets while investing in workforce upskilling.
- **Deliver seamless smart-home solutions:** Consumers increasingly seek integrated solutions that connect appliances, lighting, security and entertainment into a seamless digital experience. Brands must transition from selling standalone products to offering integrated smart home ecosystems.
- **Build resilience across the value chain:** Considering recent global disruptions, resilient operations have now become a foundational requirement. By investing in localised supply chains, automation and skill development, the sector can reduce its dependence on imports and better withstand global headwinds.
- **Cater to consumer demand for conscious consumption:** As consumers align their purchase decisions around new value propositions such as energy efficiency, health and wellness, reliability and green compliance, brands must offer a superior and differentiated value proposition.

## Home furniture and décor

**Market overview**

India's home furniture and décor market is witnessing strong and sustained growth, led by rapid urbanisation, rising disposable incomes and a growing consumer preference for stylish, functional and personalised living spaces. The expansion of online retail, the adoption of digital visualisation tools, and the increasing demand for modular, sustainable and space-saving designs further propel the sector.

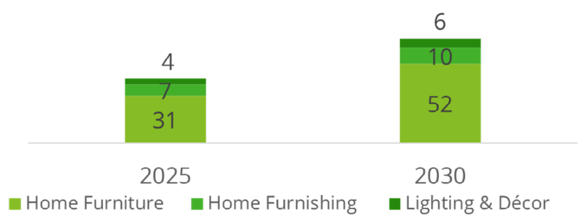
YTD 2025, the combined market for home furniture and décor in India is valued at US$42 billion and is projected to reach US$69 billion by 2030 at a CAGR of 11 percent over the next five years.[224]

- **Home furniture,** which includes products such as sofas, beds, dining tables, wardrobes, cabinets and modular storage units, currently accounts for **74 percent** of the overall market. It is expected to grow from **US$31 billion** in 2025 to **US$52 billion** by 2030, at a **CAGR** of **11 percent.**[225]
- **Home furnishing,** comprising items such as bedding, cushions, curtains, kitchen linen, rugs and carpets, accounts for **17 percent** of the market. This segment is forecast to grow from **US$7 billion** to **US$10 billion** during the same period, registering a **CAGR of 9 percent.**[226]
- **Lighting and décor,** comprising items such as lighting products (special decorative lighting, wall lights, table lamps) and décor products (tabletop décor, wall décor), make up 9 percent of the market. This segment is expected to expand from **US$4 billion** to **US$6 billion** during the same period, registering a **CAGR of 8 percent.**[227]

  Together, these segments reflect a dynamic and evolving consumer landscape, where aesthetics, utility and digital convenience are reshaping the future of home living in India.

| Sub-category | 2025 (US$Billion) | 2030 (US$Billion) | CAGR (%) |
|---|---|---|---|
| Home furniture | 31 | 52 | 11 |
| Home furnishing | 7 | 10 | 9 |
| Lighting and décor | 4 | 6 | 8 |
| Home furniture and décor | 42 | 69 | 11 |

**Market potential home furniture and decor**




Source: Deloitte India Analysis-Powering consumption growth-India's home and household market (in $ Billion)

[224]Powering consumption growth-India's Home and Household market
[225]Powering consumption growth-India's Home and Household market
[226]Powering consumption growth-India's Home and Household market
[227]Powering consumption growth-India's Home and Household market

Consumer behaviour reflects a dual dynamic. While 60 percent rank soft furnishings and furniture among their top three spending categories, their purchase patterns differ. Soft furnishings, with an average order value under INR5,000, are refreshed frequently—42 percent of consumers replace them at least once annually, driven by trends and affordability. In contrast, furniture, with a higher AOV of INR5,000–50,000, is a long-term investment, with 43 percent replacing items only once every five years.

This interplay between frequent, trend-driven updates and infrequent, high-value investments highlights a diverse and evolving consumer mindset that balances style, comfort, sustainability and longevity. As the market matures, it presents a fertile ground for innovation, personalisation and digital-first experiences catering to impulse and intentional buyers.

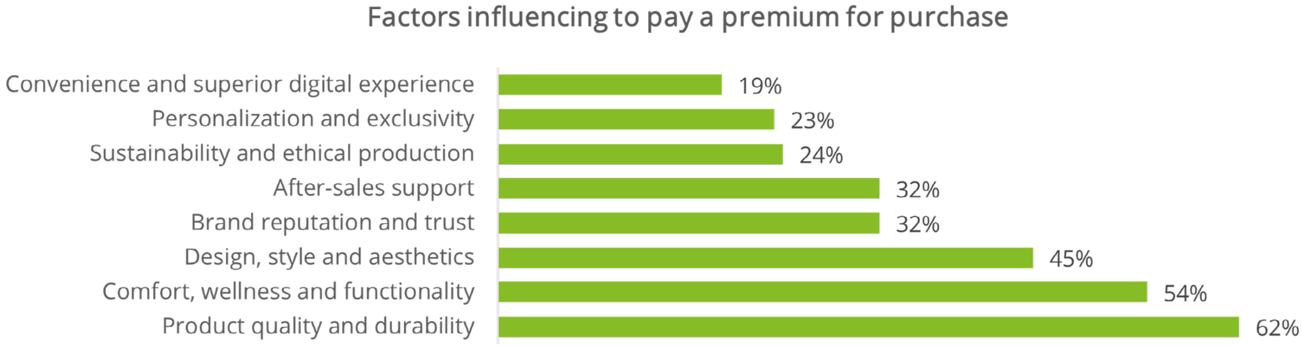
## Market trends and drivers

### Supply-side trends

- **Managing raw material challenges and supply chain optimisation:** The industry faces significant supply-side pressures, particularly in procurement and quality assurance. As a result, manufacturing costs are 20–25 percent higher compared with China. Strategic supplier diversification has emerged as a critical resilience strategy. Manufacturers are cultivating relationships with multiple vendors to mitigate supply chain disruptions and negotiate favourable terms. This approach ensures buffer stock maintenance for key materials and components, ensuring production continuity.
- **Technology integration and digital transformation:** Across age groups, Gen Z, millennials and Gen X, premium product quality, hassle-free returns and easy installation support consistently emerge as top priorities when purchasing home furniture and décor. This shared expectation is accelerating technology integration and digital transformation across the supply landscape, driving retailers to adopt AR/VR tools, smart logistics and seamless post-purchase services to deliver more personalised, efficient and customer-centric experiences.
- **Sustainable manufacturing practices:** Sustainable preferences are spurring demand for engineered wood and eco-labelled products. Manufacturers are increasingly using reclaimed wood, bamboo, recycled metal and eco-friendly fabrics to create unique and environmentally friendly designs. Energy-efficient initiatives such as adopting renewable energy sources, implementing energy-efficient technologies and optimising manufacturing processes are also being used more frequently. Circular economy practices enable businesses to convert wood waste into valuable materials, reducing disposal costs while creating additional revenue streams.
- **Regional manufacturing clusters and infrastructure development:** The Indian industry is concentrated in specialised regional clusters across West Bengal, Gujarat, Uttar Pradesh, Punjab, Kerala and Andhra Pradesh. These clusters use material specialisation and infrastructure developed by the government in clusters near ports that promote employment and trade opportunities.
- **Work force distribution and skill development:** The Indian home furniture and décor industry significantly contributes to employment, especially in the unorganised sector, which accounts for ~80 percent of the market share.[228] The sector employs millions of workers, including carpenters, artisans, designers, logistics personnel and retail staff, many of whom are part of MSMEs and informal setups. Regional employment concentration shows that 50 percent of total employment is distributed among West Bengal, Uttar Pradesh, Maharashtra, Bihar and Gujarat.[229] Skill development programmes through the Furniture and Fittings Skill Council (FFSC), PM Vishwakarma scheme, which offers end-to-end support to artisans and craftspeople, and Recognition of Prior Learning (RPL) programmes enable existing workers to achieve skill certification and enhance their understanding of industry requirements. There is a growing demand for customised furniture that uses Indian artisan expertise, combining traditional skills with contemporary designs. This approach makes the manufacturing system more inclusive of local artisans and women workers.

[228]India Furniture Market Size, Share & Industry Research Report - 2030
[229]India Furniture Market Size, Share & YoY Growth Till 2034

### Demand-side trends




Source: Deloitte India Consumer Survey 2025

**Key factors, demand and purchase trends**

- Product quality and durability; and comfort, wellness and functionality rank as the top two factors influencing customers to pay a premium, followed by design, style and aesthetics.
- Soft furnishings and dining décor are the most frequently repurchased sub-categories, often bought multiple times within a year, followed by other décor items, as their average order value is mostly below the INR5,000 range.
- Storage solutions and furniture items are mostly bought in a purchase frequency of >3 years, as they are available mainly in the INR20,000 range.
- Lighting and lamps generally have a one- to three-year buying frequency, and depending on the size and quality of manufacturing, they are available in the INR5,000 range or in the INR5,000-20,000 range.

- **Rise of multi-functional and space-saving furniture**
  With increasing urban density and smaller living spaces, especially in metro and tier 1 cities, consumers are moving towards modular, convertible and space-efficient furniture. These include brands that offer foldable beds, extendable dining tables and storage-integrated sofas that cater to compact homes. Across cities, 35 percent of respondents consider size and fit suitability for their space a key factor when purchasing home furniture. This trend supports resilient manufacturing by encouraging innovation in design and materials.
- **Demand for sustainable and eco-friendly products**
  Consumers are increasingly conscious of the environmental impact, which is leading to demand for furniture made from bamboo, reclaimed wood and recycled materials. For example, companies are promoting eco-friendly practices, which reduce carbon footprints and promote inclusive employment by engaging rural artisans and small-scale producers. Sustainability influences purchase decisions for 32 percent of respondents overall, with a notably higher preference among women (37 percent) than men (30 percent).
- **Personalisation and customisation**
  The desire for unique home aesthetics has led to a boom in custom furniture and décor solutions. Nearly 39 percent of respondents across all cities consider detailed material, fabric and care information necessary when purchasing home furniture and décor. This awareness rises to 41 percent among metro dwellers, reflecting a growing demand for personalised and customised products tailored to individual preferences and living spaces. For example, platforms now allow users to choose materials, finishes and dimensions tailored to their needs. This trend empowers local artisans and SMEs, integrating them into the formal economy and enhancing employment opportunities.
- **Minimalist with cultural nuance**
  Consumer demand is shifting towards minimalist design elevated by cultural craftsmanship. A notable 59 percent prefer premium soft furnishings that are handcrafted, sustainable and made with high-thread-count fabrics, reflecting a taste for refined simplicity. Meanwhile, 37 percent seek customised or artisanal décor pieces, valuing items that carry regional artistry and personal meaning.

  This trend signals a growing appetite for quality, authenticity and emotional connection, offering brands a unique opportunity to innovate at the crossroads of sustainability, personalisation and cultural nuance.

- **E-commerce and digital retail expansion**
  Online platforms have democratised access to furniture and décor, especially in remote regions. The rise of virtual showrooms, AR-based visualisation tools, and D2C models has enabled brands to reach a wider audience. This digital shift supports resilient supply chains and creates jobs in logistics, tech, and customer service.
- **Rising demand for comfort and ergonomics**
  The work-from-home culture has heightened the importance of comfort and ergonomics. There is a growing demand for ergonomically designed chairs, adjustable desks and ergonomic pillows, cushions and mattresses that support productivity and well-being. For example, ergonomic office chairs and height-adjustable tables are now standard offerings in urban and suburban markets.
- **Role of Architects and Interior Designers (AIDs)**
  With the interior design industry projected to grow from US$3 billion in 2024 to US$7 billion by 2030 (~13 percent CAGR), organised retailers are increasingly collaborating with AID firms.[230] Architects and Interior Designers (AIDs) strongly influence home furniture and décor purchases among metro residents and higher-income groups, reflecting their preference for curated and professional design inputs. In contrast, consumers from lower-income segments rely more on social media influencers, indicating that aspirational and visually engaging content plays a more significant role in shaping their buying decisions. With 40,000–50,000 designers nationwide, AIDs are key enablers of consumer trust, trend adoption and high-value sales across India's evolving furniture and décor landscape.[231]

The evolving landscape of India's home furniture and décor market is pivotal in fostering resilient and inclusive manufacturing and employment. On the demand side, consumers are increasingly seeking sustainable, customisable and space-efficient products, which is encouraging innovation and eco-conscious production. This shift is empowering local artisans, small-scale manufacturers and rural entrepreneurs, integrating them into formal supply chains and expanding employment opportunities.

On the supply side, manufacturers are adopting digitally enabled, decentralised production models, using e-commerce platforms and D2C channels. These models enhance supply chain resilience and reduce dependency on centralised manufacturing hubs. Additionally, the government's 'Make in India' and skill development programmes are nurturing a more inclusive ecosystem by supporting micro-enterprises and marginalised communities.

**Future outlook**

The home furniture and décor category is poised for sustained growth, driven by evolving consumer behaviour and shifting lifestyle dynamics. While 60 percent of consumers prioritise soft furnishings and furniture in their top spending categories, the motivations behind these purchases reveal deeper market potential.

In the furniture segment, 42 percent of respondents replace items due to obsolescence, signalling a growing demand for modern, functional designs that keep pace with changing needs. Additionally, 22 percent cite lifestyle changes, such as family expansion, remote work setups or wellness-focused living, as key drivers for upgrading furniture. The remaining consumers are influenced by trend exploration and new home purchases, indicating a vibrant market led by aspiration and experimentation.

As consumers become more discerning, the future of the home furniture and décor market will such asly be shaped by a strong preference for quality, comfort and design-led experiences. With 62 percent prioritising product durability, 54 percent valuing comfort and functionality and 45 percent driven by aesthetics, it is clear that premium purchases are no longer just about brand names; they are about meaningful value.

The rising importance of personalisation (23 percent), sustainability (24 percent) and trust (32 percent) further signals a shift towards conscious, experience-driven buying. This evolving mindset presents a compelling opportunity for brands to lead with authentic design, ethical production and superior customer engagement, positioning themselves at the forefront of a market that values substance and style.

This expansion is not merely quantitative; it reflects a qualitative shift towards resilience, inclusivity and sustainability in manufacturing and employment.[232]

- **Resilience through digitisation and decentralisation**
  The next five years will witness a deeper integration of digital technologies, from AI-driven design customisation to AR-enabled virtual showrooms. These innovations will decentralise production and distribution, reducing dependency on centralised hubs and enhancing supply chain agility. This resilience is critical in mitigating disruptions such as pandemics or geopolitical shifts.
- **Inclusive growth through MSMEs and artisan integration**
  India's rich tradition of craftsmanship is being revitalised through demand for handcrafted, locally sourced décor. Government schemes such as PMEGP and Skill India are enabling MSMEs

[230]https://www.fortunebusinessinsights.com/interior-design-market
[231]https://jennifermehditash.com/how-many-interior-designers-are-there-in-india
[233]Powering consumption growth-India's Home and Household market

to scale operations and access formal markets. The industry fosters inclusive employment and regional economic development by integrating rural artisans and women-led enterprises into the supply chain.

- **Sustainability as a competitive differentiator**
  Eco-conscious consumers are driving demand for sustainable materials such as bamboo, reclaimed wood and organic textiles. This trend is encouraging manufacturers to adopt green production practices, which reduce environmental impact and open up new export opportunities aligned with global ESG standards.
- **Urbanisation and lifestyle shifts fuelling demand**
  India's growing middle class, expected to reach 38 percent of the population by 2031,  is increasingly investing in home aesthetics. Urban millennials and Gen Z consumers seek modular, multifunctional and personalised furniture, creating opportunities for agile, design-led manufacturing models catering to diverse tastes and budgets.
- **Policy and infrastructure support**
  The government's "Make in India" push and infrastructure investments in logistics and digital connectivity create a fertile ground for scalable, resilient manufacturing. These policies also incentivise employment generation in semi-urban and rural areas, aligning economic growth with social equity.

**Strategic imperative for brands**
To capitalise on this momentum, brands must:

- Invest in digital transformation across design, production and customer engagement.
- Collaborate with MSMEs and artisan clusters to build inclusive supply chains.
- Embed sustainability into core operations, not just as compliance but as brand value.
- Use data and consumer insights to anticipate lifestyle shifts and personalise offerings.

The convergence of demand-side dynamism and supply-side innovation positions India's home furniture and décor sector as a strategic lever for resilient and inclusive industrial growth. Brands that align their strategies with these trends will drive profitability and contribute meaningfully to India's development.

# Retail and e-commerce evolution

India's retail and e-commerce journey has transitioned from hyper-local kirana stores and unorganised trade to a dynamic, omnichannel marketplace defined by digitisation, speed and personalisation. The early 2000s witnessed the rise of organised retail through malls and chain outlets, followed by the emergence of e-commerce marketplaces in the 2010s that brought scale, price transparency and expanded access to non-metro consumers. Catalysts such as widespread smartphone adoption, affordable mobile internet, UPI's rise and the COVID-19 pandemic accelerated digital adoption across the value chain, from consumer interfaces to backend operations.

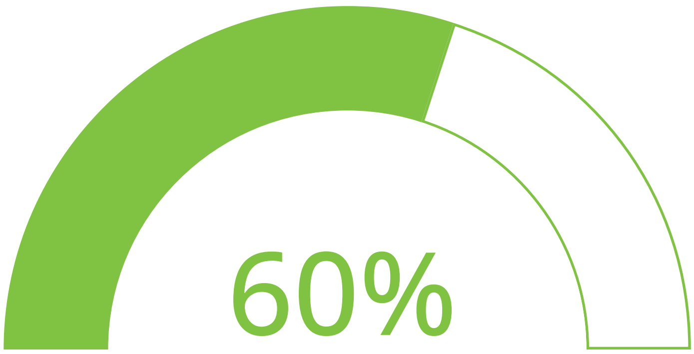
Between 2025 and 2030, this transformation is expected to deepen along six major vectors. First, advanced technologies such as AI, AR/VR and intelligent payment platforms will redefine how retailers engage, transact and personalise at scale. Second, enterprise digitisation through CRM, ERP and visual commerce tools will drive smarter merchandising and supply-chain decisions. Third, evolving consumer behaviour will prioritise convenience, value-for-money and social media-enabled discovery. Fourth, fulfilment innovation, including dark stores, gig-led last-mile networks and predictive logistics, will become key differentiators. Fifth, the shift in brand dynamics will see D2C, private labels and creator-led offerings challenge traditional brand dominance. Lastly, market inclusion and decentralisation will expand the participation of MSMEs, regional manufacturers and underserved geographies. Together, these shifts are not just technological; they are strategic enablers of the PRIME (Promoting Resilient, Inclusive Manufacturing and Employment) agenda, fostering resilient supply chains, inclusive manufacturing ecosystems and digitally-enabled employment across India's diverse markets.

### Role of technology – AI, AR/VR, payment technology

Technology is fundamentally redefining how retail and e-commerce operate in India. Between 2025 and 2030, rapid advances in AI, immersive technologies and digital payments are expected to build resilient supply chains, enhancing inclusive retail access and driving employment across manufacturing, services and digital ecosystems.

**Artificial Intelligence (AI)**

- **About 90 percent of Indian online shoppers** say that AI has already enhanced their online buying experience, reflecting improvements in personalisation, convenience and customer support.[234]




- **About 60 percent of retailers in India** plan to adopt AI and ML solutions for their business by 2030.[235]
- AI-enabled "digital twins" are simulating store layouts, improving planogram **accuracy by 15 percent,**[236] and enhancing demand-based SKU planning.
- **Predictive analytics** in AI-based demand forecasting is reducing overstock and understock risks by up to 25 percent,[237] increasing retail inventory turnover and supply chain agility.
- **Predictive search algorithms** have helped brands raise customer engagement by 20 percent, also 11 percent[238] increase in customer interactivity, hence improving conversion by delivering real-time suggestions as users type.
- **Personalised product recommendations** powered by AI are increasing conversions by 20 percent and repeat purchases by 15 percent,[239] using customer segmentation, contextual preferences and behavioural triggers.
- **AI-powered dynamic pricing** models adjust prices based on demand, competitor pricing and inventory, having the potential to lift margin by up to 22 percent.[240]

[234] https://business.adobe.com/content/dam/dx/au/en/resources/reports/15345802_apac_fy24q3_genai_research_report_india_fa.pdf
[235] Indian Retail Sector Embraces AI and Omnichannel Strategies to Drive Growth: Survey | Entrepreneur
[236] How AI Can Boost Your Retail Sales by 15% with Smarter Store Layouts
[237] AI for Inventory Management Explained - Carmatec
[238] 5 Predictive Search Functionalities to Increase Conversions
[239] How AI Personalization Can Increase Your Conversion in 2025 | DesignRush
[240] Dynamic Pricing: How Leading Companies Optimize Revenue in 2025

- **Chatbots and virtual assistants** can handle up to 70 percent[241] of routine customer queries (order status, returns), reducing human support cost by 40 percent[242] and increasing responsiveness.
- **Visual search and voice commerce** through AI voice assistants are experiencing increasing acceptance and usage among urban and tier 2 e-commerce users.
- **Predictive analytics** in AI is reducing overstock and understock risks by up to 25 percent,[243] increasing retail inventory turnover and supply chain agility.
- **Conversational AI** (voice/chat) in vernacular languages is helping regional retail brands connect with first-time digital users.
- **Case study:** A new-age beauty and fashion retailer in India has its success built on AI. It analyses over 1 billion customer data points annually for AI-powered recommendations. The retailer attributes a 35 percent increase in repeat purchase rate to AI-driven initiatives.[244]
- AI adoption in **retail-led manufacturing** is automating quality checks and process flows, improving **defect detection accuracy to 90 percent**[245] and reducing manual inspection time.
- Gen AI-enabled **product copywriting and personalised banners** are creating freelance and platform-based employment for tier 2/3 digital content creators.
- AI adoption in **backend processes,** such as cataloguing, logistics and pricing, has enabled start-ups to serve Indian MSMEs across product categories.[246]
- AI-driven **fraud detection and returns management** has reduced losses by 5 percent[247] for major omnichannel platforms.
- AI integration in industries and businesses is expected to create **~1.2 million high-skill jobs**[248] in India across AI ops, maintenance, data engineering and design by 2027.

**Augmented Reality (AR)/Virtual Reality (VR)**

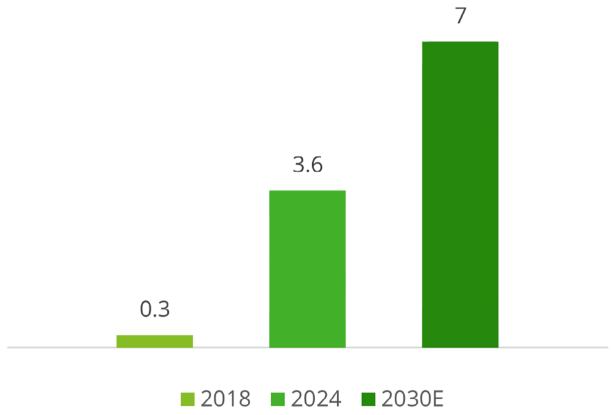
- The global AR/VR retail market is expected to reach **US$45 billion by 2030,**[249] with strong adoption across India's lifestyle and fashion sectors.
- Indian fashion and beauty retailers adopting AR see a **25–40 percent drop in return rates,** and a **15–30 percent increase in average order value**,[250] enhancing profitability.
- Platforms offering "virtual trial rooms" are improving customer **conversion rates by 13–16 percent,**[251] while virtual try-on and AR-based experience lead to a **94 percent higher conversion rate.**[252]
- **VR-based virtual showrooms** for furniture and lifestyle t.[253]
- VR-based training modules used in a large-format retailer have improved workforce **onboarding speed by 81 percent**[254] and it can reduce **training time by up to 75 percent.**[255]
- **AR-guided repair interfaces** are being piloted by automotive and consumer appliance brands to support self-service and technician upskilling.
- Government-funded skilling programmes under **Pradhan Mantri Kaushal Vikas Yojana 4.0 (PMKVY 4.0) now include AR/VR modules**[256] to address skill gaps, improve employability and support economic growth.

**Payment technology**

- UPI accounted for **83.4 percent of India's** digital retail payments in FY25, processing **185.8 billion transactions.**[257]
- India's **UPI payment QR code deployment crossed 658 million** in 2025,[258] driving hyperlocal commerce and inclusion of nano-retailers.

[241] (PDF) Leveraging AI-Powered chatbots to enhance customer service efficiency and future opportunities in automated support
[242] How AI-Powered Chatbots Reduce Customer Support Costs by 40%
[243] AI for Inventory Management Explained - Carmatec
[244] The AI-Powered Transformation of Indian Brands: Data-Driven Marketing & Branding in 2025
[245] AI Automation Expected To Drive 40% Manufacturing Productivity Gains By 2035: Report
[246] Top Artificial Intelligence Companies in Transportation and Logistics Tech in Mumbai, India (Mar, 2025) - Tracxn
[247] Understanding AI Fraud Detection and Prevention Strategies | DigitalOcean
[248] Bridging the AI talent gap to boost India's tech and economic impact: Deloitte-nasscom report
[249] Virtual Reality and Augmented Reality in Retail Market 2031
[250] AR Mirrors vs. Traditional Retail Displays: Conversion Rate Comparison
[251] Virtual Fitting Room For eCommerce: Retail's Best Way Forward
[252] From Fitting Rooms to Screens: The Rise of Virtual Try-On - Onething Design
[253] Digital Showroom: Immersive VR Solutions for Developers - Unleashing Project Potential
[254] Transforming new hire onboarding with VR | Strivr Blog
[255] VR Training Cost Analysis and ROI: Worth the Investment? – Immersive Learning News

India's retail digital payment (US$billion)




- Over **70 percent of young Indian consumers** say that they use UPI for their regular petty expenses;[259] **73 percent of MSMEs** cite digital adoption, mainly UPI and smartphones, as key to revenue improvement.[260]
- India's retail digital payment has grown exponentially from 2018 to 2024, and it is expected to almost double to US$7 billion by 2030 at a 30 percent CAGR[261] between 2018 and 2030.
- Indian payment gateway providers offer **tokenised, multi-lingual payment** capabilities, enabling **MSMEs and retailers** to transact in a digitally enabled ecosystem.
- **Case study:** An AI-based routing engine is used by a payment service provider, resulting in improved payment **success rates by about 10 percent,[262]** directly impacting GMV reliability and consumer trust.
- Embedded credit (BNPL, dynamic credit lines) on UPI-led platforms is **improving working capital access** for small manufacturers and distributors.
- **BNPL** adoption in India has increased exponentially in recent years, and it has supported increasing AOV by 30–50 percent[263] due to flexible payment.
- **Embedded EMI financing** at retail checkout increased conversion by 12 percent[264] and brought younger buyers into higher-ticket categories.
- By 2027, **SoftPoS** adoption, smartphones acting as card readers, will such asly cross **34.5 million merchant deployments; MSMEs will drive over 60 percent** of SoftPoS adoption, using its affordability and ease of deployment.[265]
- Digital payment operators are **generating new jobs** in onboarding, merchant servicing, compliance and vernacular support roles across India's tier 2 and 3 hubs.
- **Digital payment is supporting formalisation and employment** uplift by enabling seamless integration of payment stacks for even informal and part-time retailers.
- A 10 percent increase in **UPI transactions led to a 7 percent rise in credit availability,** reflecting how digital financial histories enabled lenders to assess borrowers better in 2025, without a corresponding rise in default risk.[266]

## Rise of D2C brands, direct selling and private label

D2C brands, direct selling platforms and private-label products will such asly become pivotal pillars of India's non-FMCG retail transformation between 2025 and 2030. Strategically, they signal a shift towards more decentralised, agile and consumer-responsive retail models that bypass traditional intermediaries and build direct relationships with end customers. This evolution aligns strongly with the PRIME vision by empowering MSMEs, promoting regional manufacturing inclusion and fostering employment across the retail value chain, from production and packaging to digital marketing, last-mile logistics and customer service.

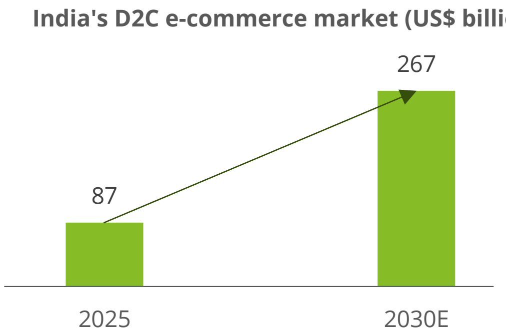
Key growth drivers include the proliferation of social commerce, rising consumer affinity for niche and value-driven products, increasing digital penetration in tier 2 and tier 3 cities, and democratising branding through influencer-led outreach. Emerging trends such as omnichannel D2C strategies, gig-enabled direct selling and the elevation of private labels from low-cost alternatives to trusted value brands are reshaping competitive dynamics. Collectively, these models redefine how brands are built and delivered and contribute meaningfully to India's broader goals of resilient supply chains, inclusive manufacturing, and digitally enabled livelihoods.

### D2C brands

The rise of D2C brands is transforming India's non-FMCG retail by shortening the path between manufacturers and end-users. Enabled by digital storefronts, influencer-led marketing and data-driven personalisation, D2C models offer speed-to-market, higher margins and deeper customer engagement.

[256] Press Release:Press Information Bureau
[257] UPI's contribution to payments ecosystem volume grows to 83.4% in FY25 | Finance News - Business Standard
[258] UPI QR codes record 91.5% surge to 657.9 million, credit card growth slows
[259] Youth wants UPI for daily transactions but credit card dominates bigger purchases due to interest-free facility: Survey - The Tribune
[260] 73% MSMEs report business growth via digital adoption, led by UPI and smartphones: Survey - The Economic Times
[261] India's Digital Payments Set To Soar US$7 Trillion by 2030 By CIOTechOutlook Team
[262] Achieve ~10% Payments Success Rates with Optimizer's robust AI/ML Routing - Razorpay Blog
[263] https://www.indianretailer.com/article/retail-business/retail/rise-buy-now-pay-later-bnpl-india-shaping-consumer-spending-retail
[264] How embedded finance and embedded payments solutions are transforming online retail
[265] Worldline White Paper Unpacks the Future of Contactless Payments: SoftPOS to Surpass 34 Million Deployments - The Wire
[266] UPI enables expansion of credit among underserved borrowers: Study

Between 2025 and 2030, D2C will drive category innovation, foster agile manufacturing and expand into tier 2–3 markets through omnichannel strategies. As these brands shift from niche disruptors to mainstream players, they are generating employment across product design, digital marketing, fulfilment and consumer support, contributing directly to the PRIME agenda of inclusive manufacturing and resilient growth.




- D2C e-commerce in India is projected to reach **US$267 billion by 2030,** registering a 25 percent CAGR from 2025 to 2030.[267]
- By 2030, the Indian e-commerce ecosystem is expected to create a US$300 billion market opportunity, boost local manufacturing and national brand equity and shape India's US$1 trillion digital economy.[268]
- Over **800 D2C brands** have emerged after 2020,[269] riding the rise of digital-native consumers empowered by mobile internet and social media.
- D2C start-ups in lifestyle and wellness offer **rapid new SKU introductions** within 4–6 weeks, compared with 6–12 month cycles in traditional retail.
- **Influencer-led campaigns** across social channels drive conversions, especially in tier 2/3 geographies.
- **Omnichannel hybrid models** using experience kiosks or pop-up counters support an uplift in customer engagement and brand awareness.
- **Case study:** A D2C start-up publicly quoted that they were surprised to see 60 percent of their revenue coming from tier 2 and tier 3 cities,[270] signalling an inclusive shift away from metro-centric brand consumption.
- D2C brands are vertically integrating manufacturing, especially in fashion and home categories, **generating local jobs** in textiles, production planning and quality control across non-metro clusters.
- Digital marketing for D2C brands, particularly on platforms such as Instagram and Facebook, has spurred roles in content strategy, influencer management and performance analytics.

**Direct selling**

Direct selling is evolving into a digitally enabled, community-driven retail model that blends trust-based relationships with new-age tools. Traditionally rooted in peer-to-peer outreach and MLM networks, the model is now being reshaped by mobile apps, e-learning platforms and performance-tracking dashboards.

Between 2025 and 2030, direct selling will play a pivotal role in expanding access to entrepreneurship, especially in rural and semi-urban India. It fosters micro-business creation, supports women-led enterprises and contributes to the digital skilling of grassroots sellers, making it a key enabler of the PRIME vision for inclusive employment and decentralised manufacturing growth.

- **Case study:** A major personal care company in India was initially D2C-only. Now, it operates 100,000+ retail touchpoints, including pharmacies and beauty stores, which are projected to scale to 150,000 in 2025–26.[271]
- **Hybrid sales models are being adopted:** D2C brands are embracing offline experiences through pop-ups and co-branded retail counters in tier 1/2 cities.
- Direct selling and network marketing platforms are digitising their agent network with training and onboarding apps.[272] This model remains strong in tier 2 and 3 towns, creating **pathways for women and rural entrepreneurs.**
- Omnichannel brands use **D2C data to optimise inventory** across owned stores, partner retail outlets and distribution points, enhancing supply chain resilience and regional manufacturing planning.
- Integration with digital payment and credit tools is enabling micro-entrepreneurs in direct selling to run businesses with minimal upfront investment, reducing barriers to entry and expanding inclusion.

**Private label**

Private labels are gaining prominence as strategic growth drivers for retailers and e-commerce platforms by offering differentiated products with higher margins and faster innovation cycles. They are evolving beyond price-based positioning into quality and value-led brands catering to increasingly discerning consumers.

[267]India D2C E-commerce Market Analysis | Industry Growth, Size & Trends Report
[268]E-Commerce to drive India's $1 trillion digital opportunity by 2030: report
[269]How Shopdibz Helps Indian D2C Brands Overcome the 70% Failure Rate
[270]Tier 2-3 India brings 60% revenue for D2C players Sugar Cosmetics, Purplle.com
[271]Honasa Consumer targets double-digit revenue growth, eyes Mamaearth revival | Company News - Business Standard
[272]How Modern Technology is Revolutionizing Direct Selling and Network Marketing

The growth of private labels between 2025 and 2030 will deepen manufacturing inclusion and enable retailers to better use consumer insights. This shift supports the PRIME agenda by fostering resilient supply chains, promoting regional production, and creating diverse employment opportunities for product development, quality control, and marketing functions.

- Private-label products represented **4 percent of overall retail sales**[273] in India in 2024, primarily in the food and grocery categories, but they are spreading to apparel, home goods and electronics.
- Private-label products now contribute **between 15 percent and 30 percent of total sales** in supermarkets and hypermarkets across India.[274]
- **Private labels deliver 25–30 percent higher gross margins**[275] than national brands and manufacturing costs run 40–50 percent lower without intermediaries and bloated marketing budgets.
- **Case study:** A leading beauty and fashion retailer aims to grow its private-label GMV 3X by FY30, supported by AI-led product development and recommendation engines.[276]
- Modern retail giants and quick-commerce players are launching private label ranges that are **40-50 percent cheaper** than national brands,[277] ensuring affordability and instant availability.
- **Private-label penetration** in modern trade is rising, and in 2024, 56 percent of Indian **consumers**[278] purchased more private label products than ever, because of rising consumer confidence, driven by improved product quality and branding.
- Retailers are building **laddered brand architectures,**[31] basic, premium and niche private label tiers, allowing ascending value capture while supporting small-batch local producers.
- Private-label manufacturing is **reviving contract manufacturing** clusters in tier 2/3 districts, increasing factory utilisation and para-skilled employment opportunities.
- **Data-driven private-label** development uses retail sales analytics, AI design tools and customer feedback loops to iterate quickly, sparking demand for analytics, product design and packaging roles.
- Quick-commerce partners rely on private labels **for margin control** and often source from new-age local suppliers, supporting distributed supply chains and quick fulfilment capabilities.

### Quick commerce

Quick commerce is redefining urban and tier 2 retail by enabling 10–30-minute delivery through micro-warehouses and dark stores near consumer hubs. Initially focused on groceries, it has expanded into ready-to-eat meals, personal care, OTC products and electronics.

Strategically, it supports high-frequency engagement, hyperlocal demand fulfilment and just-in-time inventory. Key growth drivers include rising consumer demand for instant gratification, improved gig logistics, AI-based route optimisation and digital penetration beyond metros.

Between 2025 and 2030, quick commerce is expected to reshape non-FMCG retail across production, distribution and consumption, unlocking new opportunities in local manufacturing, last-mile employment and tech-enabled operations, in line with the PRIME vision.

- Over **15–20 percent of quick commerce GMV in 2025** is from non-grocery/non-FMCG categories such as personal care, electronics accessories, toys and kitchenware.[279]
- **Gen Z buyers** report expecting delivery within 15–20 minutes,[280] and they rate ultra-fast fulfilment as top priority, with readiness to pay a premium for faster delivery.[281]
- **Repeat purchase rates** in quick commerce are considerably higher than regular e-commerce due to convenience and immediacy.
- Quick commerce companies are forming exclusive tie-ups with regional brands and D2C players to **offer express delivery of niche** categories, allowing smaller manufacturers direct urban shelf presence.
- **Rapid fulfilment logistics** depend on strategically located micro-warehouses or dark stores, now being set up in underutilised urban and semi-urban spaces, contributing to inclusive infrastructure use and revitalisation.
- Over **1,20,000 delivery partners** are employed directly or via gig networks by leading quick commerce players in 2025,[282] with many operations now expanding into tier 2/3 towns.

[273]The Evolving Landscape of Private Label in the Retail Sector
[274]India's Private-Label Revolution: Retail's Quiet Gamechanger Accelerates - India Retailing
[275]Private Labels Are Upstaging Big-Name Foods - Vision Magazine
[276]Nykaa eyes Rs 6,000 crore GMV from in-house brands by FY30, ramps up fashion and AI bets - The Economic Times
[277]The Evolving Landscape of Private Label in the Retail Sector
[278]Private Labels Surge: Global Growth & Consumer Trends
[279]how_india_shops_online_2025.pdf
[280]App-first Gen Z scripting big shifts in consumption trends: Report, ET BrandEquity
[281]Business-reporter.com - Customer Experience - Are Gen Z really so very different?
[282]https://yourstory.com/2025/07/q-commerce-450-000-jobs-3-years-kirana-stores

- Over **25–30 percent of the delivery fleet in 2025** is electric,[283] supported by government EV incentives and fleet partnerships, creating jobs in EV servicing, battery swapping and maintenance.
- Quick commerce companies are using **AI-based route optimisation and automated storage allocation** to reduce downtime and improve delivery density.
- Warehouse automation and dark store configuration roles are creating a new class of blue-collar and **tech-aligned semi-skilled jobs** in logistics tech.
- Unit economic challenges are common in this business model as the average delivery cost per order in quick commerce is 3–4 times that of regular e-commerce due to speed and density overhead. Long-term unit economics rely on order frequency, cross-selling and minimising returns through better SKU fit and demand planning.
- Quick commerce is **improving working capital rotation** for brands by enabling daily inventory turnover and real-time demand signalling through digital dashboards.
- A growing number of **local artisans and regional craftspeople are being onboarded** to quickly fulfil items such as eco-friendly decor, festive gifting and local ware, especially during seasonal peaks.
- AI-based fraud detection and instant returns/replacements in Q-commerce have increased customer trust and a rise in **repeat purchases** across general merchandise categories.
- Government-backed industrial clusters and **warehousing parks are collaborating with Q-commerce players** to enable in-cluster procurement and last-mile dispatch from source to consumer.
- Platforms are increasingly **investing in microlearning, digital upskilling** and safety training for fleet and warehouse staff, improving employability and role progression paths.
- Custom tech stacks built for quick commerce, such as real-time demand heatmaps, rider matching engines and dark store CRM, are offered to MSMEs and retailers, enabling broader **technology democratisation.**
- **Case study:** In 2021, a quick commerce company started with the tagline "10-minute delivery" in Mumbai. It now has a presence in 50+ cities in India and is valued at US$5 billion. It created about 1 lakh jobs across cities. It made a win-win through a strong technology-driven operational model, a customer-centric approach and its focus on ultra-fast delivery speed and efficiency.


[283]Electrification of last mile delivery fleets will drive 25% of EV sales in India by 2025 - Clean Mobility Shift

**Future outlook: Emerging opportunities and recommendations for players**

India's retail and e-commerce sectors are entering a pivotal growth phase through 2025–2030. As digital acceleration, manufacturing reintegration and consumer inclusion intensify, the ecosystem will witness deep structural shifts. Forward-looking strategies, especially those aligned with resilience, inclusion and employment, will determine long-term value creation for incumbents and emerging players.

**Emerging opportunities: 2025–2030**

- **AI-driven retail orchestration,** from dynamic pricing to virtual assistants, will expand across categories and consumer segments, unlocking GDP-level productivity gains and redefining talent needs across merchandising, supply chain and analytics.
- **India's D2C base is projected to grow significantly by 2030,** with sectoral diversification into wellness, home improvement, regional fashion and agri-tools. This surge will require robust digital infrastructure, capital access and IP protection frameworks.
- **Private labels will capture 25 percent of modern retail shelf space by 2030,**[284] moving beyond discount-led categories into premium and differentiated offerings, especially in electronics, apparel, homeware and hobbyist segments.
- **Quick commerce will become the default fulfilment model**[285] for impulse and convenience-led categories. Infrastructure in tier 2/3 cities will deepen as urban saturation plateaus.
- **Multilingual retail tech tools,** embedded fintech and plug-and-play SaaS will help MSMEs adopt AI, AR/VR and payment innovations without requiring deep technical know-how.
- **Green logistics, circular economy partnership**s and sustainable sourcing in private label and D2C channels will gain prominence, driven by Gen Z preferences and ESG mandates.
- **Government schemes (PLI, PM Gati Shakti, Start-up India)** will increasingly converge around retail-tech clusters, offering co-funding, logistics integration and skilling for future-ready retail ecosystems.
- **Social commerce and community-led retail** models, driven by video, creators and vernacular content, are expected to account for **US$55 billion by 2030.**[286] It is believed that 90 percent of Indians will shop through social media by 2030,[287] amplifying inclusivity and entrepreneurship.
- **Retail employment is expected to grow by 2.5–3 million jobs by 2030,** across retail sales, AI training, CX design, fulfilment logistics, payment onboarding and AR/VR merchandising, many of which will emerge in mid-size towns.

**Recommendations for retailers and ecosystem players**

- **Invest in modular and scalable technology stacks,** such as low-code platforms, API-enabled storefronts and AI-driven engines, that allow rapid category expansion and channel integration without full-stack overhauls.
- **Deepen collaborations with tier 2/3 suppliers** by co-developing private labels, onboarding regional clusters and building flexible procurement and compliance systems.
- **Use AR/VR and GenAI to democratise discovery and design,** allowing consumers to personalise products and co-create SKUs in fashion, interiors, electronic accessories, etc.
- **Use Q-commerce as a testbed** for rapid launches, regional demand sensing and influencer-led limited drops, especially for newer brands and occasion-specific product lines.
- **Shift from transaction-based retail to experience commerce,** combining offline and digital formats with immersive formats, sustainability narratives and inclusive touchpoints.
- **Embed responsible tech and employment metrics,** tracking working conditions, algorithm fairness and reskilling investments as part of ESG reporting and consumer trust-building.
- **Strengthen digital skilling initiatives** for MSME sellers, warehouse teams and retail staff to future-proof employment and reduce friction in tech onboarding.
- **Prepare for retail globalisation** by integrating Indian D2C/private label brands into cross-border e-commerce platforms, especially in the Gulf region, Southeast Asian countries and diaspora-heavy regions.
- **Monitor upcoming regulatory frameworks,** digital business guidelines, AI safety protocols and labour codes, to stay proactive in compliance and policy alignment.

[284] Winning_Shelf_Space_Private_Labels_or_FMCG_Brands.pdf
[285] Quick commerce | Rise of the quick brigade - India Today
[286] Social commerce set to scale, but concern of authenticity looms large: Industry, ET BrandEquity
[287] 90% of Indians Will Shop via Social Media by 2030! - Indian Retailer

# Online retail and impact on general trade

## Integration with modern retail and e-commerce

### The landscape of integration

India's retail sector is undergoing a profound transformation, driven by modern retail and e-commerce convergence. This integration reshapes the consumer experience and catalyses resilient, inclusive manufacturing and employment. The sector, valued at US$1 trillion, is among the world's largest, and e-commerce is projected to reach $350 billion by 2030.[268]

#### How integration is happening

- **Omnichannel and physical models**
  Modern retail and e-commerce integration manifests through what industry experts term the "Physical approach-a seamless blending of physical and digital experiences". The omnichannel strategy has become central to this transformation, with 4 out 10 MSMEs already implementing omnichannel approaches that utilise physical and digital retail avenues. This integration enables businesses to reach more customers while generating more revenue through both channels, fundamentally altering the traditional retail-manufacturing value chain. Traditional Kirana stores are digitising, using platforms that offer instant messaging or chat options for business to take orders and manage inventory, blurring the lines between offline and online commerce.

- **Technology adoption**
  AI, machine learning and big data analytics are revolutionising inventory management, customer personalisation and supply chain efficiency. Mobile commerce, social media integration and digital payments (UPI) are making e-commerce accessible to a wider population, including rural areas.

- **Government and policy support**
  The Indian government is actively facilitating the integration of modern retail and e-commerce by strengthening digital infrastructure, implementing progressive regulations and launching inclusive development programmes. Some of its key initiatives include:

  - **Digital India and Bharat Net:** These initiatives enhance internet connectivity and digital literacy, particularly in rural regions, enabling wider access to e-commerce platforms.
  - **Open Network for Digital Commerce (ONDC):** This initiative promotes open, interoperable digital commerce, allowing small retailers and MSMEs to participate in online trade without being tied to major platforms.
  - **Startup India and Make in India:** These flagship programmes promote innovation and entrepreneurship, supporting the growth of technology-driven retail and manufacturing ventures.
  - **MSME support measures:** Government schemes such as MUDRA loans, credit guarantees and digital onboarding are helping small businesses secure funding and adopt digital tools, making them ready for e-commerce participation.
  - **Skill development and employment programmes:** Initiatives such as Skill India and PMKVY are equipping the workforce with logistics, digital marketing and retail operations skills, as well as building a talent pool tailored to the evolving e-commerce ecosystem.

#### Case studies

- **An Indian government-backed e-commerce initiative – Empowering local retailers**

  **What it does:** Enables small retailers to sell online across platforms without being dominated by the monopoly of big platforms.
  **Impact:** A grocery store in Kochi or Bhubaneswar can now reach customers digitally, improving business continuity and resilience.
  **Result:** Democratises digital commerce and boosts MSME participation.

- **A leading Indian social commerce platform – Inclusive e-commerce for small sellers**

  **What it does:** Offers zero-commission selling, targeting small businesses and women entrepreneurs.
  **Impact:** Over 70 percent of sellers are from tier 2+ cities; many are first-time digital entrepreneurs.
  **Result:** Promotes gender-inclusive employment and supports local manufacturing.

- **A leading global e-commerce platform – Supporting artisans**

  **What it does:** Helps traditional artisans and weavers sell online.
  **Impact:** Thousands of artisans from Odisha, Rajasthan and Tamil Nadu onboarded.
  **Result:** Preserves heritage crafts while generating income and employment.

- **A leading B2B e-commerce platform – B2B e-commerce for MSMEs**

  **What it does:** Connects manufacturers directly with retailers, streamlining procurement.
  **Impact:** Reduces costs and improves supply chain efficiency for small manufacturers.
  **Result:** Thousands of jobs created in logistics and tech support.

[288]Retail Industry in India: Overview of Retail Sector, Market Size, Growth...IBEF

- **A large-scale Indian omnichannel retail platform – Bridging traditional and digital commerce**

  **What it does:** Operates on an O2C business model, connecting consumers with local retail stores through its digital platform.
  **Impact:** Collaboration with local Kirana stores across India, creating a network of retail outlets for order fulfilment.
  **Result:** Transformed the Kirana store ecosystem by providing a technology backbone that enables retailers to manage inventory, process orders and track deliveries.

Integrating modern retail with e-commerce in India is a powerful engine for resilient, inclusive manufacturing and employment. By bridging the gap between traditional businesses and digital platforms, this transformation is:

- **Strengthening resilience** through diversified, tech-enabled supply chains that can withstand disruptions.
- **Fostering inclusivity** by empowering MSMEs, artisans, women entrepreneurs and rural sellers to access national and global markets.
- **Generating employment** across sectors, from logistics and warehousing to digital marketing and customer support.

Government initiatives and platform-driven models are digitising commerce and democratising opportunity. Together, they are shaping a future-ready retail ecosystem that is equitable, sustainable and growth-oriented.

### Digitisation of general trade

India's general trade sector, traditionally dominated by small, unorganised retailers, is rapidly embracing digitisation, spurred by the growing acceptance of quick commerce. This shift is enabling retailers to meet evolving consumer expectations for speed and convenience while integrating them into broader digital supply chains. As quick commerce gains traction, it is becoming a catalyst for modernising general trade, enhancing competitiveness and operational efficiency across the sector. The rise of e-commerce and quick commerce platforms has significantly reshaped consumer expectations and retail dynamics in India.

**Key impacts include:**

- **Consumer behaviour shift**
  Customers now expect convenience, variety, competitive pricing and home delivery, which traditional retailers struggle to match.
- **Competitive pressure**
  General trade retailers face declining footfalls and shrinking margins due to the price transparency and scale of online platforms.
- **Supply chain disruption**
  E-commerce platforms offer streamlined logistics and real-time inventory, pushing traditional retailers to rethink their procurement and stocking strategies.
- **Emergence of hybrid models**
  Many retailers are adopting omnichannel strategies, combining physical presence with digital tools to stay competitive.|

**Key challenges in digitising general trade retailers**

- **Low digital literacy**
  Many small retailers lack the skills to use digital tools effectively.
- **Infrastructure gaps**
  Limited access to smartphones, internet and reliable electricity in some regions.
- **Resistance to change**
  Traditional mindsets and fear of technology adoption slow down transformation.
- **Cost of technology**
  POS systems, software subscriptions and training require upfront investment.
- **Trust and data privacy**
  Concerns about financial fraud and misuse of customer data hinder adoption.

The digitisation of general trade retailers across the value chain, from procurement to customer sales, has evolved significantly in India. Here is a breakdown of how each stage is being transformed:

1. **Procurement from distributors**
   - **Digital ordering platforms:** Retailers now use B2B apps to place orders directly with distributors or manufacturers. These platforms offer real-time inventory, price comparisons and credit options.
   - **Inventory management tools:** Cloud-based systems help retailers track stock levels, automate reordering and reduce overstocking or stockouts.
   - **Digital payments:** Distributor payments are increasingly made through UPI, net banking or mobile wallets, reducing cash dependency.
2. **Store operations and inventory**
   - **Point-of-Sale (POS) Systems:** Retailers use digital POS systems to manage billing, inventory and customer data.
   - **Barcode scanning and analytics:** Products are scanned for faster checkout and inventory tracking. Sales data is analysed to forecast demand and optimise stock.
   - **Integration with accounting software:** Accounting tools are integrated for automated bookkeeping and GST compliance.
3. **Selling to customers**
   - **Digital payment acceptance:** Retailers accept payments via digital fintech apps and QR codes. This increases convenience and builds customer trust.
   - **Customer engagement tools:** Loyalty programmes, SMS offers and WhatsApp catalogues help retain customers. Some retailers use CRM tools to personalise promotions.
   - **Online presence:** Many Kirana stores are now listed on platforms and open networks, allowing them to sell online. Some use social media or WhatsApp for D2C sales.

**Case studies**

**A leading B2B e-commerce platform – B2B e-commerce for retailers**

- **What it does:** Connects small retailers directly with manufacturers and wholesalers through a mobile app.
- **Value chain impact**
  - **Procurement:** Retailers can order inventory digitally.
  - **Credit access:** Embedded financing options for working capital.
  - **Logistics:** End-to-end delivery support.
- **Impact:** Over 3 million retailers onboarded, streamlining supply chains and reducing costs

**A renowned B2B marketplace – Full-stack digitisation for kirana stores**

- **What it does:** Offers a digital platform for ordering, credit, POS systems and store transformation.
- **Value chain impact**
  - **Procurement:** App-based ordering from local and national suppliers.
  - **Store operations:** POS systems and analytics tools.
  - **Customer engagement:** Loyalty programmes and digital payments.
- **Impact:** Thousands of Kirana stores modernised, improving competitiveness and customer experience.

**A leading global e-commerce platform's wholesale business arm**

- **What it does:** Equips small retailers to become digital storefronts or resellers.
- **Value chain impact**
  - **Sales:** Retailers sell the platform products in-store.
  - **Training:** Digital literacy and onboarding support.
  - **Cus**tomer reach: Access to e-commerce customers.
- **Impact:** Expands income streams and builds digital capabilities in underserved regions

**Promoting resilience and inclusivity**

- **Resilience:** Digital tools enable business continuity during disruptions (e.g., lockdowns). Real-time data helps retailers adapt quickly to changing demand.
- **Inclusivity:** Small retailers, women entrepreneurs and rural sellers gain access to digital markets. MSMEs supplying to these retailers benefit from broader distribution.
- **Employment:** New roles in tech support, logistics and digital marketing are emerging. Retailers are expanding operations, creating local jobs.

**Future outlook: Emerging opportunities and recommendations for players**

As India's retail landscape continues to digitise, the convergence of general trade, modern retail and e-commerce presents transformative opportunities:

**Emerging opportunities**

- **Tech-enabled kirana networks:** Digitally empowered local stores can serve as last-mile fulfilment hubs for quick commerce and hyperlocal delivery.
- **Data-driven personalisation:** Using transaction and customer data from digitised general trade can unlock targeted marketing and loyalty programmes.
- **Integrated supply chains:** Seamless integration between manufacturers, distributors and retailers through digital platforms can reduce inefficiencies and improve responsiveness.
- **Financial inclusion:** Digital tools enable access to credit, insurance and banking services for small retailers, fostering inclusive growth.
- **Rural market expansion:** Digitisation opens new avenues for brands to penetrate underserved rural markets through e-commerce and mobile-first platforms.

**Recommendations for players**

- **Invest in scalable tech infrastructure:** Build platforms for small retailers that support real-time inventory, digital payments and analytics.
- **Foster collaborations:** Collaborate with fintech, logistics providers and quick commerce platforms to create holistic ecosystems.
- **Upskill retailers:** Launch training programmes to help small shop owners adopt and benefit from digital tools.
- **Focus on interoperability:** Ensure systems integrate across retail formats and platforms to enable smooth data and service exchange.
- **Prioritise trust and simplicity:** Design user-friendly solutions that build trust among traditional retailers unfamiliar with digital systems.

**Employment generation and skilling**

India's retail sector is witnessing a strong resurgence, not just as a catalyst for consumption but as a source for technology-led employment, redefining skills and roles. From e-commerce giants to fast-scaling quick commerce and luxury chains to new-age D2C players, retail businesses are witnessing a hiring boom, reshaping roles and skills to meet evolving consumer trends and business enablers.

General trade and mom-and-pop stores have long anchored retail employment through their scale, relying on manual skills. However, the employment map is being redrawn. Quick commerce, for instance, has become a major driver of employment, particularly in last-mile delivery and fulfilment roles. Similarly, modern retail chains embrace newer visual merchandising, digital operations and omnichannel roles. What is changing is not just the volume of jobs, but their architecture as well. The rise of technology enablers surrounding AI/ML, analytics and gig platforms is prompting a shift from fixed, manual roles to more fluid, skill-intensive and technology-integrated roles, unlocking job opportunities at scale.

## Drivers behind the employment surge

Demand driven | Supply driven

- **Manufacturing-led expansion – powered by Make in India**
- **Experiential retail leading to a shift to organised/ modern formats**
- **Proliferation of e-commerce and quick commerce**
- **Digital transformation creating newer roles**

Low → High

1. India's push for self-reliance through initiatives, including Make in India and PLI schemes, is driving massive backend-to-frontend job creation in retail. As global brands shift production to India, jobs are multiplying and emerging in factories and customer-facing roles.

2. With a growing share of modern formats and consumers' preference for immersive experiences, retail is becoming a personalised, curated journey. This leads to a surge in hiring for roles that blend sales with brand storytelling, digital engagement and personalisation.

3. The rapid expansion of online formats is creating large-scale job opportunities, now in tier 2 and beyond. Quick commerce alone is expected to employ over 550,000 people in 2025,[289] with consequential growth in dark stores, fulfilment and last-mile delivery. These models are absorbing a wide base of semi-skilled and gig workers nationwide.

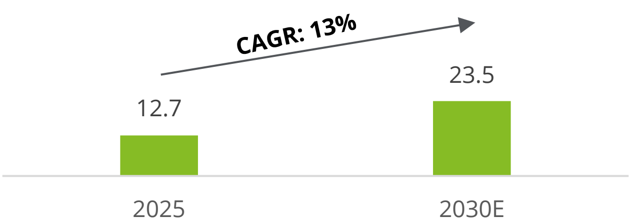
4. AI, data and platform-led retail are unlocking a new wave of white-collar jobs in India. As retailers go omnichannel, demand is rising for analytics, algorithms and backend orchestration skills. With an estimated 2.7 million tech-led jobs by 2028,[290] retail is becoming a key driver of such jobs.

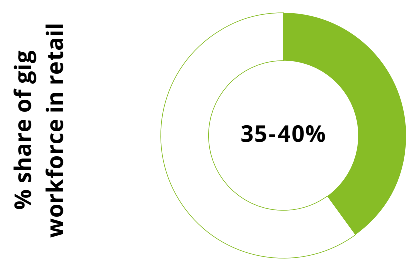
### From shop floor to supply chains, gig workforce is redefining jobs in retail

The gig economy often refers to a labour market characterised by short-term, task-based, or freelance work arrangements in which individuals are hired on demand rather than through long-term employment contracts.

- While structural forces are reshaping India's retail employment, from manufacturing scale to e-commerce penetration and experiential formats, one cross-cutting theme that comes across as both a disruptor and an opportunity is the flexible or gig workforce.
- Unlike traditional employment models, the gig economy is unlocking new forms of work that are more flexible, hyperlocal, tech-enabled and scalable.
- With ~40 percent share within the gig economy,[291] retail gig is expected to increase significantly, with most of them catering to medium-skilled roles. Retail, driven by back-end services and logistics, will fuel employment in the coming years.

**Gig workforce in India[3] (in million)**




[289]Teamlease report
[290]ServiceNow AI skills and job report
[291]India's Booming Gig and Platform Economy, NITI Aayog

### Key growth drivers

#### Rise of Q-Commerce and platformisation

- Q-commerce platforms are aggressively expanding into metros and now tier 2 cities, unlocking new consumption zones and promoting hyperlocal hiring. While metros have already gained momentum, non-metros are also seeing a surge. Overall, the gig workforce in India is expected to reach 23.5 million by 2030, with retail being a major driver.
- The proliferation of tech-enabled platforms has made it easier to onboard gig workers at scale, especially for roles such as delivery, warehouse support, customer service and in-store activations
- A quick commerce player is onboarding over 5,000 new gig employees across supply chain, customer service and tech roles in 2025 alone.[292] Overall, the hiring of gig workers in the quick commerce sector is projected to rise by ~60 percent in 2025 compared with 2024. [293]

#### Flexible capacity and cost optimisation

- Gig staffing gives retailers cost elasticity, allowing them to scale labour up or down across seasonal peaks without long-term wage liabilities. Store audits, new launches and sampling activities are increasingly executed through gig labour, enabling low-cost and quick interventions.
- The emergence of staffing-tech platforms and marketplaces is allowing plug-and-play workforce availability, especially in last-mile delivery, in-store promoters, inventory auditing and warehouse support.
- High fixed costs from traditional employment are being swapped for outcome-based, on-demand workforce models.
- E-commerce and logistics sectors are spearheading the festive recruitment drive with ~30–35 percent increase in staffing through gig workers. Moreover, an e-commerce marketplace is planning to recruit 75,000 workers to cater to seasonal demand.[294]

#### Demographic shift influencing youth, women and the tier 2 workforce

- Many young workers have started to prefer gig-style roles over traditional full-time jobs, driven by a desire for flexibility, diversified income and quicker payouts. Platforms are capitalising on this shift by deploying them across functions and task-based roles.
- Women are increasingly opting for flexi-hour gigs to balance household duties and career aspirations. The demand for women gig workers has increased by 10X within a year. Many women are taking roles in content and data moderation, marketing and telecalling.
- Moreover, tier 2 cities have witnessed a 4x boost in gig workers, with cities such as Mysore, Kanpur, Lucknow and Bhopal seeing a rise of 25 percent, 18 percent, 19 percent and 14 percent, respectively.[295]

#### Gig work is expanding to skilled roles

- Retailers are now deploying gig workers for flexible, high-frequency tasks beyond logistics, such as visual merchandising, stock audits, sampling and store activation. The gig economy also involves onboarding for specialised roles such as virtual stylists, content creators, and marketing analysts.
- Short-term gigs for skilled roles are emerging as project-based models, especially for midsized brands that do not want to spend on full-time specialists.
- In FY25, 6.8 million white-collar professionals were engaged in gig work, a YoY increase of 17 percent.[296]
- Additionally, retailers, especially small and midsized ones, are rolling out gig roles on job platforms. At the same time, some online portals list freelance workers in areas including product analytics, SEO audit, dashboard creation and copywriting.

### Upskilling the workforce in retail tech

Once driven by people and products, India's retail sector is now being reshaped by platforms, data and AI. The sector is shifting from traditional kiranas and unorganised retail to a digitally enabled ecosystem defined by online commerce and modern retail. This evolution is not just reshaping how retail operates but redefining the roles and skills. While some traditional jobs are being reconfigured, a new wave of opportunities is emerging in areas surrounding AI, analytics and digital tools. This growth is triggering demand for talent equipped with multidisciplinary capabilities, including tech fluency, data literacy and customer intelligence. However, the sector faces a growing talent gap, driven by skill shortages and the outward migration of professionals. Nearly two-thirds of companies in India report the need to tap into more diverse talent pools,[297] highlighting its potential. In response, businesses are ramping up investments in skilling through apprenticeships and on-the-job training. Meanwhile, the government is pushing an ambitious tech agenda with national programmes to position India as a global hub for digital retail talent.

[292]Business review live
[293]Q-comm to drive 60 per cent surge in gig worker hiring in 2025, Financial Express
[294]Festive season hiring surge: Consumer goods and e-commerce companies increase workforce by 20-25%
[295]Taskmo Gig Index(TGI), Business Manager
[296]White collar gig jobs surge 17% in FY25 AS India embraces flexible work
[297]Future of jobs report, World economic forum, 2025

| | India | US | China | Global |
|---|---|---|---|---|
| **Macro trends** | | | | |
| Skill gaps in labour market | 65% | 58% | 50% | 63% |
| Broadening digital access | 72% | 68% | 61% | 60% |
| Government subsidies and industrial policy | 29% | 23% | 22% | 21% |
| Growing working-age populations | 29% | 26% | 17% | 24% |
| **Technology trends** | | | | |
| AI and information processing technologies | 88% | 94% | 91% | 86% |
| Robots and autonomous systems | 60% | 64% | 48% | 58% |
| Quantum and encryption | 21% | 19% | 9% | 12% |
| Energy generation, storage and distribution | 36% | 41% | 52% | 41% |

| Top skills likely to be in demand in India by 2030 | |
|---|---|
| AI and big data | 94% |
| Technological literacy | 74% |
| Creative thinking | 71% |
| Resilience, flexibility and agility | 69% |
| Networks and cybersecurity | 68% |

Note: The figures denote % of respondents who believe the factors to impact business transformation. Data pertains to overall businesses and is not industry specific.

**The need to upskill: Roles are getting redefined, turning legacy skills into tech-driven capabilities**

| Domain | What's changing? | Traditional skills | Emerging skills |
|---|---|---|---|
| In-store sales | From selling to becoming advisors, delivering immersive, omnichannel experiences | Basic POS operation, product familiarity, generic customer assistance and upselling | Conversational AI, AR product demos, experiential selling, personalisation |
| Supply chain and logistics | From reactive logistics to predictive, transparent, tech-enabled supply chains | Excel stock tracking, ERP order processing, static routing tools, roster via spreadsheets, sales-based forecasting | Real-time inventory sync, API-led order systems, AI route optimisation, app-based shift planning, predictive demand planning |
| Store operations | From siloes to cross-channel integration and optimisation | Workforce scheduling, daily sales tracking, vendor coordination, physical audits and use of MIS tools | Omnichannel syncing, real-time analytics, store-level demand forecasting, RFID/ sensor-based auditing |
| Online marketing | From campaign execution to precision-led growth marketing | Running social ads, scheduling posts, influencer coordination, SEO/SEM | Algorithm-led content optimisation, multi-platform ad targeting, creator-led commerce integration, CRM-led personalisation |
| Data and insights/Customer analytics | From insight reporting to AI-powered growth enablement | Static dashboards, post-campaign reports, segmentation by demographics and NPS tracking | Predictive insights, AI-based personalisation, real-time, cohort-based strategy, A/B testing |

## Initiatives to strengthen digitally skilled workforce

### RASCI-led retail apprenticeship and certification

- The Retailers Association's Skill Council of India (RASCI), under NSDC and MSDE, has developed retail-specific certifications, offering training and assessments for several retail-specific roles.
- It has been facilitating industry-driven apprenticeships, collaborating with major retailers and educational institutions. Some key programmes include the Apprenticeship Embedded Degree Programme (AEDP) in Retail and programmes under the National Apprenticeship Promotion Scheme.
- It also promotes Recognition of Prior Learning (RPL) by evaluating a person's existing skill sets, gained either by formal, non-formal or informal learning.

### Skill India Programme

- The restructured Skill India Programme (2022–26), including PMKVY 4.0, offers INR8,800 crore funding to deliver demand-driven, tech-centred training across urban and rural India.[298]
- This includes 400+ new courses on AI, 5G technology and cybersecurity, focusing on emerging technologies and future skills. E-commerce (retail, logistics and supply chain management) has been identified as a priority sector for growth and training needs. Its coverage has been extended to more districts, MSMEs and gig workers.

[298] PIB

### Superpower retailer programme

- Administered by NSDC and MSDE in collaboration with an FMCG player.
- It offers a 14-hour training combining classroom and digital modules through the Skill India Digital Portal, covering retail-specific skills. It aims to guide small and medium retailers with skills in product display, customer engagement and sales strategies, enhancing their business prospects and enriching customer experience.
- This is targeted at small and micro retailers, available in multiple languages, and aims to reach ~1.4 crore retailers across India.

### Project bright initiative

- The National Skills Development Corporation (NSDC), in collaboration with an e-commerce marketplace, launched this programme to empower individuals to acquire valuable skills for a career in e-commerce, retail and warehousing.
- This entails training, skilling, upskilling and certifying candidates for roles in these sectors. It will also provide complimentary online courses aimed at enhancing students' skill sets for entering India's rapidly expanding e-commerce arena.

### Industry-level initiatives

- Leading retail and e-commerce companies are setting up dedicated academies to build future-ready talent across supply chain, store operations and digital retail. These academies offer blended learning models, combining virtual modules with apprenticeships.
- Companies are collaborating with AI-powered learning platforms to deliver real-time, role-aligned, multilingual training to their distributed retail workforce.
- Retailers are co-developing programmes with academic institutions to build deep tech and managerial capabilities in AI, supply chain analytics and omnichannel retailing.
- Start-ups and corporate innovation programmes are catalysing niche talent development in areas such as AI in retail, visual commerce, digital payments and data analytics, contributing to lateral skilling.

## Future outlook: A structural reset in retail employment

The Indian retail sector is on the cusp of a structural workforce transformation. Accelerated by AI, automation, gig models and government policy support, retail employment is evolving from conventional, low-skilled roles to dynamic and digitally enabled roles. The shift from manpower-intensive to intelligent retail is not just a necessity; it is a strategic imperative for resilience, competitiveness and scalability.

- **AI-augmented roles will redefine productivity and experience**
  Many roles would shift from manual execution to AI-assisted decision-making, especially in merchandising, customer service and inventory planning. Employees will be expected to work with AI-generated recommendations, chatbots and demand prediction tools, making data and tech fluency essential across levels.
- **Modular gig roles will drive workforce fluidity**
  Employment will diversify across full-time, part-time, gig and project-based models, driven by variability in demand, hyperlocal fulfilment and platform-based commerce. Workforce agility will become core to business models, requiring training systems that support on-demand skilling and quick scaling. This shift will expand access to jobs beyond urban hubs.
- **Reskilling over replacement would be key**
  Reskilling an existing employee is ~25 percent more cost-effective than hiring a new one. This makes learning-led talent mobility essential. Retailers will treat their workforce as a renewable asset, offering learning pathways that align with AI, analytics and omnichannel enablement.
- **Government incentives will reinforce the skilling engine**
  The recently approved INR1 trillion Employment Linked Incentive (ELI) in June 2025,[299] scheme that aims to support up to 35 million jobs across sectors, including retail, by subsidising first-time wage costs and apprenticeships. Combined with PMKVY and RASCI frameworks, it could create a resilient structure around skilling and cost competitiveness.

[299] PIB

## Recommendations and way forward

- **Use predictive analytics for optimised hiring and workforce planning**
  With a lack of predictive analytics and agile workforce hiring, retailers may face a considerable risk of productivity loss during peak periods, face higher attrition among gig workers due to inconsistent scheduling and struggle with inventory-to-labour mismatches, leading to shelf stockouts or idle workforces in stores and warehouses. Dynamic workforce planning can align employment decisions with demand cycles and scaling initiatives. This is particularly important for manufacturers and retailers where customer demand is highly seasonal and category-specific. Analytics-driven hiring ensures optimal resource deployment while avoiding overstaffing.
- **Collaborate with ecosystem partners to future-proof talent**
  Retailers operating in siloes and not upskilling talent either through academic and ecosystem partnerships or their capability centres may fall behind in developing talent for high-growth areas, including retail tech operations, omnichannel fulfilment and in-store tech-led roles. Retailers must pursue collaborations with retail consortia to co-create job-aligned curricula for emerging roles. These collaborations could also be used to recruit skilled talent. Participate in shared learning ecosystems such as sector skill councils or retail innovation labs to accelerate role-specific talent development.
- **Embed digital and AI readiness into workforce training**
  Without structured training in digital tools, frontline staff may underperform in phygital formats, leading to conversion drops, longer service times and poor adoption of in-store tech, ultimately making digital transformation investments yield subpar ROI. Embedding digital and AI-readiness into role-based training could be essential for future-proofing the workforce. From store assistants using algorithmic recommendations to field technicians using augmented reality for diagnostics, every function across the retail industry is being reshaped by tech. Training must now be modular, app-based and available in vernacular formats to ensure deep penetration, especially across distributed retail networks.

# Make in India and manufacturing expansion

# Introduction

India's vision for 2047 is to transform the country into Viksit Bharat, a fully developed, inclusive and self-reliant economy that ensures prosperity, sustainability and equity for its citizens. This long-term mission focuses on enhancing industrial output, improving logistics and digital infrastructure, empowering rural communities and fostering global competitiveness through sustainability and innovation. In this context, key sectors such as FMCG, retail and e-commerce are expected to drive value creation and employment generation across India's diverse geographies.

The FMCG industry aligns with this mission by strengthening its focus on local manufacturing and self-reliance. Companies are expanding their domestic footprint, supported by progressive government policies and greater inclusion of MSMEs and rural producers through integrated supply chains. Indian FMCG manufacturers are increasingly investing in modernising production facilities and increasing initiatives focused on sustainable and green manufacturing practices.

The Indian retail sector is experiencing a transformative shift, driven by the rise of homegrown brands producing indigenous products and supported by robust infrastructure development initiatives led by the Indian government. Retailers are increasingly collaborating with local manufacturers to source products specifically tailored to Indian preferences, thereby reducing reliance on imports. This localisation enhances supply chain resilience and supports the government's Make in India initiative by creating jobs and fostering entrepreneurship within the country. Moreover, the growth of organised retail is encouraging investments in warehousing, logistics and technology infrastructure, which further strengthens domestic manufacturing capabilities and ensures faster delivery to consumers across urban and rural areas.

The e-commerce platforms are actively promoting "Made in India" products, empowering Micro, Small and Medium Enterprises (MSMEs) and local artisans' access to national and global markets. This symbiotic relationship is driving innovation in product design, packaging and distribution, tailored to diverse consumer preferences. This synergy drives innovation in packaging and product formats and reinforces domestic manufacturing as a critical foundation for long-term growth and competitiveness.

While Viksit Bharat envisions broad national transformation, its foundation was laid by the 'Make in India' initiative introduced by the Government of India in 2014.

### Make in India

- It sought to transform India into a global centre for manufacturing by encouraging both domestic and foreign enterprises to establish and expand their production capabilities within the country.
- Its vision is to boost economic growth, create employment opportunities and enhance innovation by promoting investment in key sectors such as automobiles, electronics, textiles and defence.
- The initiative has significantly influenced the FMCG, retail and e-commerce sectors by fostering a more conducive environment for manufacturing, supply chain development and market expansion.
- The increased investment and local production in the FMCG industry have reduced dependency on imports, improved cost efficiency and enhanced product availability across rural and urban markets.
- The e-commerce industry has witnessed a surge in demand for locally made products, supported by streamlined logistics, digital adoption and initiatives promoting "vocal for local."

### Strategic importance of domestic manufacturing in FMCG, retail and e-commerce

- Robust domestic manufacturing is a critical driver of efficiency, responsiveness and long-term growth in the FMCG, retail and e-commerce sectors.
- In the FMCG sector, domestic manufacturing enables large-scale production of essential consumer goods, ensuring a consistent supply and the capability to cater to diverse regional preferences.
- In the retail sector, domestic manufacturing supports agile inventory management, faster restocking and product adaptability to changing market trends.
- In the e-commerce sector, where speed and scalability are paramount, local manufacturing reduces lead times, enhances delivery capabilities and strengthens fulfilment networks.

# Domestic manufacturing trends

Domestic manufacturing has become a strategic cornerstone in transforming India's FMCG sector in recent years. Companies are reconfiguring their operations to serve a highly diverse and price-sensitive consumer base, leading to an accelerated shift towards localised production and region-specific supply chains. The rise in demand from tier 2 and tier 3 cities, along with a preference for regionally tailored products and quicker market access, has underscored the need for a resilient, decentralised manufacturing ecosystem. Simultaneously, growing consumer interest in health-centric, sustainable and convenience-driven products is pushing firms to innovate closer to end markets, strengthening the case for deeper localisation.

A critical trend shaping this shift is the development of regionally distributed manufacturing hubs aimed at reducing lead times, cutting logistics costs and enhancing supply chain agility. Companies increasingly source raw materials locally, enabling faster inventory turns and improved cost structures. Government initiatives such as the Production-Linked Incentive (PLI) scheme, state industrial corridors and the One District One Product (ODOP) programme are further incentivising domestic capacity building. Additionally, expansion into underserved rural markets is driving the adoption of modular and scalable production models. While automation and digital tools are helping unlock new efficiencies, challenges remain, particularly around energy optimisation, workforce upskilling and the high upfront costs of Industry 4.0 adoption. These factors will shape the trajectory of manufacturing competitiveness in India's FMCG landscape in the years ahead.

1. Supply chain structure: Manufacturing to end customer
2. Policy framework to boost indigenous manufacturing
3. Expanding manufacturing to tier 2 and 3 cities
4. Expanding sourcing network beyond key states and imports
5. Technology adoption and automation in the industry

### a. Supply chain structure: Manufacturer to end consumer

**Manufacturer**
Drives product creation and national supply availability by producing goods in bulk and setting the foundation for downstream distribution.

**Central distribution centre**
Consolidates national inventory and optimises large-scale logistics strategically routing products across regional markets.

**Regional distribution centre**
Tailors supply to regional demand, ensuring timely availability and balancing stock across districts within a state.

**Super stockist**
Acts as the operational backbone for district-level distribution, managing inventory flow and enabling faster last-mile fulfillment.

**Local distributor**
Maintains market reach at the town level by ensuring consistent product availability and supporting retail network engagement.

**Retailer/Wholesaler**
Connects directly with consumers or smaller resellers, translating product presence into actual sales and ground brand visibility.

**End consumer**
Drives demand and market feedback, influencing production and distribution through purchasing behavior and preferences.

**Government initiatives to strengthen the supply chain structure**

i. **Manufacturing**

- **IN PM MITRA:** A flagship initiative aimed at creating world-class industrial parks with integrated textile value chains from fibre to finished product to boost domestic manufacturing and exports.
- **Foreign Direct Investment (FDI) policies:** The Indian government has made a provision to allow 100 percent FDI for manufacturing investment under the automatic route, which enables large MNCs to set up operations in India. FDI in single-brand retail is permitted up to 100 percent; in multi-brand retail, it is allowed up to 51 percent with government approval.[300]
- **Mega food parks scheme:** A mechanism to link agricultural production to the market by bringing together farmers, processors and retailers to ensure maximising value addition, minimising wastage, increasing farmers' income and creating employment opportunities, particularly in the rural sector. About 41 mega food parks with a combined processing capacity exceeding 4 million metric tons (MMT) have been approved, of which 24 are fully operational.[301]

ii. **Distribution network – National and regional enablement**

**Digital platform and support**

- **ONDC:** As a government-backed, interoperable e-commerce infrastructure, ONDC helps small retailers and D2C FMCG brands sell online without needing to be on major platforms. It enables access to digital payments (via UPI), inventory tools and logistics partners, levelling the playing field for MSMEs and improving reach into remote markets.
- **Udyam portal:** Encourages small traders and distributors to formalise, giving them access to low-cost credit, credit guarantee subsidies and participation in government procurement. It fosters deeper supply penetration in tier 2 and 3 towns.[302]
- **Digital enablers:** Integration with platforms such as DigiLocker, e-Way Bill and real-time GST-based tracking supports smoother invoicing, compliance and product flow, especially valuable for FMCG firms with large volume turnover.

**Warehousing**

- **Support for integrated cold chain and food processing:** The Pradhan Mantri Kisan Sampada Yojana (PMKSY) scheme by the Ministry of Food Processing Industries (MoFPI) strengthens cold chain infrastructure from farm gate to retail by supporting facilities such as pre-cooling units, cold storages, reefer vans and value-addition centres. It offers financial assistance of 35–50 percent of the project cost (up to INR10 crore),[303] helping FMCG firms and logistics providers reduce spoilage, maintain product quality and expand into tier 2/3 and rural markets more efficiently. The scheme has approved over 76 agro-processing centres and 399 cold chain storage projects with over 35 MMT storage and preservation capacity.[304]
- **Agricultural Infrastructure Fund (AIF):** It is an INR1 lakh crore[305] initiative that provides low-interest loans (up to INR2 crore) and financial support for building supply chain infrastructure such as warehouses, cold storage and processing units. It enhances rural logistics, reduces wastage and improves value addition, enabling more efficient sourcing and distribution across agricultural and food value chains.
- **Warehousing Development and Regulatory Authority (WDRA) initiatives:** The WDRA enhances India's warehousing system by promoting scientific storage standards, registering and regulating warehouses and enabling the use of electronic Negotiable Warehouse Receipts (e-NWRs) as tradable collateral, thereby improving inventory management, access to institutional credit, and reducing post-harvest and supply chain losses.

**Logistics and infrastructure**

PM Gati Shakti, Bharatmala Pariyojana, SagarMala and Dedicated Freight Corridor aim to improve multimodal logistics and highway connectivity across India. By integrating road, rail, air and ports, these initiatives reduce transportation costs and enhance the efficiency of FMCG supply chains from manufacturing units to distribution hubs.

### b. Policy framework to boost indigenous manufacturing in consumer-focused sectors

**i. PLI Scheme – Catalysing FMCG and retail manufacturing**

Launched in 2020, the Production Linked Incentive (PLI) scheme is a Government of India initiative designed to boost domestic manufacturing and enhance the global competitiveness of Indian industries, with a strategic focus on 14 critical sectors. In the FMCG sector, it promotes large-scale food processing, value-added products and branded exports. For retail and e-commerce, the scheme supports the local production of critical industries such as white goods and electronic components. By incentivising backwards integration and reducing import dependency, the PLI scheme strengthens supply chain resilience, lowers costs and boosts India's competitiveness as a manufacturing hub, creating ripple effects across distribution, logistics and digital retail infrastructure.

[300] https://foodprocessingindia.gov.in/uploads/policy/FDI-PolicyCircular-2020-28October2020.pdf
[301] https://www.mofpi.gov.in/en/Schemes/mega-food-parks
[302] https://eudyogaadhaar.org/blog/udyam-registration-certificate-benefits?ln=pa
[303] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2042243
[304] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2036980
[305] https://www.pib.gov.in/PressNoteDetails.aspx?ModuleId=3&NoteId=152061&utm

- **Food processing (MoFPI)**
  - The PLI scheme for Food Processing Industry (PLISFPI) was launched in March 2021 with a budget of INR10,900 crore, to be implemented from 2021–22 to 2026–27.[306]
  - The target product segments are Ready-to-Cook/Ready-to-Eat (RTC/ RTE) foods, including Millets-based products, processed fruits and vegetables, marine products and mozzarella cheese.
  - The scheme has attracted an investment of INR8,910 crore across 213 locations and generated employment of 2.89 lakh.307
  - A total of 171 companies have been enrolled under the scheme, including 70 MSMEs and 40 additional firms serving as contract manufacturers for larger enterprises, signalling support for larger enterprises by strengthening the supply chain ecosystem and enhancing production capacities.
  - The scheme also provides financial incentives to promote Indian food brands abroad, supporting branding and marketing activities in the global market.
- **White goods**
  - The Scheme for White Goods (Air Conditioners & LEDs) was launched in March 2021 with a budget of INR6,234 crore, to be implemented from 2021–22 to 2028–29.
  - Target: Key components for consumer electronics (compressors, PCBs, LED drivers, etc.)
  - A total of 84 companies have been selected under the PLI scheme, with a committed investment of INR10,478 crore. This is expected to generate a total production value of INR1,72,663 crore between FY22 and FY29.[308]
  - The scheme is expected to substantially boost domestic value addition in the targeted product segment, raising it from the current level of 15–20 percent to an estimated 75–80 percent,[309] thereby strengthening India's manufacturing capabilities and reducing import dependency.
- **Electronics**
  - The scheme was launched in April 2020 with a budget of INR38,645 crore,310 to be implemented from 2020–21 to 2025–26.
  - The government has approved proposals from 32 companies, with a total committed investment of INR11,324 crore.
  - India has positioned itself as a competitive destination for global firms looking to diversify their supply chain and reduce dependency on Chinese manufacturing.
  - The policy supports India's ambition to become an export hub for electronics and build indigenous R&D capability.

**ii. Enhancing the logistics sector to strengthen the retail and E-commerce industry**

The Indian government has implemented several comprehensive policies to strengthen the logistics sector, aiming to improve efficiency, reduce costs and boost competitiveness. A key initiative is the National Logistics Policy (NLP) 2022, which provides a unified framework to streamline logistics operations through digital platforms such as the Integrated Digital Logistics Systems (IDLS) and the Unified Logistics Interface Platform (ULIP). These platforms facilitate better coordination across ministries and stakeholders, making the movement of goods more seamless.

As a part of infrastructure development in the sector, the government is also actively promoting the development of Multi-Modal Logistics Parks (MMLPs), which centralise logistics functions, reduce handling costs and improve operational efficiency. The government has approved 35 locations for the development of MMLPs across India, of which five parks are under development. The government is also developing a Dedicated Freight Corridor (DFC) to provide faster and more reliable rail transport for goods, collectively strengthening India's logistics ecosystem and supporting the country's economic growth ambitions.

**iii. Other central incentives**

- Pradhan Mantri Formalisation of Micro Food Processing Enterprises PM-FME: To enhance the competitiveness of existing individual micro-enterprises in the unorganised segment of the food processing industry, promote formalisation of the sector and support Farmer Producer Organisations (FPOs), Self Help Groups (SHGs) and Producers Cooperatives along their entire value chain.
- One District One Product (ODOP): Promotes region-specific products by providing market access, branding and logistical support. Helps local food and craft producers scale into the FMCG and retail value chains.
- Start-up India and Stand-up India: Encourages entrepreneurship across sectors, including FMCG and retail, by offering easier access to capital, tax exemptions and support for innovation and incubation.

[306]https://www.mofpi.gov.in/en/PLISFPI/central-sector-scheme-production-linked-incentive-scheme-food-processing-industry-plisfpi
[307]https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2081393
[308]https://www.pib.gov.in/PressReleasePage.aspx?PRID=2094465
[309]https://www.pib.gov.in/PressReleasePage.aspx?PRID=2064740
[310]https://www.pib.gov.in/Pressreleaseshare.aspx?PRID=1858066

**c. Expanding manufacturing to tier 2 and 3 cities**

In response to evolving consumption patterns and increasing rural demand, companies across the FMCG, retail and e-commerce sectors are strategically expanding their manufacturing and distribution operations into tier 2 and 3 cities. This approach not only helps reduce logistics and supply chain costs but also enhances serviceability to emerging markets beyond metropolitan centres. By bringing production closer to end consumers, businesses can improve delivery timelines, optimise inventory management and respond more effectively to local demand fluctuations. Furthermore, this shift supports broader economic objectives by fostering regional industrial development and generating employment in semi-urban and rural areas.

Case study

One of India's leading FMCG manufacturers has strategically relocated its integrated manufacturing and logistics facilities closer to key markets to decarbonise operations. This enables direct shipments to customers, eliminates intermediate handling and optimises the distribution network.[311] Additionally, the facilities are situated near agricultural procurement hubs, which helps minimise agricultural waste and supports sustainable sourcing.

Case study

An FMCG company with the highest rural penetration in India operates multiple mother warehouses and depots to service over 7 million retail outlets across more than 100,000 villages. Its extensive distribution network allows the company to reach ~18 percent of these retailers directly, without intermediaries. As a result, the company's products are present in nearly 80 percent of Indian households.[312]

**d. Expanding sourcing networks beyond key states and imports**

- **Shift towards local sourcing**

  Amid evolving supply chain dynamics and increased focus on risk mitigation, leading players in the FMCG, retail and e-commerce sectors are actively pursuing local sourcing strategies. By diversifying procurement beyond a few concentrated states and reducing dependence on imports, businesses are building more agile, regionally distributed supply networks. This transition enhances operational resilience, reduces lead times and contributes to national objectives such as self-reliance (Atmanirbhar Bharat) and the promotion of local enterprises across tier 2 and tier 3 cities.

  The Public Procurement (Preference to Make in India) Order, 2017 mandates preference for suppliers with at least 50 percent local content in government contracts, reinforcing the push for domestic value addition. Recent revisions by DPIIT further strengthen this by excluding imported components from the local content calculation, thereby encouraging genuine local sourcing over mere assembly or packaging of imported goods.[313]

- **Customer preference for Made in India products**

  Domestic sourcing offers significant advantages for the FMCG sector, particularly regarding product freshness and consumer trust. Closer proximity to consumer markets allows for faster delivery, reduced spoilage and improved quality. There is a growing customer preference for Made in India products, driven by a rising sense of national pride, increasing awareness of local manufacturing capabilities and government-led initiatives such as Atmanirbhar Bharat and Vocal for Local. Consumers increasingly value products that support the domestic economy, create local employment and reduce reliance on imports.

- **Supply chain localisation and cost advantage**
  - **Faster delivery and reduced costs:** A domestic sourcing model improves lead times, lowers inventory stocking requirements, has a smaller planning horizon, reduces logistics costs and increases responsiveness, boosting FMCG efficiency.
  - **ONDC and FPO onboarding:** The Open Network for Digital Commerce (ONDC) has onboarded ~5,000 Farmer Producer Organisations (FPOs), enabling FMCG players to source directly from rural producers, lowering costs and supporting rural digitisation.[314]
  - **Sustainability goals:** By sourcing materials locally and collaborating with nearby suppliers, FMCG companies can significantly reduce carbon emissions associated with long-haul transportation. This localised coordination also enables more accurate material planning, helping to minimise waste caused by overproduction, particularly from suppliers and farmers.

**e. Technology adoption and automation in the industry**

The FMCG, retail and e-commerce sectors are rapidly adopting technology and automation to enhance operational efficiency, reduce costs and improve customer experience. Innovations such as AI-driven demand forecasting, automated warehousing, digital supply chain management and omnichannel retail platforms are becoming integral to business strategies. This digital transformation is enabling faster decision-making, streamlined logistics and greater scalability in urban and rural markets.

[311] https://www.itcportal.com/sustainability/sustainability-integrated-report-2022/ITC-Sustainability-Integrated-Report-2022.pdf
[312] https://www.dabur.com/Investors/Financial%20Information/Reports/Annual%20Reports/2023-24/Annual%20Report%202023-24.pdf
[313] https://m.economictimes.com/news/economy/foreign-trade/changes-in-procurement-norms-imported-items-sourced-locally-excluded-from-local-content-calculation/articleshow/111886359.cms
[314] https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2010600

End-to-end technology and automation advancements in India's FMCG, retail and e-commerce

**Planning and forecasting**

AI-driven demand forecasting: Uses machine learning to predict what products will be needed, where and when, based on past sales, weather, festivals and trends.

Hyperlocal analytics: Analyses customer demand patterns at a neighborhood or pin-code level to enable highly targeted stocking and marketing.

**Manufacturing and production**

Smart factories: Uses sensors, AI and IoT to automate production lines and monitor machinery in real time for better efficiency.

Robotics and industrial automation: Replaces manual tasks with robotic arms and conveyor automation to improve speed, precision and hygiene

**Procurement and inventory management**

Automated procurement systems: Digitally manages supplier orders and stock levels with minimal human intervention, reducing manual errors.

Smart shelfing systems: Detects when products run low or are misplaced on shelves, using sensors or image recognition.

**Supply chain and logistics**

AI route optimisation: Uses real-time data to calculate the most efficient delivery routes, reducing fuel costs and delivery times.

Automated sorting: Robotic arms or systems are used to sort packages based on location and priority, increasing speed and accuracy.

**Retail operations and customer interface**

Smart stores (IoT, facial recognition): Uses cameras and sensors to monitor foot traffic, personalise offers and automate billing in physical stores.

AR/VR try-on technology: Lets customers virtually try on clothes, makeup or accessories using augmented or virtual reality tools.

**Last-mile delivery and fulfillment**

Dynamic slot allocation: Adjusts delivery slots in real time based on traffic, availability and customer preferences.

Electric vehicles (EVs) in urban delivery fleets: Adoption of EVs for last-mile logistics is growing due to cost savings and sustainability goals.

## Challenges and opportunities

The FMCG, retail and e-commerce sectors in India are undergoing rapid transformation, driven by rising consumer demand, digital adoption and supply chain modernisation. While opportunities abound in areas such as rural market expansion, omnichannel integration and local sourcing, the industry also faces key challenges, including high logistics costs, regulatory complexities and uneven infrastructure across regions. Navigating these dynamics requires sustained investment, policy support and innovation to unlock long-term, inclusive growth.

The following table outlines key opportunities and challenges shaping the future of the FMCG, retail and e-commerce sectors across critical operational areas.

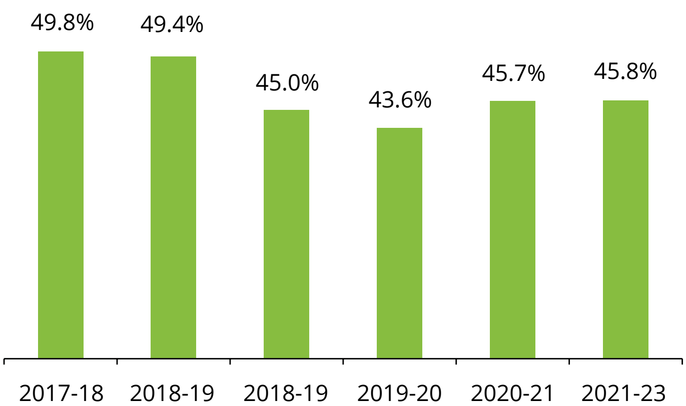
| Focus area | Opportunity | Challenge |
|---|---|---|
| **Manufacturing automation** | • Increase efficiency and consistent output<br>• Improved quality control through sensors and machine learning<br>• Incorporation of predictive maintenance to optimise machine downtime | • High initial capex for robotics, sensors and system integration<br>• Skilled workforce shortage to operate and maintain automated systems<br>• Change management resistance from the existing labour force |
| **Rural plant expansion** | • Reduction in wastage and logistic cost due to the proximity to sourcing clusters<br>• Building supply resilience by decentralised production operations | • Only possible for large companies with economies of scale<br>• Lower availability of skilled labour in rural India for technical or experienced jobs |
| **AI/Data use in SCM** | • Enables incorporation of real-time data to reduce supply chain disruption<br>• Companies can establish a "single source of truth" by using an integrated planning platform, enabling departments to access and utilise consistent, uniform data | • Legacy system incompatibility requires separate planning software<br>• Quality of data – Heavy reliance on data from regional depots, e-commerce platforms, large retailers or wholesalers<br>• Challenges in capturing last-mile data in Kirana stores to assess the rural demand pattern |
| **Digital retail and eB2B** | • Real-time order tracking, stock visibility and promotions | • Low digital penetration among small retailers<br>• Logistics dependency: Last-mile delivery remains costly and complex |

# Role of MSME and local brands

As India's FMCG sector becomes more fragmented, personalised and digitally driven, MSMEs and local brands are emerging as contributors and accelerators of market evolution. With the ability to cater to niche urban preferences and deeply embedded rural needs, these enterprises are bridging gaps that large players often overlook. Their agility, cost efficiency and cultural proximity allow them to develop localised offerings and respond swiftly to shifting consumer behaviour. Far from being limited to micro-scale operations, MSMEs are increasingly viewed as innovators, employment generators and engines of inclusive, grassroots-led growth. In sectors such as personal care, packaged foods and the wellness category, many local brands are gaining national traction, often capitalising on trust, authenticity and D2C models to scale.

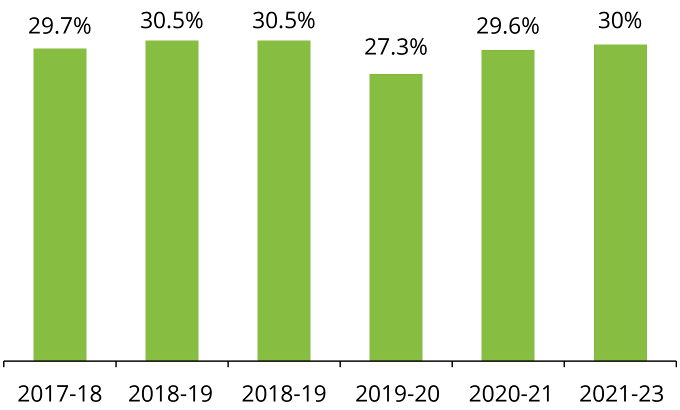
The influence of MSMEs also extends beyond brand visibility into the structural fabric of the FMCG supply chain. Many act as white-label producers, regional co-packers and speciality suppliers for larger FMCG conglomerates, making them essential nodes in the value network. Their growing integration is supported by government initiatives such as the Prime Minister Employment Generation Programme (PMEGP), the MSME Champions Scheme and the Udyam portal, which aim to streamline compliance, improve financing access and promote formalisation. At the same time, new digital and e-commerce platforms have lowered market-entry barriers, helping MSMEs reach broader audiences. However, challenges persist. Limited access to export markets, constrained technological capacity, skill shortages and fragmented infrastructure continue to inhibit their full potential. Overcoming these hurdles through targeted policy and ecosystem collaboration will enable MSMEs and local brands to play a more strategic and sustained role in India's evolving FMCG landscape.

**% share of exports of MSME-related products in all India export**




MSMEs remain a cornerstone of India's economic engine,

**Contribution of MSME GVA to India GDP (%)**




consistently contributing ~30 percent to the country's GDP. Although the share of MSME-related products in India's total exports declined from ~50 percent in FY20 to ~44 percent in FY23, it recovered to ~46 percent in FY24, signalling renewed momentum. This resurgence is driven by targeted government support, rising global demand for Indian products and greater integration of MSMEs into formal and digital value chains.[315]

a. **MSME sector: Backbone of production and employment**
   MSMEs play a vital role in India's manufacturing ecosystem, contributing ~35.4 percent of the total manufacturing output. In the FMCG, retail goods and packaging sectors, MSMEs form the backbone of production and regional supply chains, particularly in semi-urban and rural clusters. Their presence supports cost-effective manufacturing, promotes local employment and enhances supply chain flexibility, making them integral to the growth of consumer-facing industries.[316]

   MSMEs contribute significantly to employment in India, generating over 20.5 crore jobs[317] through more than 4.7 crore registered enterprises. Between 2023 and 2024 alone, small businesses added ~11 million new jobs.[318] Grassroots schemes such as the Prime Minister's Employment Generation Programme (PMEGP) and the PM Vishwakarma Scheme[319] have further supported rural employment, creating around 7 lakh jobs annually and providing skill development to over 22 lakh traditional artisans.

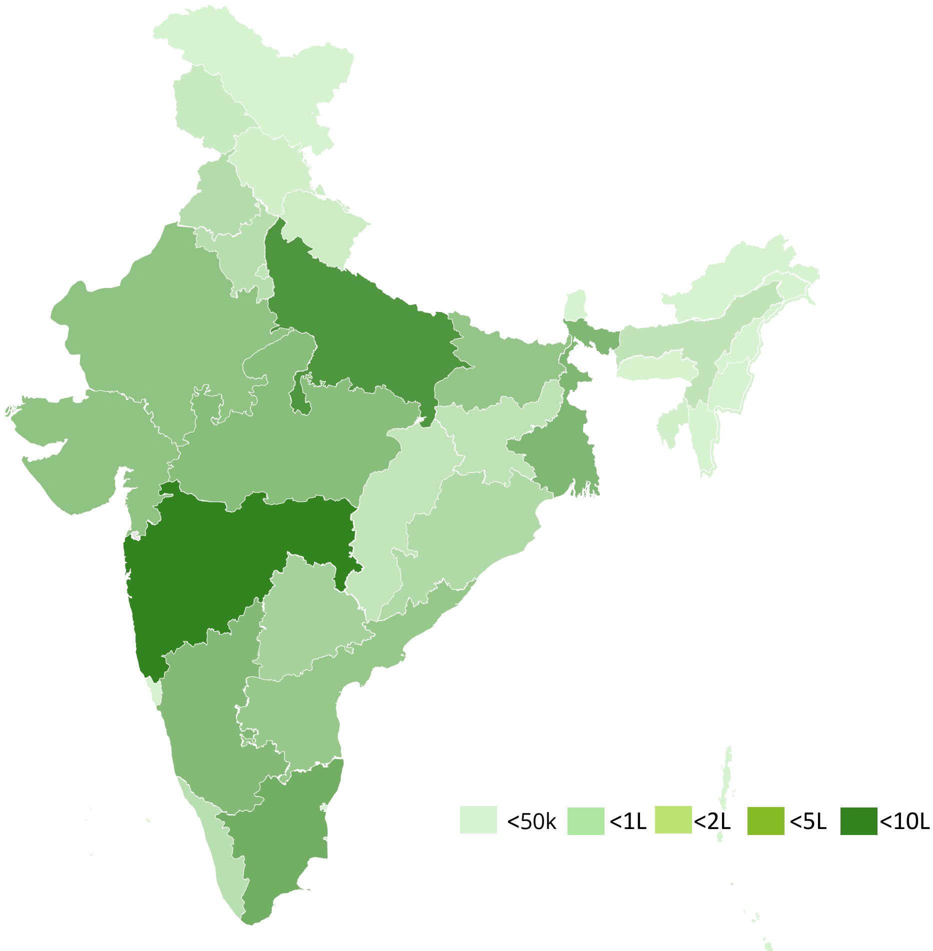
[315] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2035073
[316] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2034923cms?utm
[317] https://cfo.economictimes.indiatimes.com/news/msmes-in-india-generated-over-20-5-crore-jobs-in-4-years- centre/112153627?utm.com
[318] https://www.reuters.com/world/india/indias-small-businesses-added-11-million-jobs-202324-2024-12-24/?utm
[319] https://economictimes.indiatimes.com/news/economy/policy/msme-ministry-seeks-additional-5000-crore-for-job-generation-scheme/articleshow/111412689.

**Number of registrations under Udhyam Scheme (in Lakhs)**


The Udyam registration data shows a sharp and sustained rise in formalisation of MSMEs in India, growing over fivefold from ~28.5 lakh in FY21 to over 1.5 crore by FY24. This surge reflects increased awareness, digital accessibility and policy push towards bringing small enterprises into the formal economy, enabling them to access credit, incentives and market linkages more effectively.[320]

The Udyam registration data showcases strong formalisation momentum among MSMEs across India, with leading states such as Maharashtra, Tamil Nadu, Uttar Pradesh and Karnataka each surpassing 40 lakh registrations. This reflects dynamic entrepreneurial ecosystems and proactive policy uptake. Simultaneously, increasing registrations from smaller states and union territories signal growing awareness, digital reach and the expanding footprint of inclusive MSME support frameworks nationwide.[321]

**MSME (Udyam) registration including Udyam Assist Platform (UAP)**

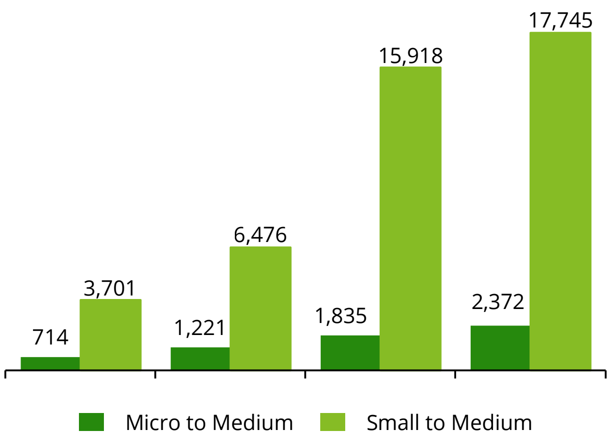



[320]https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=1985022&utm
[321]https://dashboard.msme.gov.in/Udyam_Statewise.aspx

**b. Integration of MSME products into larger supply chains**

MSMEs are increasingly integrated into the supply chains of larger companies through vendor collaborations, contract manufacturing and component sourcing. In sectors such as FMCG, retail and e-commerce, they supply packaging materials, processed goods, spare parts and localised services. Government initiatives such as the TReDS platform, GeM portal and cluster development programmes promote formal linkages by improving access to procurement networks, finance and quality certifications. This integration enhances supply chain agility for larger firms while providing MSMEs with stable demand, technology transfer and scale-up opportunities.

**Year-wise MSMEs scaled up under Udyam Scheme (FY22-25)**




Between FY22 and FY25, micro-to-medium enterprises grew by over 230 percent (from 714 to 2,372), while small-to-medium enterprises surged by 380 percent (from 3,701 to 17,745). This rapid scale-up underscores the expanding formalisation, capacity building and upward mobility within India's MSME sector under the Udyam Scheme.[322]

**c. Strengthening India's consumer ecosystem: Local venture to scalable impact**

**Homegrown success: Scaling manufacturing in Indian FMCG and retail**

The rise of digital infrastructure, easier access to capital and supportive government schemes such as Startup India and PMEGP have empowered these businesses to scale rapidly. Sectors such as consumer goods, electronics, fintech and D2C retail are witnessing a surge in homegrown start-ups and MSMEs evolving into national and even global brands. Integrating technology, process automation and market linkages with large retailers and e-commerce platforms further accelerates this scaling.

- **Case study – Truth-first FMCG brand**
  Launched in 2019, this Mumbai-based clean-label snack brand scaled its manufacturing with a dedicated in-house unit for protein bars, peanut butter, chocolates and muesli. In FY 2023–24, the company reported revenue of more than INR60 crore and now holds a valuation of more than INR2,000 crore. Its products are sold in over 2,000 stores across metro and tier 1 cities such as Mumbai, Delhi NCR, Bengaluru, Hyderabad, Pune and Chennai, supported by direct-to-consumer channels.[323]

- **Case study – Smart snacks, rooted in tradition**
  Launched in 2016, this Gurgaon-based brand offers around 25 millet-based meal and snack products catering to children and adults. Revenue grew from INR19 crore in FY 2021–22 to INR40 crore in FY 2022–23, with an INR59.9 crore fundraise in 2024 pushing its valuation to approximately INR510 crore.[324] Its offerings are currently available in over 5,000 offline stores across 15 major Indian cities such as Delhi-NCR, Mumbai and Bengaluru, and are also exported to markets such as the UAE and Singapore.[325] Expansion plans are in motion to scale distribution to 10,000–15,000 stores in the near term, with a long-term goal of reaching around 40,000 retail outlets across India.

- **Case study – A cumin-based FMCG sensation**
  Founded in 2017 by three cousins, the company transformed from a homemade cumin soda to a fast-scaling FMCG phenomenon. In 2023, the brand ramped up production to ~2 million bottles per day, distributing across 18 states, over 2000 distributors and 500,000+ retail outlets. The company is projected to achieve more than INR500 crore revenue in 2025, exemplifying rapid scale from kitchen start-up to industrial operations.[326]

- **Case study – Tech-driven dairy and FMCG**
  Operating an integrated supply chain across 11 states and 18 cities, the company delivers farm-fresh milk and kitchen essentials within hours of collection. With traceability built into the model and a more than INR1,000 crore revenue in FY24, the brand exemplifies scale-through-technology in perishable FMCG.[327]

- **Case study – D2C pioneer in fresh food**
  Founded in 2015, the company built India's first integrated D2C meat and seafood cold-chain network. Scaling from 100 orders/day to over 20,000/day, it achieved unicorn status in 2021, raising over US$90 million, and now leads India's fresh food D2C space through rigorous quality standards and supply chain control.[328]

[322]https://www.pib.gov.in/PressReleasePage.aspx?PRID=2087361&utm
[323]https://entrackr.com/exclusive/exclusive-the-whole-truth-kicks-off-series-c-with-36x-valuation-surge-8710468?utm
[324]https://entrackr.com/2024/01/exclusive-anushka-sharma-backed-slurrp-farm-raises-7-2-mn-in-new-round/?utm
[325]https://www.financialexpress.com/business/industry-wholsum-foods-eyes-168-crore-revenue-in-fy25-targets-profitability-by-fy27-3580800/?utm
[326]https://www.indiatimes.com/worth/news/lahori-zeera-success-story-how-three-cousins-built-over-rs-300-crore-empire-from-rs-10-desi-drink-659820.html?utm
[327]https://www.kotaksecurities.com/investing-guide/articles/country-delight-success-story/
[328]https://www.businessoutreach.in/top-indian-d2c-brands-success-stories/?utm

**Cultural relevance and cost efficiency as strategic levers for local brands**

Local brands in India increasingly use cultural proximity and operational agility to build strong consumer connections and cost-effective supply chains. By incorporating regional tastes, languages, traditions and packaging formats, these brands tailor offerings that resonate with local sensibilities, often outpacing larger players in relevance and responsiveness. Simultaneously, their ability to source locally, utilise regional manufacturing clusters and operate with leaner structures allows them to maintain cost leadership. This dual advantage positions local brands as agile, scalable players in high-growth segments, especially across tier 2, tier 3 and rural markets.

**Scaled MSMEs and future growth potential**

Some of the key Indian MSMEs and FMCG start-ups have successfully scaled through contract manufacturing, digital channels and innovative branding. Their journeys highlight how MSMEs can evolve into nationally recognised brands with the right ecosystem support. As demand rises from tier 2 and 3 cities, these enterprises are well-positioned to drive future growth, support localisation and strengthen domestic value chains.

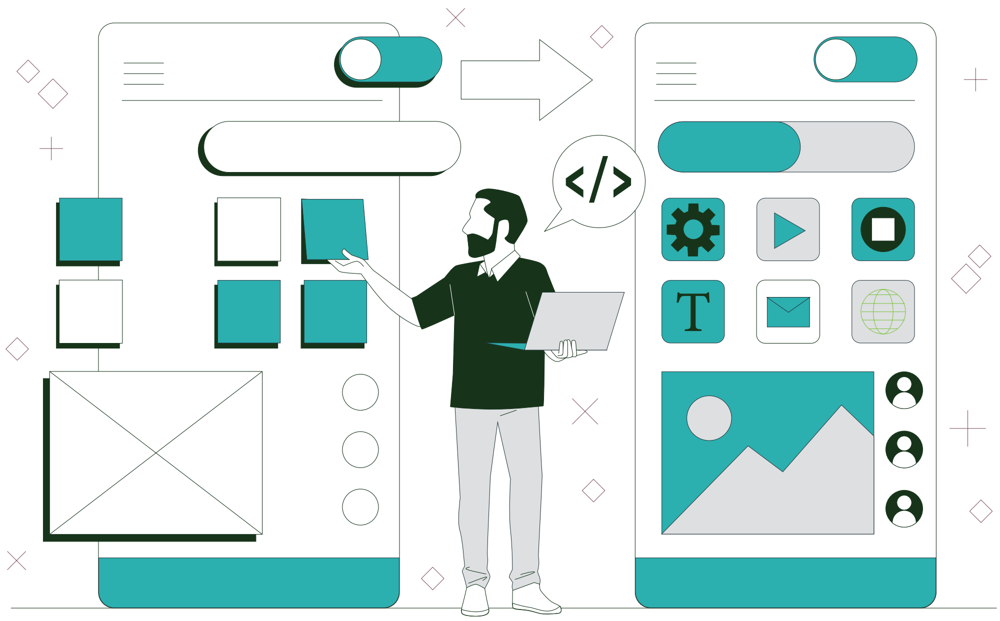
### d. Government framework to promote local manufacturing and MSME integration

The Indian government has implemented targeted policies to strengthen MSMEs as key drivers of import substitution and self-reliant manufacturing. Schemes such as the Public Procurement Policy, the PLI scheme and the Make in India initiative prioritise MSMEs in sourcing, encourage localisation of components and promote indigenous production. Additionally, initiatives such as ZED (Zero Defect Zero Effect) certification, cluster development programmes and credit-linked capital subsidy scheme support MSMEs in upgrading technology, improving product quality and enhancing value addition. These interventions aim to reduce dependence on imported goods, integrate MSMEs into high-value supply chains and build a competitive, resilient domestic manufacturing base.

### e. Structural challenges for MSMEs and local brands in global market integration

While MSMEs and local brands serve as vital engines of domestic growth, their integration into global markets remains constrained by a range of structural challenges. These include limited access to skilled manpower, low levels of automation and insufficient investment in quality control systems, which prevent the local brands from competing in the global landscape due to economies of scale. Compliance with international standards and certifications remains a critical barrier, often hindering market entry and export scalability. Additionally, gaps in brand positioning, packaging innovation and global distribution linkages reduce the competitiveness of Indian-origin products on international shelves. Addressing these challenges is essential to unlocking the full export potential of the MSME sector and strengthening India's position in global value chains.

Manufacturing in India is entering a new chapter, defined by



# Sector-wise manufacturing initiatives

output, innovation, sustainability and speed-to-market. Across sectors such as FMCG, retail and e-commerce, companies are reimagining production as a source of differentiation, not just efficiency.

This section explores how key sectors are driving this transformation. In the FMCG sector, innovations such as clean-label formulations, smart packaging and sustainable material use are redefining product development and branding strategies. The retail sector is seeing accelerated growth in private label manufacturing, along with major upgrades in warehousing and omnichannel logistics that support seamless customer experiences. In parallel, the e-commerce sector is investing in fulfilment infrastructure, tech-enabled inventory systems and last-mile delivery models where local manufacturing plays a crucial role in speed and cost optimisation. Collectively, these shifts reflect how manufacturing has become an active enabler of innovation, customer relevance and operational resilience across India's fast-evolving consumer landscape.

### Overview of emerging themes in consumer-facing industries

**f. FMCG sector**

India's FMCG sector is led by three primary categories: food and beverages, personal care and home care, with the remainder comprising health and niche segments. The food and beverage segment, driven by packaged staples, dairy, snacks and beverages, continues to dominate, driven by rural penetration and urban convenience trends. Personal care products such as skincare, haircare and hygiene have seen steady growth, especially after the pandemic, while household care (cleaners, detergents) has expanded with rising health and sanitation awareness.[329]

- **Innovations shaping the future of FMCG in India**
  - India's FMCG sector is rapidly innovating in packaging and formulations to align with evolving consumer preferences and sustainability goals.
  - Brands are adopting eco-friendly, biodegradable materials and minimalist designs to reduce plastic use, while shifting to natural and clean-label ingredients.
  - Affordable sachets, ready-to-consume formats and e-commerce-friendly SKUs are also gaining traction, enhancing convenience, shelf appeal and brand differentiation in a competitive market.
- **Smart packaging and clean-label formulations**
  - Brands are introducing refill packs and compostable sachets to cut plastic use and support sustainability goals.
  - The Indian origin local brands are driving demand with herbal and clean-label products, while some of the beverage start-ups are combining ethnic recipes with distinctive pouch packaging.
  - E-commerce-led brands are focusing on recyclable materials and ingredient transparency. These innovations enhance shelf appeal, brand differentiation and reach across urban and rural markets.
  - As a futuristic initiative, the brand could also explore smart packaging with embedded sensors, which could monitor the freshness, temperature and contamination of the product in real time. Edible coating made from non-harmful biopolymers on fresh produce to extend shelf life is a viable option to reduce post-harvest loss and maintain freshness.
- **Smart cold chain logistics**
  - FMCG companies are actively adopting IoT-enabled temperature monitoring to track the temperature and humidity during transit in real time.
  - The companies have introduced blockchain for traceability, which records temperature logs and product origin to enhance transparency and trust with customers and regulators.
  - AI-driven route optimisation to plan routes and minimise the delivery time and temperature exposure while adopting a milk run model.

**g. Retail sector**

India's retail sector is one of the fastest growing in the world, driven by rising disposable incomes, urbanisation, digital adoption and evolving consumer preferences. It encompasses organised and unorganised formats and spans a spectrum from traditional kirana stores to modern supermarkets, e-commerce platforms and omnichannel models. With increasing formalisation, investment in infrastructure and supportive policy reforms, the sector is poised to play a pivotal role in employment generation, domestic manufacturing and inclusive economic growth.

- **Growth of private label manufacturing in the Indian retail sector**
  India's retail sector is witnessing a strong shift towards private label manufacturing, driven by changing consumer preferences, competitive pricing and improved perception of in-house brand quality. Major home-grown Indian retail

[329] https://www.imarcgroup.com/india-fmcg-market?utm

chains are expanding private labels across categories such as food, personal care, home essentials and apparel, with in-house brands contributing significantly to overall sales. Enhanced control over supply chains, better margins and increasing consumer trust have made private labels a strategic priority.[330]

- **Customisation of services**
  In the evolving FMCG retail landscape, customisation of services is emerging as a key innovation at the manufacturing level. Brands are increasingly tailoring products during production to meet diverse consumer preferences across categories such as jewellery, watches, apparel, personal care and accessories. This shift reflects a move from mass production to flexible manufacturing systems that allow for design, formulation and packaging variations. Such innovations enable companies to offer personalised products without compromising on efficiency or scalability, making customisation a core part of the value chain rather than just a retail-level feature.

- **Warehousing and logistics infrastructure developments in India's retail sector**
  The retail sector in India is undergoing a rapid logistics transformation, supported by substantial infrastructure expansion and investment:

  i. Tier 2/3 city growth: In 2024, India's total warehousing space stood at 533 million sq ft, with tier 2 and 3 cities contributing ~100 million sq ft (18.7 percent of total).[331]

  ii. Record absorption in 2024: Warehousing net absorption hit a record 44.9 million sq ft in 2024, a 19 percent YoY increase. Mumbai led with 18.6 million sq ft (82 percent growth), followed by strong growth in Pune, Chennai, Bengaluru and Hyderabad.[332]

- **Integrated omnichannel supply chains**
  Retailers in India are increasingly adopting omnichannel strategies, integrating offline stores, e-commerce platforms and fulfilment networks to enhance agility, visibility and customer experience across channels. The majority of consumer goods and retail companies have already implemented fully integrated omnichannel supply chains, driven by goals such as inventory visibility, cost reduction and order fulfilment efficiency. Mechanisms such as ship-from-store, click-and-collect (BOPIS) and real-time inventory synchronisation are gaining traction, fuelled by middleware and unified commerce platforms that bridge legacy systems with digital channels.[333]

**h. E-commerce sector**

India's e-commerce sector has witnessed exponential growth over the past decade, driven by rising internet penetration, increased smartphone usage and expanding digital payment infrastructure. The sector spans retail, FMCG, electronics, fashion and daily essentials, supported by strong government initiatives such as Digital India and ONDC, and evolving logistics and warehousing capabilities that extend reach to tier 2 and tier 3 cities.[334]

i. **Expansion of warehousing and fulfilment infrastructure**
   India's e-commerce-driven logistics sector is witnessing rapid expansion, fuelled by significant investments and the growing demand for quick-commerce models. In response, major players are scaling up infrastructure and building new fulfilment centres in tier 2 and tier 3 cities such as Indore, Bhubaneswar, Kochi and Rajpura. Warehousing absorption reached a record 44.9 million sq ft in 2024, with e-commerce companies contributing ~21 percent of total demand in Q1 2025.[335,336]

ii. **Technology-driven inventory management and last-mile delivery**
   India's e-commerce sector is increasingly using advanced technologies to enhance inventory efficiency and last-mile delivery performance. AI and machine learning are being used for demand forecasting, dynamic inventory allocation and real-time stock visibility across distributed fulfilment centres. Leading e-commerce platforms deploy automated sorting systems, predictive analytics and robotics to streamline order processing. Simultaneously, last-mile delivery is being optimised through GPS-based routing, crowdsourced delivery networks and micro-fulfilment hubs closer to high-demand zones.

iii. **Strategic role of local manufacturing in E-commerce fulfilment**
   Local manufacturing has emerged as a critical enabler of speed, flexibility and customisation in India's fast-evolving e-commerce landscape. By minimising lead times and reducing dependency on imports, it strengthens supply chain resilience and supports rapid fulfilment, especially vital for categories such as personal care, apparel and FMCG. Proximity to consumption hubs allows brands to respond swiftly to market trends, tailor products to regional preferences and optimise packaging and distribution strategies. As consumer expectations around delivery timelines and personalised offerings grow, integrating local production into e-commerce logistics models is becoming essential for sustained competitiveness and customer satisfaction.

[330]https://www.grandviewresearch.com/horizon/outlook/private-label-packaged-food-market/india?utm
[331]https://www.jll.com/en-in/newsroom/indias-warehousing-boom-tier-ii-iii-cities-drive-100m-sq-ft?utm
[332]https://squarefeatindia.com/robust-investments-bolster-warehousing-logistics-sector-in-2024/?utm
[333]https://www.fmlogistic.in/blog/navigating-the-omnichannel-supply-chain-five-must-know-takeaways-from-our-report/?utm
[334]https://www.ibef.org/industry/ecommerce
[335]https://www.business-standard.com/industry/news/industrial-and-warehousing-demand-surges-15-in-q1-2025-led-by-delhi-ncr-125042300469_1.html?utm
[336]https://www.imarcgroup.com/india-e-commerce-warehousing-market?utm

# Export potential and global integration

India's FMCG export landscape is undergoing rapid evolution, driven by global demand for health-conscious, natural and sustainably produced goods. With food and beverages, personal care and home care emerging as leading export categories, Indian companies are leveraging their traditional strengths and digital reach to serve a wider global consumer base. The rise of cross-border e-commerce has further opened international markets, allowing even smaller and regional brands to scale globally. Trends such as clean-label formulations, organic ingredients and wellness-based products are aligning well with India's diverse portfolio, strengthening its competitive edge.

This evolving momentum is backed by robust policy support. Export promotion schemes such as Remission of Duties and Taxes on Exported Products (RoDTEP) and earlier initiatives such as Merchandise Exports from India Scheme (MEIS) have helped Indian firms mitigate cost disadvantages and boost price competitiveness abroad. Concurrently, bilateral trade agreements, such as the India-UAE CEPA, India-UK FTA and India-EFTA treaties, are opening access to high-value markets. Government-led platforms, including export promotion councils and programmes under Make in India, are equipping FMCG players with tools to upgrade quality, improve compliance and build export-ready supply chains. Case studies of homegrown brands successfully entering global markets through both traditional trade routes and digital-first models reflect India's growing confidence and capability on the world stage.

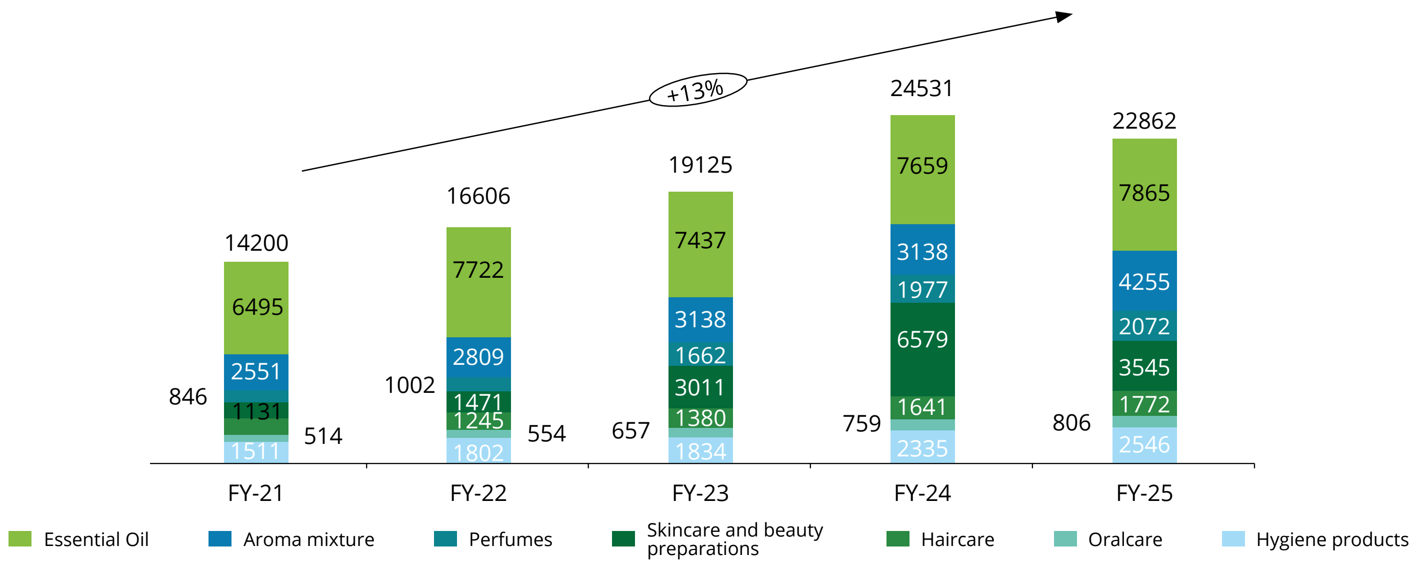
Yet the path to global integration is not without obstacles. Regulatory complexities, logistics inefficiencies, tariff and non-tariff barriers and stiff competition from established global brands continue to challenge Indian exporters. With continued government support and agile strategies, the sector is well-positioned to deepen its global integration and scale its presence across international markets.

### a. Current export landscape

**Beauty and personal care sector**

- Personal care exports are growing, driven by organic/natural positioning and packaging excellence, and are now a multi-billion-dollar segment.
- India's personal care exports have demonstrated a steady CAGR of 13 percent from FY21 to FY25 across key categories such as essential oils, skincare, haircare, oral care and hygiene products.
- Exports of skincare and beauty preparations experienced a substantial increase from INR1,131 crore in FY21 to over INR3,545 crore in FY25, reflecting a CAGR of 33 percent, driven by growing global demand for Indian cosmetic and herbal products.
- Similarly, perfume exports rose from INR845 crore in FY21 to INR2,072 crore in FY25, achieving a CAGR of 25 percent, signalling high international market penetration.
- Other segments, such as haircare and hygiene products exports, have also witnessed growth, driven by consumer preference for natural, ayurvedic and clean-label offerings. This trend reflects India's increasing relevance in global personal care supply chains, supported by innovation and adherence to quality standards.[337]

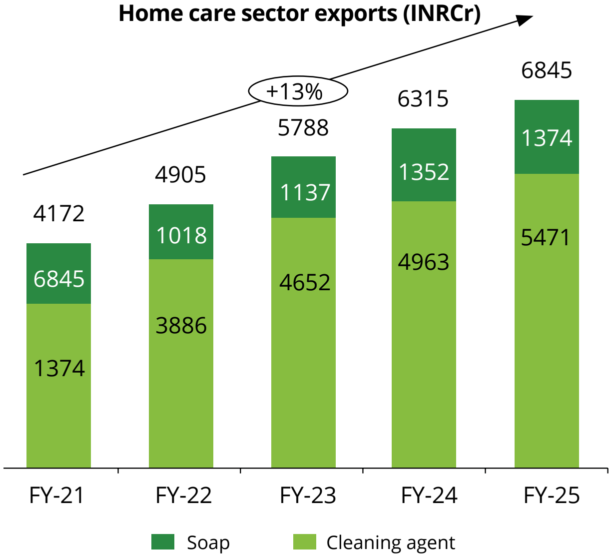
**Beauty and personal care sector exports (INRCr)**




[337]https://tradestat.commerce.gov.in/meidb/commoditywise_export

- **Home care sector**

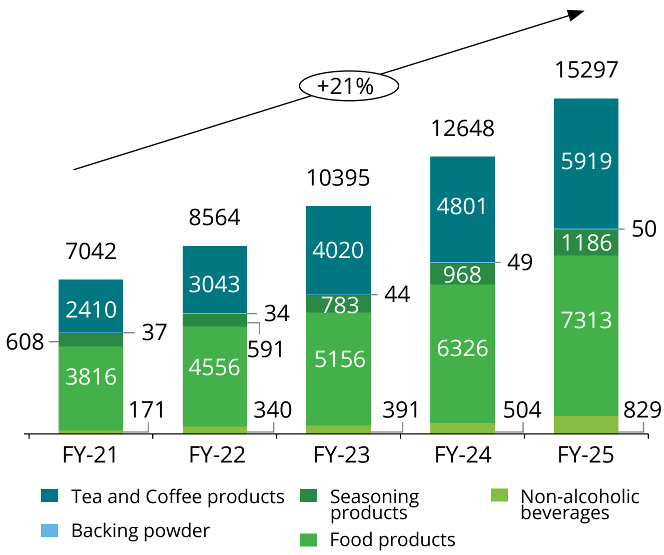
**Home care sector exports (INRCr)**




- India's exports in the home care segment grew from INR4,172 crore in FY21 to INR6,845 crore in FY25, with a CAGR of 13 percent.
- Segmented analysis indicates that cleaning agent exports increased from INR3,055 crore to INR5,471 crore, with a CAGR of 13 percent.
- The soaps segment experienced modest growth, with exports rising from INR1,117 crore to INR1,374 crore, reflecting a 5 percent CAGR.[338]

- **F&B sector**

**Food and Beverage sector exports (INRCr)**




- Exports of processed food and beverages under select HSN codes increased from INR7,049 crore in FY21 to INR15,297 crore in FY25, achieving a CAGR of 21 percent.
- Segment analysis indicates that tea and coffee led growth with a CAGR of 25 percent, rising from INR2,410 crore in FY21 to INR5,919 crore in FY25.
- The food products segment grew from INR3,816 crore to INR7,313 crore over the last five years, recording a CAGR of 18 percent.
- The non-alcoholic beverage segment recorded the highest growth, at a CAGR of 48 percent in the last five years. Exports increased from INR171 crore to INR829 crore.[339]
- Indian food and beverages, particularly tea and coffee, are gaining global popularity due to their distinctive flavours, high quality and organic or herbal appeal.
- The growing health and wellness trend is driving demand for indigenous products such as Makhana and millets, which, with effective branding, are successfully scaling in international markets.
- These trends highlight India's transition from bulk commodity exports to more branded, high-margin food products aligned with international standards.

### b. General trade policies

#### i. Major FTAs and CEPAs in effect

- India UAE CEPA (2022): Eliminates duties on ~97 percent tariff lines, including processed foods, beverages and spices, boosting FMCG exports.[340]
- India Australia ECTA (2022): Zero-duty access for ~96 percent of Indian exporting products, relevant to packaged foods, beverages and allied items.[341]
- India Singapore, India Korea, Australia Agreements: Remove duties on many processed and packaged goods.
- India UK FTA (6 May 2025): Covers goods and services; eliminates tariffs on ~99 percent of Indian exports. Labour-intensive FMCG and retail sectors such as processed foods, leather goods and footwear benefit strongly.[342]
- India EFTA Treaty (2024): Opens European markets (Switzerland, etc.) for processed foods, watches and luxury FMCG goods.[343]
- ASEAN India FTA (since 2010): FMCG staples, e.g., coffee, tea and spices, get tariff relief.
- Other PTAs: SAFTA, MERCOSUR, Chile, etc., support FMCG exports under preferential tariffs.

[338]https://tradestat.commerce.gov.in/meidb/commoditywise_export
[339]https://tradestat.commerce.gov.in/meidb/commoditywise_export
[340]https://www.tpci.in/wp-content/uploads/2022/09/India-UAE-CEPA_Key-Insights-R2.pdf?utm
[341]https://www.tpci.in/wp-content/uploads/2023/06/India-Australia-post-ECTA-report_28Jun-compressed.pdf?utm
[342]https://www.pib.gov.in/PressReleasePage.aspx?PRID=2127321&utm
[343]https://www.ft.com/content/f6933d76-d811-4ce7-be8d-832295e4fcfe?utm

ii. **Export incentive schemes**

- **RoDTEP (Remission of duties and taxes on exported products):** The RoDTEP, reinstated from 1 June 2025, after a temporary review,[344] continues to support FMCG and other exporters by refunding embedded taxes such as electricity duty, mandi tax and fuel costs. Recent 2025 reforms have enhanced benefits for labour-intensive sectors, raising rebate rates for textiles, leather and gems while covering cold chain/logistics expenses and increasing the annual cap from INR1.5 crore to INR2 crore.[345]

- **EPCG (Export Promotion Capital Goods) Scheme:** The Scheme enables duty-free import of capital goods against a commitment to export performance. As of 2025, the export obligation has been reduced to 6 times the duty saved in 6 years from the date of issue of the authorisation, and digital bond management has been introduced through the ICEGATE platform.[346]

- **Special Economic Zones (SEZs) and Export Oriented Units (EOUs):** These are designated zones and entities that enjoy duty-free import of inputs, tax exemptions and simplified regulatory procedures to promote export-led manufacturing. These schemes are critical in boosting India's export competitiveness by offering infrastructure support and fiscal incentives to producers focused on global markets.[347]

### c. Cross-border manufacturing and export strategies in leading economies

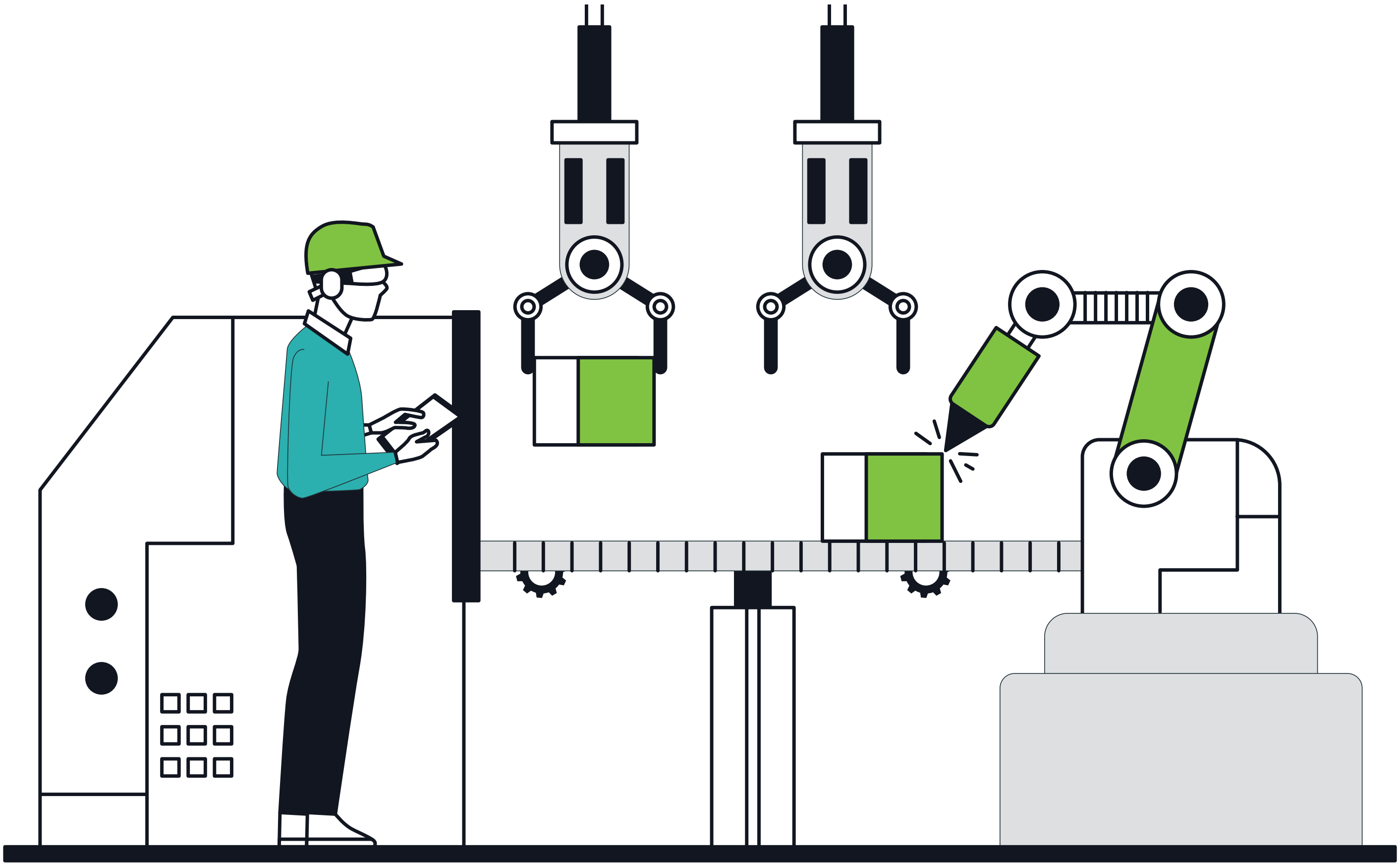
| Strategy aspect | China | US |
|---|---|---|
| **Overseas manufacturing** | China has established a vast network of overseas manufacturing plants and SEZs under its "Go Out" policy, particularly in Asia, Africa and Latin America. These hubs support cost-effective production, raw material sourcing and market penetration in emerging economies. | The US has traditionally focused on Free Trade Zones (FTZs) and reshoring efforts. Overseas manufacturing is limited, and recent trends emphasize domestic reinvestment in strategic sectors such as semiconductors and defence. |
| **Trade agreements and alliances** | China actively uses bilateral and multilateral trade agreements, including RCEP, and develops SEZs under the Belt and Road Initiative (BRI) to build geopolitical and trade influence. These enable preferential access and local integration for Chinese firms. | The US primarily relies on Free Trade Agreements (FTAs) such as the USMCA. Still, its strategy is shifting towards building strategic alliances through technology transfer, supply chain collaborations and FDI in allied countries. |
| **High-tech export promotion** | Through the "Made in China 2025" strategy, China channels state subsidies, enforces JV mandates and invests heavily in R&D to upgrade its position in high-tech industries such as EVs, robotics and semiconductors. | The US promotes high-tech exports through legislation such as the CHIPS and Science Act and the Inflation Reduction Act (IRA), which focus on domestic production, R&D funding and local content rules for tax incentives in clean energy and tech manufacturing. |
| **Third-party and China + 1 diversification** | China follows an extensive "China+1" strategy, using contract manufacturers and affiliated firms in countries such as Vietnam, Bangladesh and Ethiopia to diversify risks and reduce costs while maintaining control over supply chains. | The US supports supply chain resilience through allied reshoring (e.g., Mexico and Canada), and while it does encourage ecosystem diversification, it remains cautious about offshoring critical capabilities. |
| **Incentives for exporters** | Chinese exporters benefit from a broad range of government support, including subsidised credit from policy banks (such as EXIM Bank of China), export tax rebates and state-led trade promotion programmes. | US exporters receive support through tax incentives, duty deferral programmes under FTZs, and government-led export missions (through agencies such as the US Commercial Service). However, direct subsidies are more limited than in China. |

[344] https://www.dgft.gov.in/CP/?opt=RoDTEP
[345] https://india-agent.com/how-indias-export-incentives-are-changing-in-2025/?utm
[346] https://content.dgft.gov.in/Website/dgftprod/9f6336a2-e03d-4dbb-86eb-305615f0db13/FTP2023_Chapter05.pdf
[347] https://www.epces.in/about-epces.php

## d. Outlook

India's manufacturing push began with the Make in India campaign, focusing on strengthening domestic capabilities and building an "India for India" approach. As the country approaches its Viksit Bharat vision, the focus must evolve to position India as "India for the World."

Furthermore, by using existing Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs), Indian businesses across FMCG, retail and e-commerce can establish integrated global supply chains and expand their international presence. To support this growth, India must broaden access to affordable export financing, streamline export compliance processes and invest in digital and physical trade facilitation infrastructure, particularly to enable MSME-led participation in global markets.

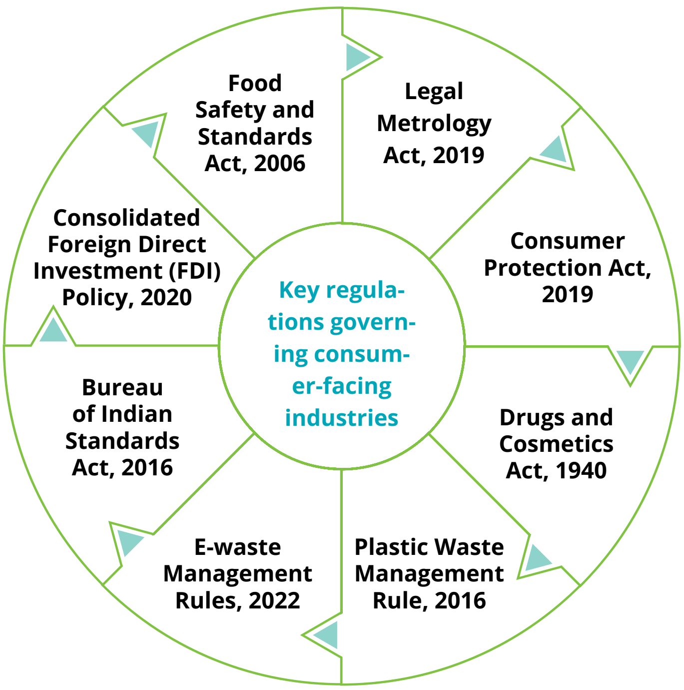


# Ease of doing business and policy landscape

# Unlocking growth: Policy landscape and ease of doing business for India's FMCG, retail and e-commerce

## India's regulatory and policy landscape

India's consumer-facing industries are subject to multiple laws and regulations. The major set of laws and regulations (non-exhaustive) is captured in the given illustration here, as amended from time to time. Additionally, a set of secondary regulations/rules is captured in subsequent sections. These legal frameworks span across areas such as consumer protection, packaging and labelling, advertising standards, food safety, environmental compliance, e-commerce and data protection, etc. Given the dynamic regulatory landscape, businesses must maintain continuous oversight to ensure compliance and proactively adapt to evolving legal requirements.




These laws and regulations, among others, are governed by **regulatory bodies, government departments and self-regulatory bodies,** as captured below:

- **The Food Safety and Standards Authority of India (FSSAI),** operating under the **Ministry of Health and Family Welfare (MoHFW),** was established through the **Food Safety and Standards Act,**[348] **2006.** Under this framework, entities involved in food-related business activities, including manufacturing, packing, importing, distributing and retailing, are required to obtain FSSAI licences or registrations and adhere to packaging, labelling, hygiene and product quality standards. Within the FMCG and retail (including e-commerce) space, FSSAI frames and enforces science-based standards governing the production, storage, labelling, distribution, sale and import of food items. Food Business Operators (FBOs) are required to secure appropriate licences ranging from Central to State or Basic registration, depending upon their turnover. In 2020, FSSAI stipulated that any food business entity involved in e-commerce, including platform operators managing inventory, logistics or delivery, must hold a central licence.[349] FSSAI also accredits food testing laboratories, executes food-safety audits, investigates outbreaks, conducts product recalls and runs consumer-awareness initiatives, such as the "Eat Right India" programme.[350] These measures establish a food-safety framework that protects public health amid traditional and online food retail ecosystems.

- **Legal Metrology Department** under the **Department of Consumer Affairs**[351] was formed under the **Legal Metrology Act of 2009** (that came into force on 1 April 2011) and serves as the official custodian of measurement standards and packaging norms across the Indian retail and FMCG sectors. Its mandate includes enforcing metric units, granting model approvals for commercial weighing and measuring devices and validating their accuracy through routine inspections. Packaged products from biscuits to beverages must display essential details on labels, such as net weight, manufacturing date, origin and Maximum Retail Price (MRP). Enforcement officers regularly monitor retail outlets, online marketplaces and manufacturing units, issuing penalties up to INR25,000 or imprisonment for repeat infringements. By ensuring reliable weights and truthful labelling, the department plays a pivotal role in building consumer confidence in traditional retail and e-commerce. It mandates accurate declarations on pre-packaged goods to ensure transparency and prevent consumer misrepresentation across various product categories.

- **The Bureau of Indian Standards (BIS),**[352] another key regulator under the **Department of Consumer Affairs,** was constituted under the **BIS Act, 2016.** Considered the national standards authority in the country, BIS is engaged in standardisation, conformity assessment and quality assurance of goods, articles, processes, systems and services. The Indian Standards established by BIS form the basis for product certification

[348]FSSAI
[349]FSSAI
[350]https://eatrightindia.gov.in/eatrightindia.jsp
[351]Department of Consumer Affairs
[352]Bis.gov.in

schemes, which provide consumers with third-party assurance of product quality, safety and reliability. The BIS certification scheme is largely voluntary. However, for several products, compliance with Indian standards is made compulsory by the central government under various considerations such as public interest, protection of human, animal or plant health, safety of the environment, prevention of unfair trade practices and national security. For such products, the central government directs mandatory use of the standard mark under a licence or Certificate of Conformity (CoC) from BIS through the issuance of Quality Control Orders (QCOs).[353] After having stakeholder consultations, these QCOs are issued by various line ministries under the central government, depending upon the product(s)/product categories being regulated through the order.

- **The Central Consumer Protection Authority (CCPA)**[354] is another key regulator governed by the **Department of Consumer Affairs**, established under the **Consumer Protection Act (CPA), 2019.** It regulates matters relating to the violation of consumer rights, unfair trade practices such as dark patterns and false or misleading advertisements, which are detrimental to the rights of consumers as a class under the Consumer Protection Act 2019. Its mandate applies broadly across sectors, including retail and e-commerce, to safeguard consumer interests. The CCPA regularly conducts stakeholder consultations to discuss key imperatives and trends observed as unfair trade practices or misleading advertisements. It also encourages the industry to ensure compliance with the provisions of CPA, 2019. Furthermore, it promotes the industry to proactively intervene in issues reported through the National Consumer Helpline (NCH).[355]

- **The Central Pollution Control Board (CPCB)**,[356] under the **Ministry of Environment, Forest and Climate Change (MoEFCC)**, oversees regulations related to plastic waste management and Extended Producer Responsibility (EPR) for packaging waste. These rules apply to producers, importers and brand owners across the FMCG, retail and e-commerce sectors. The respective State Pollution Control Boards (SPCBs) or Pollution Control Committees (PCCs) implement and monitor these regulations at the state and union territory levels.

- **Central Drugs Standard Control Organisation (CDSCO),**[357] established under the Drugs and Cosmetics Act of 1940, serves as India's national regulatory authority for drugs, cosmetics and medical devices under the Ministry of Health & Family Welfare. In the FMCG and retail ecosystem, particularly in the fast-growing e-commerce space, CDSCO plays a vital role in regulating cosmetic products, personal care items, OTC health goods and dietary supplements. Its mandate extends beyond consumer safety to include the approval of new drugs, oversight of clinical trials, standard setting and coordination with state-level regulatory bodies. By ensuring that products meet stringent safety, efficacy and quality benchmarks, CDSCO helps safeguard public health while supporting the credibility and competitiveness of India's healthcare and consumer goods sectors. For businesses operating in retail and FMCG, especially those navigating online marketplaces, CDSCO's regulatory framework is key to product compliance and market access.

- **The Advertising Standards Council of India (ASCI)[358]** is a self-regulatory body that promotes responsible advertising and ensures that advertisements in India are truthful, fair and not misleading. Established in 1985, it reviews consumer and competitor complaints across media: print, television, digital, outdoor, packaging and point-of-sale, and the respective rulings are enforced through the ASCI Code for Self-Regulation,[359] which broadcasters have been required to follow since a 2006 mandate[360] of the Ministry of Information & Broadcasting. Over time, ASCI has supplemented its core code with sector-specific guidance, such as the 2021 Influencer-Advertising Guidelines[361] for social-media posts and the 2023 advisory on real-money-gaming ads,[362] aligning domestic practice with emerging global norms while giving brands a clear compliance checklist before campaigns go live. The Council's decisions are regularly shared with the CCPA, creating a coordinated front against misleading or harmful promotions in India's retail and e-commerce markets.

[353]BIS QCO Guidance Document
[354]Department of Consumer Affairs
[355]Consumerhelpline.gov.in
[356]CPCB.nic.in
[357]cdsco.gov.in
[358]ASCI
[359]ASCI
[360]Lok Sabha (2006)
[361]ASCI Guidelines for Influencers
[362]ASCI Guidelines 2023

In addition to the set of regulators listed above, the **Department for Promotion of Industry and Internal Trade (DPIIT)**, under the **Ministry of Commerce and Industry (MoCI),** plays a critical role in the governance and enforcement of key laws and regulations. DPIIT is a crucial stakeholder that aligns industrial policy, investment facilitation, logistics modernisation and digital commerce architecture. It anchors investment strategy (from Make in India to the National Industrial Corridor Development Programme), develops and enforces FDI rules, drives EODB reforms and rankings and seeds digital commerce protocols such as ONDC, steers logistics modernisation and compliance obligations (QCOs, sourcing norms). Continuous engagement with DPIIT, through consultations and working groups, lets consumer brands anticipate regulatory shifts, use incentives and shape future standards, ensuring they scale compliantly while contributing to the Viksit Bharat @ 2047 and Make in India goals.

Together, these regulators/government departments, complemented by the respective legislations, enable a regulatory framework governing the country's FMCG, retail and e-commerce sectors. The following sections detail key regulations and recent developments/amendments (including draft guidelines) undertaken across the regulatory ecosystem of retail, FMCG, e-commerce and related areas. These developments also capture some of the recent Ease of Doing Business (EoDB) measures implemented by the government with the intent to improve business sentiments and investors' confidence in the business ecosystem.

# Key laws and regulations governing the sectors

**Food Safety and Standards Authority of India (FSSAI)**
The **Food Safety and Standards Authority of India (FSSAI)** regulates every stage of the food value chain, from production and processing to distribution and sale, through a comprehensive framework of regulations under the **Food Safety and Standards Act, 2006.** These rules apply to all **Food Business Operators (FBOs),** including manufacturers, retailers, wholesalers, transporters, importers and digital platforms engaged in food commerce. Mandatory licensing or registration, adherence to product standards and limits on additives and contaminants are central to compliance. Additionally, businesses must follow strict norms on hygiene and sanitation, packaging and labelling, advertising, food recall procedures and traceability.

For the **FMCG and retail sectors,** this ensures that packaged and processed foods meet safety and quality benchmarks. In the **e-commerce domain,** platforms are responsible for ensuring that listed food products are accurately labelled, traceable and sourced from compliant vendors. Collectively, these regulations safeguard public health and consumer rights by ensuring that any food manufactured, stored, transported, imported or sold in India is safe, properly labelled and produced under hygienic, approved conditions. Some of the key regulations include:

- **Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011:**[363] It mandates that FBOs, including processors, obtain appropriate licences or registrations to operate in India. The regulation also incorporates Good Manufacturing Practices (GMP) and Good Hygiene Practices (GHP) requirements to ensure food safety throughout the supply chain.
- **Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011:**[364] It sets maximum permissible limits for contaminants such as heavy metals (lead, arsenic), pesticide residues, mycotoxins and other harmful substances in food products. The aim is to protect public health by preventing exposure to toxic substances that may enter the food supply during production, processing or packaging. Regular updates and testing protocols are included to align with global food standards.
- **Food Safety and Standards (Advertising and Claims) Regulations, 2018:**[365] It aims to encourage responsible advertising practices and hold food businesses accountable for the claims made about their products. The general principle under the regulations explicitly prohibits food that is deceptive to consumers and mandates that claims in advertisements must be consistent with the information on the food or beverage label and should not be misleading, thereby supporting consumer understanding and informed decision-making. The regulations uphold the importance of conspicuous and legible declarations made on advertisements and ensure that advertisements do not undermine the importance of healthy lifestyles.
- **Food Safety and Standards (Labelling and Display) Regulations, 2020:** Notified in 2020,[366] these regulations overhaul labelling requirements for pre-packaged foods. They mandate a comprehensive label on every food package, which must include, inter alia, the name and description of the food, the ingredients list and any allergen declaration, the nutritional information per serving, veg/non-veg symbol, etc. To further strengthen these standards and respond to evolving health considerations, FSSAI on 20 September 2022, released the **draft Food Safety and Standards (Labelling and Display) Amendment Regulations, 2022**[367] for the inclusion of definitions for Front-of-Pack Nutrition Labelling (FOPNL) and High Fat, Sugar, Salt (HFSS) foods; a new requirement to declare the percentage of fruits, vegetables, nuts, legumes and millets (if present) in the ingredient list; the addition of dietary fibre to the nutritional information; and the requirement to display the Indian Nutrition Rating (INR), along with its corresponding reference values and display formats for certain food categories. Barring those exempted from nutritional information under the regulations, every packaged food must display the prescribed format (INR) on the front of the package. On 15 July, the Supreme Court granted[368] a three-month extension to the expert committee under FSSAI for coming out with its recommendations on the proposed move to introduce mandatory warning labels. This comes after the 9 April 2025 directive to the central government for finalising regulatory norms on FOPNL within three months.

[363]FSSAI
[364]FSSAI
[365]FSSAI
[366]FSSAI
[367]FSSAI
[368]HT

- **Food Safety and Standards (Packaging) Regulations, 2018:** These regulations set out standards for food packaging materials and articles. They require that packaging material intended to contact food is of "food-grade quality" and does not alter the food's composition or safety. In 2022, an amendment was issued under Section 16 (5) of the FSS Act to operationalise the **Draft Food Safety and Standards (Packaging) Amendment Regulations, 2022,**[369] specifically addressing the use of recycled plastics. This amendment focuses on the recycling process of transforming post-consumer PET bottles, used for food packaging, into food-grade recycled PET resins suitable for making bottles and packaging materials. It outlines the acceptance criteria for using food-grade recycled PET resin material in bottling or packaging operations. Notably, this guideline does not apply to industrial rejected PET bottles or the production of resins for non-food-grade consumer applications. In May 2025, FSSAI introduced new guidelines[370] permitting the use of recycled Polyethylene Terephthalate (rPET) as a Food Contact Material (FCM). This marks a significant shift towards sustainable packaging in India. The guidelines outline strict criteria for recycling processes, including four approved decontamination methods, mandatory testing by accredited labs and compliance with Indian and international safety standards. Manufacturers must obtain FSSAI authorisation, ensure traceability and label rPET packaging clearly. This move supports India's circular economy goals while maintaining food safety.
- **Food Safety and Standards (Food Products Standards and Food Additives) Regulation, 2011:**[371] This regulation establishes comprehensive standards for food products in India. It covers a wide range of categories, including dairy, fats and oils, cereals, meat, fish, beverages, sweets, condiments and proprietary foods. It defines essential composition, quality parameters, permissible food additives (such as preservatives, sweeteners and colours), hygiene requirements, labelling norms and sampling and analysis methods. These regulations mandate strict compliance with standardised formulations, permissible additives and hygiene protocols.
- **The FSS (Health Supplements, Nutraceuticals, Food for Special Dietary Use, Food for Special Medical Purpose, Functional Foods and Novel Foods) Regulations, 2016:**[372] Under this, FSSAI regulates nutraceuticals. Furthermore, recognising the potential of the nutraceutical sector, the Council of Scientific and Industrial Research (CSIR) established a dedicated Task Force in November 2021 under the chairmanship of the Principal Scientific Adviser to the Government of India.[373] The Task Force has been entrusted with recommending policy interventions, addressing regulatory challenges and advancing alignment with global standards, including the harmonised system of nomenclature.

The regulations listed above are some of the critical ones, among other regulations and guidelines, issued and notified by FSSAI from time to time. FSSAI also conducts regular stakeholder consultations and issues advisories relevant to emerging issues, which are of utmost importance to maintain food safety and hygiene and consumer awareness. For example, in December 2024,[374] it issued an advisory to e-commerce FBOs on ensuring the safety, quality and authenticity of food products being sold online. The e-commerce FBOs were directed to train their delivery staff, ensure accurate labelling and display shelf-life/expiry dates along with FSSAI licence numbers on their platforms. This was considering the complaints received from consumers on quality and product disclosure-related issues for products sold online. In July 2025, FSSAI again issued a set of directives to e-commerce platforms, demanding stringent food safety and hygiene protocols, including transparent disclosure of warehouse and storage details, display of FSSAI licence on invoice/bill, mandatory completion of training and other SOP disclosures on FSSAI's food safety compliance portal (FoSCoS).[375]

[369] FSSAI
[370] FSSAI
[371] FSSAI
[372] FSSAI
[373] PIB
[374] FSSAI
[375] FSSAI

**Legal metrology department**

The legal metrology department plays a pivotal role in ensuring transparency, accuracy and consumer protection in trade by **regulating weights, measures and packaging standards** across industries. For FMCG and retail businesses, including e-commerce platforms, compliance with the Legal Metrology Act, 2009, and its associated rules is mandatory. These regulations govern declarations on pre-packaged commodities, standardisation of units, licensing for manufacturing and sale of measuring instruments and periodic verification of weights and measures. Some of the key regulations include:

- **Legal Metrology Act, 2009:**[376] Implemented with effect from 1 April 2011, the Act establishes and enforces standards of weights and measures, regulates trade and commerce in weights, measures and other goods sold or distributed by weights, measures or number, to ensure fairness in commercial transactions. Compliance with the Act is mandatory for all manufacturers, packers and traders in India. For FMCGs and retail (including e-commerce) sectors, the Act, along with the Legal Metrology (Packaged Commodities) Rules, 2011 and The Legal Metrology (General) Rules, 2011, as captured in the subsequent section, form the key pillars of the regulatory framework for legal metrology in the food sector.

- **Legal Metrology (Packaged Commodities) Rules, 2011:**[377] Often called the LMPC Rules, it lays down provisions for all pre-packaged retail commodities, covering domestically manufactured and imported packaged goods. Under these rules, every pre-packaged commodity must bear key mandatory declarations, including the name and address of the manufacturer, packer or importer; the net quantity; the MRP; and the date of manufacture or packing. For food products primarily governed by FSSAI Rules & Regulations, the three key declarations: MRP, net weight and consumer care details are to be made per the provisions of Legal Metrology (Packaged Commodities) Rules, 2011. These rules have been updated recently to modernise and simplify compliance and extend consumer protection. Some of the recent amendments are as follows:

  i. In 2022, the government notified amendments[378] to the Packaged Commodities Rules. One amendment was the **elimination of the old standard pack size requirements** for certain commodities. Previously, some foods (such as baby food, tea, edible oils, soft drinks, etc.) could only be sold in pre-defined quantity packs (such as 100g, 200g, 500g, etc.). The amendment removed these restrictions, allowing manufacturers to pack in any size and did away with the need to label non-standard sizes as such.

  ii. In October 2023, the Ministry of Consumer Affairs, Food and Public Distribution notified the **Legal Metrology (Packaged Commodities) Amendment Rules, 2023**[379] to amend the Legal Metrology (Packaged Commodities) Rules, 2011 by introducing new definitions of packages - "combination package", "group package" and "multi-piece package," exempt these new categories from the requirement to declare the unit price. However, it maintained that the provisions of the Food Safety and Standards Act, 2006 and the rules made thereunder for packages containing food articles shall apply.

- **The Legal Metrology (General) Rules, 2011:**[380] The Legal Metrology (General) Rules, 2011, framed under the **Legal Metrology Act, 2009**, establish a robust framework for standardising weights and measures across commercial transactions in India. These rules govern the **approval, verification and calibration** of weighing and measuring instruments used in trade, ensuring accuracy and consumer protection. For the **FMCG, retail and e-commerce sectors**, this primarily translates into mandatory compliance with verified instruments for packaging, billing and logistics operations. Businesses must obtain licences for manufacturing, repairing or selling such instruments and ensure periodic verification and stamping by authorised inspectors. The rules also define **technical standards** for instruments used in diverse sectors, from food packaging to fuel dispensing, thus making them critical for retail and manufacturing, transportation and infrastructure industries. This legal framework ensures uniformity, transparency and fairness in commercial dealings.

The Legal Metrology Department also regularly issues advisories for specific industries (for example, standardising how e-commerce platforms should display mandatory product information online or guidelines for declarations on readymade garment packages, etc.). For food e-commerce, it is now compulsory that online listings of food products show the same key information (ingredients, net quantity, etc.) as the physical label, so consumers shopping online get the requisite details before purchase.[381]

**Central Consumer Protection Authority (CCPA)**

CCPA acts as India's apex regulatory authority for consumer protection. It can investigate complaints, order recalls and refunds, impose penalties for misleading advertisements and direct e-commerce platforms to correct or delist offending products, making it central to consumer-protection oversight in retail and online commerce. Some of the key regulations include:

[376]Department of Consumer Affairs
[377]Department of Consumer Affairs
[378]Department of Consumer Affairs
[379]Department of Consumer Affairs
[380]Legal Metrology General Rules 2011
[381]Department of Consumer Affairs

- **The Consumer Protection Act (CPA), 2019:** The CPA, 2019, significantly overhauled the legal landscape for consumer rights, replacing the earlier 1986 law. This legislation was introduced to address the complexities of modern marketplaces, including e-commerce, and provides a contemporary framework for protecting and enforcing consumer rights. The act introduces several new regulatory bodies, including the CCPA, broadens the scope of protection and includes specific provisions for electronic and digital transactions.
- **The Consumer Protection (E-Commerce Rules), 2020:** The Consumer Protection (E-Commerce Rules), 2020, was notified by the Ministry of Consumer Affairs, Food and Public Distribution under the Consumer Protection Act, 2019. The rules, which apply to all activities covered by e-commerce, specify the duties and liabilities of e-commerce entities and sellers.
- **Guidelines for Prevention and Regulation of Dark Patterns, 2023:** Given the power entrusted under the CPA, 2019, the CCPA has significantly broadened its regulatory oversight over unfair trade practices by retailers, e-commerce players and other digital commerce players. One of the key issues the regulator is currently addressing is the deployment of manipulative UI/UX design practices, also termed as "dark patterns" by online retailers/e-commerce players. The regulator issued guidelines in November 2023[382] to safeguard the interests of consumers and protect their rights against dark patterns. The guidelines identify over 13 types of dark patterns, including basket sneaking, interface interference, nudging and subscription trap, and seek to prevent platforms offering goods or services from engaging in any dark pattern practices. The CCPA has reportedly observed multiple instances of the violation of the guidelines by e-commerce entities across sectors (e-commerce firms, travel aggregators, food-tech platforms, ride-hailing firms, MedTech start-ups, streaming services and fintech firms) and issued an advisory in June 2025, urging them to take concrete steps to eliminate unfair trade. The advisory has been issued under Section 18(1) of the Consumer Protection Act, wherein non-compliance by a business is punishable as an "unfair trade practice" under Section 20, the CCPA can issue discontinuation orders to a business. Under Section 88 of the Consumer Protection Act, any non-compliance by a business of such orders under Section 20 can result in imprisonment of up to six months, an INR20 lakh fine or both.

**Bureau of Indian Standards (BIS)**

BIS is the national standards body and drafts Indian standards and manages the product and system certification schemes (ISI Mark, Compulsory Registration, Hallmarking). Compulsory certification is mandated through quality-control orders where public health, safety or fair-trade demand it. BIS thus sets the quality baseline that every manufacturer, importer and e-commerce seller, among others, must meet. Some of the key regulations include:

- **BIS Act, 2016:**[383] Enacted to replace the 1986 law, the **BIS Act, 2016**, establishes the **Bureau of Indian Standards** as the national authority responsible for setting and enforcing standards across goods, services, systems and processes in India. It empowers BIS to formulate Indian standards, operate conformity assessment schemes and grant licences or certificates to businesses whose products meet these standards. The Act mandates using the **Standard Mark** on notified goods, making it illegal to manufacture, sell, import or distribute such items without certification. For the **FMCG, retail and e-commerce sectors**, this means that packaged goods, consumer products and even digital listings must comply with prescribed quality and safety norms. The Act also provides for penalties, search and seizure powers and obligations for licence holders, ensuring accountability and consumer protection. By aligning product quality with national standards, the BIS Act supports fair trade, enhances consumer trust and facilitates smoother market access domestically and internationally.

[382]PIB
[383]PIB
[384]BIS

- **BIS Rules, 2018:**[384] The **BIS Rules, 2018**, framed under the **BIS Act, 2016,** define the operational and governance framework of the **Bureau of Indian Standards,** including its composition, meeting procedures, fee schedules and the step-by-step process for granting, renewing, suspending or cancelling licences to use the BIS Standard Mark. These rules are critical for manufacturers, importers and e-commerce sellers, as they outline the documentation, timelines and compliance requirements for product certification.
  - The **2020 amendment** introduced **e-governance modules** for online applications and renewals, streamlining processes for exporters and digital vendors.
  - The **2022 amendment** rationalised **licence fee slabs** based on firm size, reducing the compliance burden for smaller businesses.
- **BIS (Conformity Assessment) Regulations, 2018:**[385] The regulations provide the operational framework for product certification under the **BIS Act, 2016,** ensuring that goods meet prescribed Indian Standards before reaching consumers. These regulations define multiple certification schemes, including **Scheme I (ISI Mark)** for a range of consumer goods, **Scheme II (Compulsory Registration)** for electronics and IT hardware and others. The rules cover the entire certification lifecycle from application, factory inspection, product testing, market surveillance, to recall, making them especially critical for sectors such as **FMCG and e-commerce**, where product safety and compliance are essential. Key recent amendments include:
  - The **2020 amendment** introduced procedural refinements to strengthen product certification and oversight. It clarified and streamlined the operational aspects of certification schemes which cover a wide range of consumer goods, electronics and low-risk products. The amendment enhanced provisions related to **application processing, factory inspection, market surveillance and product recall,** ensuring tighter control over non-compliant goods. These changes are particularly relevant for the **FMCG, retail and e-commerce sectors,** where timely certification and product safety are essential for market access and consumer trust.
- **BIS (Hallmarking) Regulations, 2018:**[386] Govern the licensing of jewellers and assaying centres and prescribe how the BIS Hallmark must appear on gold and silver articles. These rules back the 2021 order that made hallmarking compulsory nationwide, so e-commerce marketplaces listing jewellery must verify each supplier's licence and Hallmark Identification Number. Amendments and follow-on statutory orders include:
  - Through five circulars between October 2021 and September 2023, changes introduced include standardising the **Hallmark Unique ID (HUID)** format, refining HUID logo size, fee schedule and remote-audit protocols.
  - **Gold Jewellery & Artefacts (Hallmarking) Order, 2020:** It makes hallmarking compulsory from **23 June 2021** in 256 districts; widened to 343 districts by April 2023 through the **2022 Amendment Order.** Marketplaces must now record each seller's HUID licence before listing.
- **Quality Control Orders:**[387] **QCOs** issued under Section **16 of the BIS Act, 2016,** make BIS certification mandatory for specified goods. The process involves a draft order by the concerned ministry, public consultation (30–60 days), final notification in the Gazette and a grace period (usually six months) for industry compliance. Post-deadline, sale or import of uncertified products is a punishable offence. As of September 2023, 556 products ranging from packaged water, toys, helmets and footwear to chemicals required mandatory certification. QCOs are now central to regulatory compliance for **FMCG, electronics and fashion,** directly affecting inventory planning and vendor onboarding for **retail and e-commerce platforms.**
- **Online Consumer Reviews:** On 23 November 2022, BIS notified a framework on 'Online Consumer Reviews — Principles and Requirements for their Collection, Moderation and Publication' to safeguard and protect consumer interest from fake and deceptive reviews in e-commerce.[388] The standards are voluntary and apply to every online platform which publishes consumer reviews.[389] The guiding principles of the standard are integrity, accuracy, privacy, security, transparency, accessibility and responsiveness. The standard prescribes multiple methods to verify whether the review author is a real person and confirm the identity of the review author. The organisation is required to develop a written code of practice, communicated and made available to management and staff, which outlines how the standard and the guiding principles will be met and maintained.

**Central Pollution Control Board (CPCB)**

Constituted under the Water (Prevention and Control of Pollution) Act 1974[390] and operating under the Ministry of Environment, Forest and Climate Change, CPCB advises the centre on environmental policy, sets national pollution standards and enforces rules on plastic, e-waste and battery stewardship. Its directives on Extended Producer Responsibility (EPR) and waste management shape packaging and sustainability obligations across the retail, FMCG and e-commerce value chains. Some key regulations include:

[385]BIS
[386]PIB
[387]BIS
[388]BIS
[389]PIB
[390]CPCB | Central Pollution Control Board
[391]Ministry of Environment, Forest and Climate Change

- **The Plastic Waste Management (PWM) Rules,** first introduced in 2016,[391] provide the overarching statutory framework for managing plastic waste in an environmentally sound manner. The Rules aim to enhance the regulatory framework by emphasizing segregation, recycling and minimising plastic use. Over the years, these rules have undergone several amendments to address emerging challenges and to improve their effectiveness. Key recent amendments include:

  - **The Plastic Waste Management Amendment Rules, 2021**,[392] implemented a phased prohibition on specific single-use plastic items with low utility and high littering potential. Effective 1 July 2022, the manufacture, import, stocking, distribution, sale and use of these items are banned nationwide.

  - **The Plastic Waste Management (Amendment) Rules 2022** introduced **Schedule II**[393] to the PWM Rules 2016 provisions, notably focusing on **Extended Producer Responsibility (EPR),**[394] recycling targets, the reuse of rigid plastic packaging and the incorporation of recycled plastic content. It enforces a mandate upon Producers, Importers and Brand Owners (PIBOs) to manage the end-of-life disposal of plastic products, ensuring collection and recycling in alignment with specified targets. The amendment set phased targets for recycling plastic packaging waste across key categories, for producers, importers and brand owners. Illustrated below is the table highlighting the mandatory use of recycled plastic in plastic packaging as a percentage of manufactured plastic for the year:

| Plastic packaging category | 2025–26 | 2026–27 | 2027–28 | 2028–29 and onwards |
|---|---|---|---|---|
| **Category I**<br>Rigid plastic packaging, primarily used for durable packaging. | 30 | 40 | 50 | 60 |
| **Category II**<br>Flexible plastic packaging, including single-layer/ multilayer plastics, plastic sheets, covers, carry bags, sachets and pouches. | 10 | 10 | 20 | 20 |
| **Category II**<br>Flexible plastic packaging, including single-layer/ multilayer plastics, plastic sheets, covers, carry bags, sachets and pouches. | 5 | 5 | 10 | 10 |

  - **E-Waste (Management) Rules, 2022:**[395] Replacing the 2016 regime and effective 1 April 2023, the rules cover 21 categories of electrical and electronic equipment, including smartphones, laptops, kitchen appliances and LED lamps sold through e-commerce channels. Producers must register on CPCB's **E-Waste EPR portal,** secure annual targets (60 percent recycling in FY 2023–24 and FY 2024–25, rising thereafter) and upload recycler certificates. Failure attracts graded Environmental Compensation (EC) charges and possible licence revocation. Key recent Amendments include EPR portal, secure annual targets (60 percent recycling in FY 2023–24 and FY 2024–25, rising thereafter) and upload recycler certificates. Failure attracts graded Environmental Compensation (EC) charges and possible licence revocation. Key recent amendments include:

[392]PIB
[393]CPCB
[394]CPCB
[395]PIB

- **E-Waste Second Amendment Rules, 2023:**[396] The Ministry introduced the Second Amendment to the E-Waste (Management) Rules, 2022, effective 24 July 2023. Key updates included mandatory, secure and sustainable handling of refrigerants from the manufacturing and disposal stages of refrigeration and air-conditioning equipment, using approved destruction technologies per CPCB guidelines. The amendment also clarifies the calculation of EPR certificates in cases of multiple recycling outputs. Exemptions for certain medical and control instruments from hazardous substance reduction requirements have been added, with new schedules (IIA, IIB) detailing specific equipment categories and exemptions. Additionally, obsolete entries in Schedule II have been removed to streamline compliance.
- **E-Waste (Management) Amendment Rules, 2024:**[397] This amendment introduced Certificate trading and compliance flexibility. The amendment allows the central government to relax return filing timelines by up to nine months. It establishes a regulated platform for trading EPR certificates, with price bands set by the CPCB to ensure transparency and accountability.

In addition to the existing regulations outlined above, certain products such as drugs, medical devices, cosmetics and pharmacy-related items are governed by separate regulatory frameworks. The section below details the specific regulations applicable to each category.

**Central Drugs Standard Control Organisation (CDSCO)**
CDSCO is the nodal authority that licences drugs, medical devices and cosmetics, controls their import and coordinates market surveillance through port offices and state drug regulators. Its remit now touches everyday retail and e-commerce, ranging from lipsticks and sunscreens to glucose meters and OTC medicines. The law mandates that anything under a "drug, device or cosmetic" definition must clear a CDSCO authorisation before it can be listed online or placed on a shelf.

Key regulations include:

- **Drugs & Cosmetics Act, 1940[398] and Drugs & Cosmetics Rules, 1945:**[399] Under this regulatory framework, CDSCO governs drugs and cosmetics in India, ensuring product quality, safety and proper labelling. Under this framework, Schedule H and X drugs require a valid prescription for sale, while OTC products may be sold with a state-issued sale licence. For retail and e-commerce, online pharmacies are still required to hold such state licences, as the proposed Drugs and Cosmetics (Amendment) Rules, 2018,[400] which aimed to introduce a national online-only licence and regulate delivery timelines, remains pending. As a result, digital platforms continue to operate under the existing regulatory regime. Additionally, CDSCO issued guidelines in 2017 for a Recall and Rapid-Alert System,[401] requiring retailers to support product recalls and ensure traceability within 48 hours of a regulatory alert, reinforcing consumer safety and accountability across the supply chain.
- **Cosmetic Rules 2020:**[402] Notified under the Drugs and Cosmetics Act, these rules establish a dedicated regulatory framework for manufacturing, importing, labelling, safety assessment and selling cosmetic products in India. These rules were intended to provide more precise and targeted oversight of the cosmetics sector. Key provisions require each imported variant, which is defined by shade or pack size, to obtain a registration certificate from the CDSCO before it enters the Indian market. Retailers, including e-commerce platforms, are subject to specific compliance obligations under these rules. These include the mandatory display of the CDSCO registration number on product packaging and online listings, immediate delisting of products if the registration certificate lapses or is suspended and strict avoidance of therapeutic claims, which would reclassify the product as a drug and subject it to a different regulatory regime.
- **Medical Device Rules, 2017 (MDR):**[403] Issued under the Drugs and Cosmetics Act, these rules establish a risk-based regulatory framework for the manufacture, import, sale, and distribution of medical devices in India. Devices are classified into four categories: Class A (low risk) to Class D (high risk) in alignment with international norms set by the International Medical Device Regulators Forum (IMDRF). Common consumer health products such as digital thermometers, fitness trackers and massagers typically fall under Class A or B. GSR 754(E) notification[404] dated 30 September 2022 mandates that any entity, whether a physical store or an online marketplace, must obtain a Form MD-42 sales licence to legally sell medical devices. This requirement applies across platforms, reinforcing regulatory oversight in offline and digital channels.
- **Draft E-Pharmacy Rules, 2018:** To regulate the online sale of medicines comprehensively, the Government had published draft Rules vide G.S.R. 817 (E) dated 28 August 2018[405] for amendment to the Drugs and Cosmetics Rules, 1945, for incorporating provisions relating to regulating the sale and distribution of drugs through e-pharmacy. Key provisions include mandatory central registration of e-pharmacies with the CDSCO, a valid pharmacist on staff, inspection of premises every two years, maintenance of patient confidentiality and prescription records and prohibition

[396]CPCB
[397]CPCB
[398]CDSCO
[399]CDSCO
[400]CDSCO
[401]CDSCO
[402]CDSCO
[403]CDSCO
[404]MoHFW
[405]CDSCO

on advertising medicines online. The rules also ban the online sale of narcotics, psychotropics, tranquilisers and Schedule X drugs and require grievance redressal mechanisms, including pharmacist-staffed customer support.

**Digital Personal Data Protection Act, 2023 Framework**
Regulated by the **Ministry of Electronics & Information Technology (MeitY), the Digital Personal Data Protection Act, 2023,**[406] gives India its first dedicated, horizontal privacy law. It applies to any personal data processed digitally in India and to data processed overseas when goods or services are offered to individuals in India, thereby covering consumer-facing sectors such as retail, FMCG and e-commerce that routinely manage customer profiles, payments and delivery information. The Act recognises two lawful bases for processing, i.e., consent and a set of clearly defined "legitimate uses" while granting data principals the rights to access, correct, erase and nominate a grievance contact. Ordinary data fiduciaries must publish privacy notices, secure data and report breaches. In contrast, significant data fiduciaries, as notified by the government, must also appoint a data protection officer, undertake impact assessments, and audit their practices. Enforcement rests with an independent Data Protection Board of India, which can impose graded financial penalties of up to INR250 crore per breach and order remedial measures. Cross-border transfers are permitted to jurisdictions that the union government will notify, removing blanket localisation while retaining strategic control.

To give practical effect to the Digital Personal Data Protection Act, 2023, the Ministry of Electronics & IT released the Draft Digital Personal Data Protection Rules, 2025.[407] For consumer-facing sectors, especially retail, FMCG and e-commerce, these rules translate high-level statutory duties into operational checkpoints, including template privacy banners for checkout pages, standard consent flows for loyalty apps, strict breach-reporting timelines and supply-chain clauses for fulfilment partners. Companies will have to align customer-data collection, targeted advertising, last-mile delivery systems and even cloud-hosting contracts with these technical specifications once the rules are notified, which is expected later in 2025 after the consultation round.

**DPIIT FDI, licensing and registration ecosystem**
An integral component of the sectoral growth has been the introduction of reformative measures by the government towards liberalising FDI and FII inflows. This was evident since 1991, when the government introduced a new industrial policy to address the issue of excessive reliance on debt and to stimulate long-term economic growth. The policy recognised the role of FDI as a tool to use the advantages of technology transfer, market expertise, modern managerial techniques and exports. It introduced two routes of foreign investments, the automatic route and the government or approved route. Since then, the FDI regime has been constantly revised (liberalised), aimed at reducing government controls, promoting ease of doing business and private sector participation and opening the economy for global trade and investments.

Foreign investment rules in retail and e-commerce form a key part of the policy landscape. Foreign investment in India is governed by the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (Non-debt Rules) and the Consolidated Foreign Direct Investment Policy, 2020 (FDI Policy)[408] published by the Department for Promotion of Industry and Internal Trade (DPIIT), read with the press notes issued by the DPIIT from time to time and other policy statements issued by the Government. FDI is permitted through two entry routes: the automatic and government routes. Under the automatic route, no prior approval is required from the government or the RBI, with most sectors open for 100 percent FDI. In FY 2023–24, over 98 percent of FDI equity inflow was received through this route.[409] The government route requires prior approval from the respective sector ministries or departments through the Foreign Investment Facilitation Portal (FIFP) and applies to investments in notified sectors or activities and investments from countries sharing land borders with India.
The FDI policy regime in India has evolved over the years and has seen successive amendments to make it more investor friendly. DPIIT has played a transformative role as a nodal authority in the liberalisation and rationalisation of the FDI policy, through policy pronouncements guiding investors on investment routes depending upon the sector in which the Indian investee entity operates, and the amount of investment being made, barring a few prohibited sectors (lottery, gambling, Nidhi cos., etc.). Foreign investments in the retail and e-commerce sectors are governed under the larger ambit of the trading sector, per the Consolidated FDI Policy, 2020.[410]

**FDI models for trading (retail) sector in India**
- **Cash & Carry Wholesale Trading/Wholesale Trading (including sourcing from MSEs):** Cash & Carry Wholesale trading/Wholesale trading pertains to the sale of goods/ merchandise to retailers, industrial, commercial, institutional or other professional business users or to other wholesalers

[406] MeitY
[407] MeitY
[408] DPIIT
[409] PIB
[410] DPIIT

and related subordinated service providers. Wholesale trading would, accordingly, imply sales for the purpose of trade, business and profession, as opposed to sales for the purpose of personal consumption. Foreign investment **up to 100 percent is permitted under the Automatic Route.**

- **Single Brand Retail Trading (SBRT):** Another key segment identified under the FDI Policy for the retail trading sector is SBRT. An SBRT entity refers to entities involved in selling products belonging to a single brand, domestically and internationally. Under India's FDI policy, foreign equity up to 100 percent is allowed in Single Brand Retail Trading (SBRT) under the automatic route.[411] If foreign ownership exceeds 51 percent, the SBRT entity must source at least 30 percent of the goods' value from India (this requirement is waived for three years for state-of-the-art/high-tech products).
- **Multi Brand Retail Trading (MBRT):** In contrast, multi-brand retail trading (MBRT, e.g., supermarkets) is capped at 51 percent FDI and requires government approval. Notably, MBRT entities with foreign investment are not permitted to sell online under the current rules. The government reviews these limits periodically (for example, SBRT sourcing norms were relaxed slightly post-2018), but the broad caps remain. A foreign investor must bring in a minimum US$100 million, of which at least 50 percent must be invested in back-end infrastructure (warehousing, logistics, agri-produce collection, refrigeration) within three years. Plus, at least 30 percent of the value of procurement of manufactured/processed products purchased shall be sourced from Indian micro, small and medium industries.[412]
- **E-commerce:** The e-commerce sector is governed in a different manner. The current FDI policy allows 100 percent foreign investment (automatic) in pure online marketplace models, where the platform merely connects buyers and sellers.[413] Foreign-owned marketplaces cannot hold inventory or influence seller pricing; they must operate as neutral intermediaries. Inventory-based e-commerce (where the platform itself sells goods) is prohibited. These rules aim to protect small domestic traders but have drawn criticism that they limit global players' flexibility. Regulators are reportedly considering tweaks (and have delayed enacting a long-stalled national e-commerce policy) to clarify areas such as platform control, while ensuring fair competition. In any case, India's FDI stance remains more restrictive than that of some ASEAN peers. For example, in Singapore, liberalising FDI in wholesale and retail trade has significantly enhanced the retail sector's contribution to Singapore's investment ecosystem. FDI in MBRT is 100 percent permitted in the country.[414] Today, retail is one of the top three sectors for FDI in Singapore, strategically contributing to the economy's growth.[415]

**National Retail Trade Policy**

The National Retail Policy by the Government of India has been under development for several years to streamline retail trade and advance all formats of the retail sector. The Department for Promotion of Industry and Internal Trade (DPIIT) has initiated multiple stakeholder consultations across all states, beginning in 2019, collaborating with leading industry associations such as FICCI, CII, ASSOCHAM and PHDCCI. Parallel efforts include regular interactions through the National Traders' Welfare Board (NTWB) to address trader concerns, reduce compliance burdens and enhance ease of doing business.[416]

**National Medical Devices Policy 2023**

The National Medical Devices Policy 2023[417] cleared by the Cabinet on 26 April 2023 and notified on 3 May 2023, charts a path to lift India's medical-devices market from US$11 billion to US$50 billion by 2030, while easing import dependence. It rests on six pillars: (i) single-window regulation backed by Indian standards for faster, higher-quality approvals; (ii) device parks and clusters linked to industrial-corridor logistics to cut lead times and costs; (iii) R&D hubs and incubation grants to spur innovation; (iv) fiscal incentives and new financing tools to draw private manufacturing investment; (v) multi-disciplinary training and up-skilling to build a specialised workforce; and (vi) a dedicated export-promotion council to position "MedTech Made in India" in global markets. Together, streamlined rules, modern infrastructure and skilled talent are expected to speed product rollouts, lower prices and create a reliable domestic supply for hospitals, diagnostics chains, e-pharmacies and home-care retailers.

411 DPIIT
412 Consolidated FDI Policy, 2020
413 Consolidated FDI Policy, 2020
414 Link
415 Department of Statistics, Singapore (Pg. 2)
416 PIB
417 https://pharma-dept.gov.in/sites/default/files/Strategy%20Document%20on%20NMDP%202023_0.pdf

# GOI's ease of doing business reforms

The government is advancing reforms to streamline regulations and speed approvals to spur industry growth. India ranked 63rd in the World Bank's Doing Business Report (DBR) 2020, published in October 2019, before its discontinuation by the World Bank. India's rank in the DBR improved from 142nd in 2014 to 63rd in 2019, registering a jump of 79 ranks in a span of five years.[418] Key approaches include simplifying and digitising procedures (e.g., a single-window portal, online approvals and registrations, tracking of applications' status), rationalising and decriminalising outdated rules and enforcing strict timelines.

The Department for Promotion of Industry and Internal Trade (DPIIT) anchors India's Ease-of-Doing-Business (EoDB) programme, which happens to be a continued priority of the government. To illustrate, DPIIT is developing Jan Vishwas 2.0,[419] a wider reform package expected to amend or repeal roughly 100 additional business-related rules aimed at shifting remaining jail terms to monetary fines, consolidating overlapping filings and further shortening approval timelines. These actions, therefore, reaffirms the government's EoDB priority and thus establishes a simpler, faster and more predictable regulatory landscape.

Key government departments and regulators have also led several sectoral initiatives to continuously modernise India's regulatory framework and achieve a conducive environment for business.

### Some of the notable sectoral EODB reforms affecting consumer-facing industries

**FSSAI**

- **FoSCoS:** The Food Safety Compliance System (FoSCoS)[420] serves as a transformative digital platform to streamline the regulatory processes for food businesses nationwide. Introduced in 2020 as a replacement for the Food Licensing and Registration System (FLRS), FoSCoS was designed to enhance transparency, reduce compliance burden and improve user experience through an end-to-end digital interface. FoSCoS acts as a unified platform for the licensing, registration and renewal of FBOs, offering a paperless and faceless approval system. It incorporates standardised product selection, auto-generating licence numbers and integration with other government databases (e.g., GST, PAN and MCA), significantly reducing manual intervention and processing time.

FSSAI has also made timely interventions to help reduce approval cycles, cut compliance costs and improve supply-chain predictability for food manufacturers, retailers and e-commerce sellers, reinforcing the broader national EoDB agenda. Some of the notable ones include:

- **Rectifiable-label order for imports:** Since November 2023, importers may correct minor label deficiencies inside bonded warehouses (single non-detachable sticker) instead of facing outright rejection, speeding customs clearance and lowering demurrage.[421]
- **Post-expiry grace renewal:** FoSCoS now permits renewal up to 180 days after expiry on payment of a graded late fee, rescuing small operators who miss the window while avoiding complete re-licensing.[422]
- **New Kind of Business (KoB) category for direct sellers:** FoSCoS added a dedicated "Direct Seller" option in July 2024[423] under the Group Name (Trade/Retail) to differentiate them from traditional retailers.

**Legal Metrology**

- In October 2022, the Department of Consumer Affairs amended[424] the Legal Metrology (General) Rules, 2011, to ease business compliance. Earlier, companies had to nominate a director as the responsible person under Section 49 of the Legal Metrology Act, even for violations at individual branches or units. Now, companies can nominate an officer in charge of a specific establishment, branch or unit, someone with actual operational authority. This change ensures accountability lies with the person directly managing the operations, reducing unnecessary legal burden on company directors. It benefits FMCG, retail and e-commerce sectors with multiple operational locations.
- **Unified online portal for legal metrology:**[425] The Department of Consumer Affairs is developing the National Legal Metrology Portal (eMaap) to integrate respective state systems into a unified National System, allowing businesses to apply for approvals, licences and registrations online, thus streamlining compliance, reducing paperwork and promoting transparency across trade practices. The Department of Consumer Affairs has decriminalised[426] several sections of the Legal Metrology Act, 2009, under the Jan Vishwas Act, 2023, reducing fear of imprisonment for minor violations and promoting a more business-friendly regulatory environment.

[418] PIB
[419] PIB
[420] FOSCOS_FSSAI
[421] FSSAI
[422] FSSAI
[423] FSSAI
[424] PIB
[425] PIB https://www.pib.gov.in/PressReleasePage.aspx?PRID=2124376
[426] PIB

**BIS**

- **e-BIS project and Manak Online portal:**[427] Certification, renewal and surveillance processes are now handled end-to-end online, replacing paper submissions and enabling 24×7 application tracking.
- **Instant jeweller registration:**[428] The Hallmarking portal grants lifetime HUID registration "within minutes" with zero documentation or fee, dramatically reducing entry barriers for small jewellery sellers on marketplace platforms.
- **Self-Declaration of Conformity (Scheme IV):**[429] Introduced under the 2018 Regulations to allow low-risk manufacturers, including many FMCG items, to affix the Standard Mark without a full audit, cutting licensing time from months to days.
- **Single-window approval in NBC 2016:**[430] BIS integrated an "expedited clearance" clause in the National Building Code for infrastructure projects, echoing the Bureau's broader move towards single-window scrutiny across its schemes to speed up the expansion of warehouses and retail outlets.

**Central Pollution Control Board (CPCB)**

- **Single-window EPR portals**[431] for plastic, e-waste and batteries replace paper authorisations and enable real-time credit trading. Companies can complete registration, calculate annual targets, purchase recycling credits and file returns without paper submissions.

**Central Drugs Standards Control Organisation (CDSCO)**

- To improve efficiency and transparency, the CDSCO has introduced an online application process through the **SUGAM portal**,[432] reducing the average approval timeline for imports from 4–6 months to a 60-day service window. These reforms have streamlined regulatory compliance, particularly for fast-moving consumer goods and imported cosmetic lines.

On an overall **central government level,** some major transformative steps taken by the government in enhancing **EODB** include:

- B**usiness Reform Action Plan (BRAP):** DPIIT is spearheading BRAP, a dynamic reform exercise wherein the states and UTs in the country are assessed based on the reforms implemented by them on designated parameters. Providing a significant push to the Make in India initiative, BRAP is intended to establish a seamless business regulatory framework across the country by streamlining the existing regulations and processes and eliminating unnecessary requirements and procedures. BRAP covers reform areas such as the information wizard, single window systems, online building permission system, and inspection and labour reforms.[433]

- **The National Single Window System (NSWS):** On the licensing and registration front, businesses and investors have benefited from digital reforms undertaken by the central government in seamless processing of regulatory approvals and compliance requirements. The National Single Window System (NSWS), launched by the government in 2021,[434] represents a key reform aimed at simplifying the process of obtaining approvals, clearances and registrations required to start and operate a business in India. As of October 2024, NSWS has processed over 7.1 lakh approvals and even approved over 4.8 lakh of them.[435] Designed and implemented by DPIIT, in coordination with Invest India, NSWS is positioned as a one-stop digital interface that integrates central and state-level regulatory systems on a single platform. It was designed to eliminate the need to submit multiple applications across different portals.

For **FMCG, e-commerce or retail players**, NSWS accrues multiple benefits such as:

- Retailers setting up new outlets across multiple states can now use NSWS to obtain shops and establishment licences, trade licences and FSSAI registrations more efficiently, reducing the compliance timeline from several weeks to a few days in many states.
- FMCG companies launching new manufacturing units or expanding logistics infrastructure (warehouses, cold chains) can apply for land use approvals, building plan permits, pollution clearances and labour registrations through a single digital touchpoint.
- E-commerce and logistics platforms benefit from faster registrations under legal metrology, Warehousing Development and Regulatory Authority (WDRA) and local transport authorities, facilitating last-mile and interstate operations.

[427] https://www.manakonline.in/MANAK/login
[428] BIS
[429] BIS
[430] BIS
[431] EPR_CPCB
[432] CDAC.in
[433] PIB
[434] NSWS
[435] ET

- **The Jan Vishwas (Amendment of Provisions) Act, 2023:** The Jan Vishwas (Amendment of Provisions) Act, 2023, serves as a significant legislation in enabling India's regulatory simplification approach for businesses and investors. Passed by the Lok Sabha on 27 July 2023, cleared by the Rajya Sabha on 2 August 2023 and receiving Presidential assent on 11 August 2023, the Act removes or converts criminal penalties in 183 provisions across 42 central acts administered by 19 ministries/departments.[436] The Act has helped rationalise criminal provisions and ensure that citizens, businesses and government departments operate without fear of imprisonment for minor, technical or procedural defaults. It has paved the way for rationalising laws, eliminating barriers and bolstering business growth.

The Joint Parliamentary Committee reviewed the Jan Vishwas Bill and recommended extending the exercise to further Acts, ensuring the continuous modernisation of India's regulatory framework. DPIIT is working on about 100 rules and laws of various government departments to bring the Jan Vishwas 2.0 bill to achieve greater ease of doing business in the country.[437]

[436]PIB
[437]PIB

# Competitive federalism: How leading states are raising India's EODB bar

Many states now run end-to-end digital single-window systems which consolidate dozens of departmental touchpoints into one dashboard. For instance, Nivesh Mitra[438] in Uttar Pradesh and the Investor Facilitation Portal (IFP) in Gujarat[439] let investors file a common application and track real-time status for land, power and environmental approvals; both are already plugged into the Centre's National Single Window System (NSWS), which, as of early 2025, integrates 32 union ministries and 29 states/UTs and lets companies apply for 3,200-plus state-level licences online. Telangana's TS-iPASS law legally guarantees clearances within 15–30 days (or deemed approval), while the Tamil Nadu Single Window Portal now offers 200-plus digital services across 30 agencies/departments, to fast-track compliance, registrations and certification requirements for businesses.[440]

Together, these portals are helping cut approval times from months to days, let investors track applications at any hour and make it much easier for businesses, from big e-commerce warehouses to small FMCG units, to expand across states without heavy paperwork. Below are some unique case studies across states to substantiate this transformation.

**EoDB case studies across states**

- **Telangana – TS-iPASS (2014):** Telangana enacted the Telangana State Industrial Project Approval and Self Certification System (TS-iPASS) Act, granting investors a legal right to clearance within fixed timelines (15–30 days). Proposals are auto-approved through an online single-window portal if no objection is raised in time. The impact has been dramatic. Over seven years, TS-iPASS attracted over 4.1 lakh crore of new investments and over 5 lakh direct jobs.[441] This fast-track scheme enabled a leading global e-commerce major to secure permits for its 280,000 square ft Hyderabad fulfilment centre in just 11 days.[442] The company explicitly credited Telangana's EODB efforts for encouraging their investments in the state. Moreover, in 2022, Telangana became the first state to bring restaurants, cafes and cloud kitchens into TS-iPASS, cutting licensing times from over 8 months to 15 days.[443]
- **Karnataka** has overhauled its licensing and regulatory regime. It has digitised and simplified over 1,400 compliance norms and made 1,200+ services time-bound under the Right-to-Service (SAKALA) Act.[444] Karnataka enacted affidavit-based self-certification for MSMEs and lifted land/liability constraints (e.g., allowing direct land purchase from farmers). An online e-Biz portal now serves as a one-stop shop for all approvals, with strict timelines and grievance redressal. These reforms and labour-law liberalisation have nurtured Bangalore's tech and retail ecosystem (home to Flipkart, Amazon tech centres, etc.), making it a magnet for e-commerce and FMCG firms.
- **Kerala** recently jumped into the "Top Achievers" category and topped in 9 of the 30 reform parameters, the most among states in the country (BRAP 2022 award).[445] The state consolidated its top position across two "business-centric" reforms: obtaining utility permits and paying taxes. It now offers end-to-end e-permits for utility connections (power/water) and municipal clearances and operates GST-assistance centres for new businesses. Other reforms that Kerala topped include the online single window system, certificates related to urban and local bodies, certificates associated with the department of revenue, public distribution system and employment exchange.[446]

[437]Niveshmitra (UP Government)
[438]IFP.Gujarat
[439]Tamil Nadu_Guidance
[440]TOI
[441]https://www.ciotechoutlook.com/industry/.
[442]TOI
[443]Investkarnataka
[444]Investkarnataka
[445]EODB BRAP 2022_DPIIT
[446]https://www.onmanorama.com/news/business/2024/09/05/kerala-unlikely-triumph-emerges-country-top-perfomer-business-reforms.html

# Infrastructure, supply chain, exports and logistics initiatives

## PM Gati Shakti

The **PM Gati Shakti National Master Plan,**[447] launched in October 2021, is a GIS-based blueprint that links the capital programmes of **16 infrastructure ministries**, including highways, railways, ports, civil aviation and consumer-affairs warehouses into a single, INR100 lakh crore pipeline aimed at seamless, multi-modal connectivity. The plan addresses two chronic pain points for consumer-facing sectors such as retail, FMCG and e-commerce: high logistics costs and slow, fragmented freight movement. A 2025 study[448] by the National Council of Applied Economic Research attributes a five-percentage-point fall in India's logistics bill to between 7.8 percent and 8.9 percent of GDP to early gains from Gati Shakti's corridor approach and better asset utilisation. To complement the enhancements further, the Ministry of Road Transport & Highways is establishing 35 Multi-Modal Logistics Parks (MMLPs) at a projected outlay of INR50,000 crore. Of these, 5 have been awarded, 3 are at the bidding stage and 27 are in the DPR/feasibility phase. Each park will provide rail sidings, truck terminals, cold chains and value-added services, enabling FMCG and grocery players to consolidate inventory and shorten last-mile runs.[449]

These physical layers collectively set the stage for faster, cheaper consumer logistics, a momentum that the **National Logistics Policy (2022)** is designed to lock in with service-level benchmarks and time-bound targets, as elaborated in the subsequent section.

### National Logistics Policy (NLP)

NLP was launched on 17 September 2022 to develop a technologically enabled, integrated, cost-efficient, resilient, sustainable and trusted logistics ecosystem in the country for accelerated and inclusive growth. The targets of the NLP are to: (i) reduce the cost of logistics in India; (ii) improve the Logistics Performance Index ranking, and (iii) create a data-driven decision support mechanism for an efficient logistics ecosystem.[450]

Action points in the logistics plan, among other things, include:[451]

- Facilitate the development of logistics parks that act as hubs for intermediary activities (storage, handling, value addition, inter-modal transfers, etc.) in the supply chain connected by a transportation network.
- To enhance logistics efficiency and improve India's ranking in the World Bank Logistics Performance Index (LPI), an Inter-Ministerial Dedicated LPI Cell has been established with representatives from DPIIT and nodal officers from key stakeholder Ministries & Departments, such as Land Ports Authority of India (LPAI), Ministry of Ports, Shipping and Waterways (MoPSW), Ministry of Road Transport and Highways (MoRTH), Ministry of Railways, Central Board of Indirect Taxes and Customs (CBIC), Ministry of Civil Aviation (MoCA) and Department of Posts.
- The following initiatives have been undertaken to create a skilled workforce for the industry.
  - Logistics-related courses have been introduced in ~100 universities/institutes.
  - On 4 October 2023, an MoU was signed with GatiShakti Vishwavidyalaya to develop a logistics curriculum; eight courses were launched on logistics.
  - A centre of Excellence (CoE) for city logistics was established at SPA (School of Planning and Architecture) in Bhopal on 8 May 2024.
  - A total of 37 Qualification Packs (QPs) for skill development are operational, including 7 QPs prepared in FY24-25 and the Logistics Sector Skill Council.
- Standardisation of processes has been undertaken at ports and airports to make them more competitive for trade.
- **Unified Logistics Interface Platform (ULIP)**, the plan's technological arm has stitched together 30 government systems and 1,600 data fields through more than 100 APIs, letting companies pull real-time port, rail-wagon, highway FastTag and vehicle-registry data onto one dashboard. The platform currently has over 1,300 registered companies, with more than 350 agreements signed and over 100 crore API transactions processed[452] thus giving retailers and e-commerce firms granular shipment visibility and cutting paperwork-driven delays.
- India's ranking in World Bank's Logistics Performance Index (LPI) has improved by sixteen places from 54 (out of 160 countries) in 2014 to 38 (out of 139 countries) in 2023.[453] The World Bank has acknowledged India's efforts in the LPI 2023

[447]India.gov.in
[448]Global Indian News Network
[449]Lok Sabha.
[450]Lok Sabha
[451]Lok Sabha
[452]DDNews.gov.in.
[453]LPI World Bank 2023

report, including investment in soft and hard infrastructure to connect ports on both coasts to economic poles in the hinterland, and supply chain digitization.[454]

### National Industrial Corridor Development Programme (NICDP)

NICDP stands as one of India's most ambitious infrastructure initiatives, aiming to shape the future of urban and industrial development. It seeks to create new industrial cities as "Smart Cities," where next-generation technologies seamlessly integrate across various infrastructure sectors. By promoting the development of these futuristic industrial hubs, the government is positioning the country as a global leader in manufacturing and investment, rivalling the world's top destinations. Central to this strategy is the development of integrated industrial corridors designed to accelerate growth in the manufacturing sector and promote systematic urbanisation. These corridors, supported by robust multi-modal connectivity and developed in collaboration with state governments, intend to drive employment opportunities, economic growth and overall socioeconomic development across the country.

Per the budget announcement 2024–25, 12 industrial smart city projects under the NICDP were approved by the government in August 2024, with a total project cost of INR28,602 crore (including land cost). These industrial smart cities are conceived to foster hubs of manufacturing and investment of global standards with plug-and-play facilities, smart cities with a walk-to-work concept and creating the best-in-class quality infrastructure ahead of demand. In the budget 2025-26, INR2,500 crore was allocated for plug-and-play industrial parks.[455]

### Foreign trade policy

India's Foreign Trade Policy (2023–28) was unveiled on 31 March 2023,[456] replacing the previous one (2015–2020). It is the country's first dynamic trade playbook as it carries no sunset date and would be tweaked per the emerging needs of the economy. It is built on the following key pillars: (i) a shift from incentives to duty-remission, (ii) collaboration-led export promotion, (iii) deeper EODB reforms, and (iv) focus on emerging areas such as e-commerce and high-tech dual-use goods. The policy backs Prime Minister's vision of lifting combined goods and services exports to **US$2 trillion by 2030** and India becoming a global export hub. FTP shifts focus from incentives to a remission and entitlement-based regime and greater trade facilitation through technology and automation. It replaces legacy subsidy schemes with the WTO-compliant remission platforms (RoDTEP, RoSCTL) while digitising nearly every DGFT authorisation so that most licences are issued seamlessly. Duty remission and faster self-declaration clearances lower working-capital locks, while manufacturing clusters create supply ecosystems that can feed export and domestic premium ranges. It has also revised the thresholds for accreditation as 'status holders' to enable more exporters to receive accreditation/status. Four new Towns of Export Excellence (Faridabad, Mirzapur, Varanasi and Moradabad) in addition to the existing 39 towns, providing priority access to export promotion funds under the Market Access Initiative (MAI) and Common Service Provider (CSP) benefits under the EPCG scheme, enabling merchanting trade from India.

### E-commerce Export Hubs (ECEH)

The FTP, 2023 extends export benefits to e-commerce overseas shipments, which it targets to grow to US$200–300 billion annually by 2030 and proposes the creation of E-commerce Export Hubs (ECEHs).[457] The 2024 Union Budget also signalled a structural push to boost India's cross-border e-commerce to US$100 billion by 2030 by creating a network of dedicated ECEHs to serve as a framework for cross-border trade of goods and services from India in the digital economy. ECEH will function to achieve agglomeration benefits for e-commerce exporters, providing storage (including cold storage facilities), packaging, labelling, certification, testing and other common facilities for export purposes. The ECEHs would also offer dedicated logistics infrastructure for connecting to and using the services of the nearest logistics hub(s). Five projects have been approved for the pilot implementation phase under the e-commerce export hub scheme.[458]

[454] LPI World Bank 2023
[455] MoCI
[456] PIB
[457] DGFT
[458] Rajya Sabha

### District as Export Hubs (DEHs)

Launched by the Directorate General of Foreign Trade (DGFT) in August 2019, DEH treats every district as a potential mini export hub. An institutional mechanism has been set up in states/UTs by forming the State Export Promotion Committee (SEPC) and District Export Promotion Committee (DEPC) at the district level. The initiative has identified export potential in 734 districts across the country, spanning critical sectors such as agriculture, toys and GI products. District Export Action Plans (DEAP) detailing the existing bottlenecks in the supply chain and identifying possible interventions to mitigate the gaps for export of the above-identified products and services have been prepared for 590 districts.[459]

DGFT has been organising outreach events across districts in collaboration with e-commerce partners, government stakeholders and industry associations to provide training, capacity building and support for businesses, MSMEs and small-scale exporters to help them succeed in global markets under the DEH initiative.

### National Export Mission (NEM)

The National Export Mission aims to provide a structured and coordinated framework to boost the country's export performance across goods and services. Anchored by the Department of Commerce, the Mission is expected to align export strategies at the national and state levels, foster inter-ministerial coordination and drive sector-specific action plans. Key elements include strengthening export-related infrastructure, enhancing the capabilities of MSMEs and promoting Brand India in global markets. The Mission will also work in tandem with initiatives such as DEH and the FTP 2023 to contribute to the country's vision of becoming a US$2 trillion export economy by 2030.

### Trade Infrastructure for Export Scheme (TIES)

TIES, a central sector scheme, co-funds last-mile hard assets for setting up and upgrading infrastructure projects with overwhelming export linkages, such as border haats, land customs stations, quality testing and certification labs, cold chains, trade promotion centres, dry ports, export warehousing and packaging, SEZs and ports/airports cargo terminuses.[460] Project proposals from various state/UT/central government agencies are considered for release of grant under the scheme.

The central government assistance for infrastructure creation is in the form of grant-in-aid, normally not more than the equity being put in by the implementing agency or 50 percent of the total equity in the project. (In case of projects located in Northeastern States and Himalayan States including J&K, this grant can be upto 880 percent of the total equity).[461] In addition, the states with relatively poor export infrastructure, lacking institutional capacity for preparing good DPRs, but have positive export potential, can receive up to 80 percent of the total equity. A total of 66 projects have been sanctioned under TIES till date and are in Assam, Tamil Nadu, Chandigarh, Rajasthan, Manipur, Delhi, West Bengal, Madhya Pradesh, Andhra Pradesh, Karnataka, Tripura, Maharashtra, Uttar Pradesh, Kerala, Jharkhand, Punjab, Haryana, Sikkim, Himachal Pradesh, Meghalaya and Bihar.[462]

### Remission of Duties and Taxes on Export Products (RoDTEP) scheme

The RoDTEP scheme, notified by the Department of Commerce in 2021,[463] is aimed at enhancing the global competitiveness of Indian exports by reimbursing embedded taxes and duties that are not refunded through other schemes such as GST or duty drawback. These include central, state and local levies such as mandi tax, electricity duty and fuel surcharge, which were previously hidden cost burdens for exporters. The scheme is WTO-compliant and replaces the earlier MEIS scheme. It covers a wide range of exported goods and is open to all sectors, including manufacturers and merchant exporters, with recent extensions to SEZs, EOUs and advance authorisation holders. In FY 2025–26, the government allocated INR18,233 crore for the scheme, covering over 10,000 product lines. RoDTEP plays a critical role in India's export strategy by reducing costs, ensuring tax neutrality and promoting ease of doing business in cross-border trade.[464]

459 Lok Sabha
460 MoCI
461 TIES Guidelines
462 Meity
463 DGFT
464 ET

### Export Promotion Capital Goods (EPCG) scheme

The EPCG scheme, administered by the Directorate General of Foreign Trade (DGFT), facilitates the import of capital goods without payment of duty, i.e., BCD, IGST and compensation cess.[465] Under the scheme, a GST refund may be claimed for the indigenous sourcing of capital goods. The scheme covers a range of sectors, including engineering, textiles, chemicals and electronics, and supports manufacturer-exporters and merchant exporters tied to supporting manufacturers. EPCG aims to enhance production capabilities, improve export competitiveness and encourage modernisation of India's manufacturing infrastructure.

### Advanced Authorisation Scheme

It is a key export promotion measure under India's Foreign Trade Policy, which allows duty-free import of inputs used to manufacture export products.[466] It is aimed at boosting competitiveness by reducing input costs for exporters. Standard Input Output Norms (SION) are notified for a wide range of products that define the amount of input required to manufacture a unit of the output product that will be exported. Manufacturer exporters and merchant exporters tied with a supporting manufacturer are eligible to apply under the scheme. Conditions for availing the benefits are as follows:

- Specified export obligation to be met;
- Minimum value addition of 15 percent to be achieved;
- Actual user condition to be met even after completion of export obligation

Advance authorisation is valid for 12 months from the date of issue. In the case of deemed exports, the authorisation is linked to the contracted duration of project execution or 12 months from the date of issue of such authorisation, whichever is longer.

### Duty Drawback Scheme

The Duty Drawback Scheme is a key export incentive under India's Customs Act that refunds duties and taxes paid on imported or domestic inputs used in manufacturing export goods.[467] It aims to enhance export competitiveness by ensuring that exported products are not burdened with domestic tax costs. The scheme offers All Industry Rates (AIR) notified by the government for various products or a brand rate for exporters whose input usage differs from standard norms. Refunds cover customs duty, central excise duty and service tax (for earlier periods), though GST-related levies are now separately refunded under GST law. Drawback is processed upon export through ICEGATE, supporting liquidity and promoting value-added exports.

### Market Access Initiative (MAI) Scheme

The MAI scheme,[468] announced by the Department of Commerce and governed by operational guidelines issued on 1 July 2021,[469] co-finances export promotion for specific product–country combinations. It shares up to 65 percent of the cost of trade-fair participation, buyer-seller meets, overseas branding and geographical indication registration. It also supports Districts-as-Export-Hub projects that upgrade packaging and bar-coding for small manufacturers. Recent MAI grants have paid for Indian pavilions at Gulfood Dubai 2024 (packaged foods), Texworld Paris 2024 (apparel)[470] and consumer-electronics fairs in East Africa, giving MSME suppliers direct exposure to global retail chains and online marketplaces.

[465]DGFT.
[466]DGFT
[467]Customs
[468]MoCI
[469]MoCI
[470]AEPC

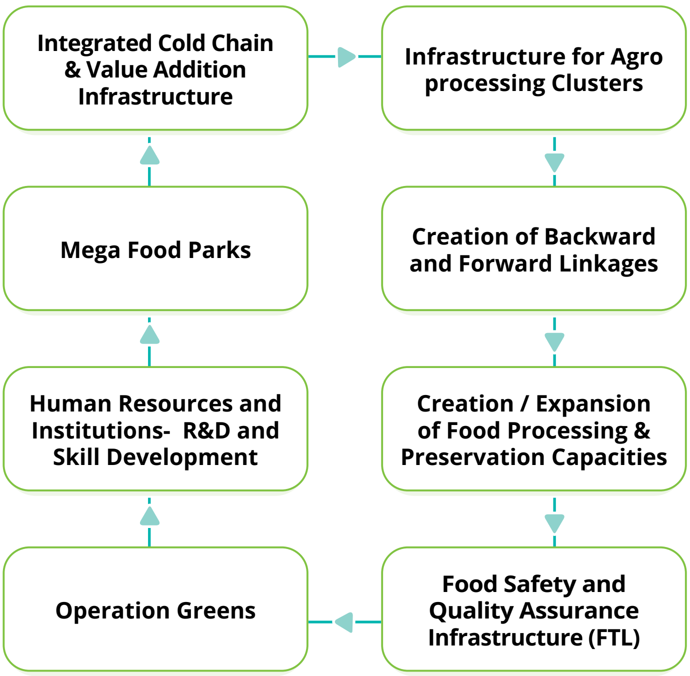
# Other flagship government initiatives and schemes

In recent years, the Indian government has played a pivotal role in shaping the growth trajectory of the FMCG, retail and e-commerce sectors, particularly by empowering small and medium enterprises (SMEs/MSMEs) that form the backbone of these industries. Through a range of targeted schemes and policy interventions, the government aims to enhance competitiveness, formalise operations and accelerate digital adoption across the value chain. These initiatives not only address structural challenges such as access to finance, infrastructure and market linkages, but also foster innovation and resilience in a rapidly evolving consumer landscape. This section highlights key programmes driving inclusive growth, focusing on their design, scale and measurable impact on grassroots enterprises and retail ecosystems.

### Pradhan Mantri Kisan Sampada Yojana (PMKSY)

PMKSY, a Central sector scheme, is envisaged as an all-encompassing initiative to develop modern infrastructure and efficient supply chain management from the farm gate to retail outlets. This scheme is expected to significantly boost the growth of the food processing sector in India. It aims to enhance the capacity of food processing units, thereby providing better returns to farmers and creating employment opportunities, particularly in rural areas. Additionally, it seeks to reduce agricultural produce wastage, increase processing levels and enhance the export of processed foods. The component schemes include:

**PMKSY Component Schemes**




Under the component schemes of PMKSY, a total 1,608 projects have been approved since its inception, of which 1,103 are operational, generating a processing and preservation capacity of 244.93 LMT/annum and benefitting 33,37,876 farmers.[471]

### Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME) Scheme

As part of the Atmanirbhar Bharat initiative, the Ministry of Food Processing Industries (MoFPI) is implementing the centrally sponsored PMFME scheme. It is designed to provide financial assistance, technical support and business advisory services to help set up or upgrade micro food processing units across India. Running over a five-year period from 2020–21 to 2024–25, the scheme has a budget outlay of INR10,000 crore and aims to support the growth and formalisation of 2 lakh micro enterprises in the sector.

A key feature of the PMFME Scheme is its focus on strengthening local food-based enterprises by promoting the One District One Product (ODOP) approach. This model encourages value chain development around a selected food product in each district, allowing businesses to benefit from economies of scale in sourcing raw materials, accessing shared services and reaching wider markets. The scheme offers dedicated support under its branding and marketing component to further empower these enterprises. This includes assistance for Farmer Producer Organisations (FPOs), Self-Help Groups (SHGs), cooperatives or Special Purpose Vehicles (SPVs) formed around ODOP products. Support areas include conducting market research, standardising products, improving packaging, adhering to food safety and quality norms, managing warehousing and storage, and undertaking promotional activities to improve retail visibility.

[471] Rajya Sabha

**Details of the PMFME Scheme**[472]

**Support to individual/group category micro enterprises**

- Credit-linked capital subsidy of 35 percent of the eligible project cost
- maximum ceiling INR10 lakh per unit

**Support to SHGs for seed capital**

- Seed capital at INR40,000 per member of SHG engaged in food processing for working capital and purchase of small tools
- subject to maximum of INR4 lakh per SHG Federation

**Support for common infrastructure**

- Credit linked capital subsidy at 35 percent, subject to maximum of INR3 crore to support FPOs, SHGs, cooperatives and any government agency for setting up of common infrastructure
- Common infrastructure will be available for other units and public to utilise on hiring basis for substantial part of the capacity

**Branding and marketing support**

- Grant upto 50 percent for Branding and Marketing to groups of FPOs/SHGs/ cooperatives or an SPV of micro food processing enterprises

**Capacity building**

- The scheme envisages training for Entrepreneurship Development Skilling (EDP+)
- program modified to meet the requirement of food processing industry and product specific skilling

## Production Linked Incentives (PLI)

The PLI schemes span multiple sectors with distinct strategic objectives, collectively aimed at strengthening domestic manufacturing, enhancing export competitiveness and supporting the FMCG, retail and e-commerce ecosystems. The PLI for food processing (INR10,900 crore, 2021–27)[473] supported India's global brand creation and value addition, with over INR8,900 crore invested and 2.89 lakh jobs created, primarily benefiting MSMEs. The PLI for white goods aimed to deepen component manufacturing in ACs and LEDs, targeting over 75 percent value addition by 2028–29. The PLI for electronics and IT hardware, including laptops and servers, has generated INR10,000 crore in output and 3,900 jobs, strengthening digital commerce infrastructure.[474] The Textile PLI has attracted INR7,343 crore in investments, supporting exports and sustainable sourcing.[475] Meanwhile, the solar PV PLI (INR24,000 crore) underpinned energy-efficient logistics infrastructure, enabling greener operations for retail and e-commerce players.[476]

The Indian government recently launched an INR22,919 crore PLI scheme (approved on 28 March 2025) targeting electronics components such as PCBs, capacitors, camera/display modules and lithium-ion cells to ramp up domestic value addition, reduce import dependency and strengthen the entire electronics supply chain.[477]

[472]MoFPI
[473]https://www.mofpi.gov.in/
[474]Newindianexpress
[475]ET
[476]Lok Sabha
[477]https://www.financialexpress.com/business/industry-insights

Moreover, the government is finalising a PLI scheme for the leather and footwear sector, currently in the draft cabinet note, with a proposed INR2,600 crore outlay, to run through FY 2031–32.[478] The initiative aims to enhance design capabilities, component manufacturing and non-leather footwear production. Expected impacts include generating 2.2 million jobs, spurring a turnover of INR4 lakh crore and boosting exports to INR1.1 lakh crore.[479]

Furthermore, while initially contemplated under the PLI framework, the toy sector may move towards a customised incentive design rather than a standard PLI. The government may plan to develop a capex-linked scheme similar to the Electronics Component Manufacturing Scheme (ECMS) instead of extending the PLI model to toys.[480]

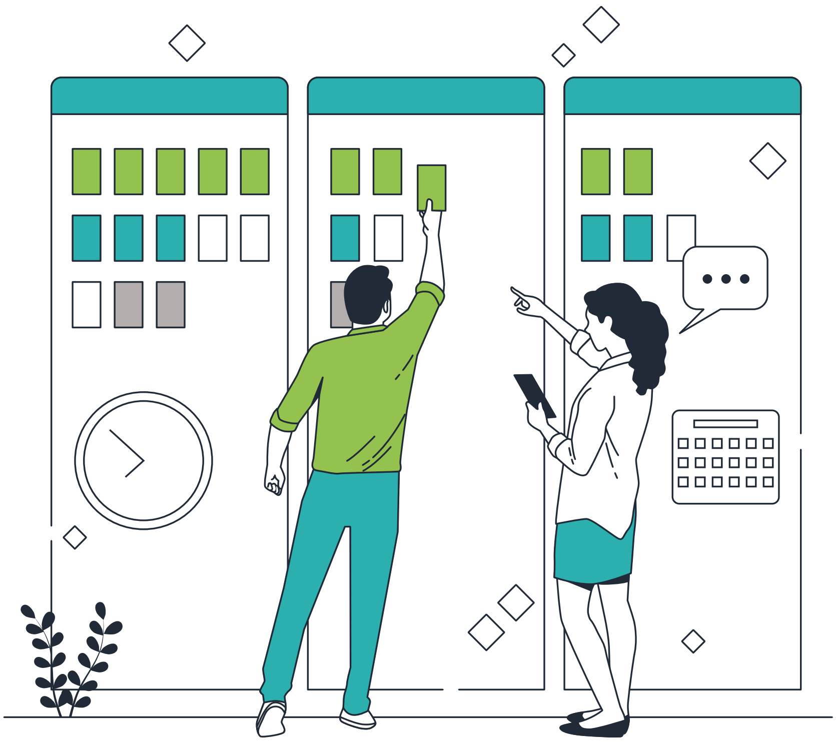
Taken together, these PLI schemes go beyond manufacturing incentives; they form the industrial backbone for consumer-facing sectors, enhancing product localisation, price competitiveness, sustainability and last-mile delivery infrastructure. For FMCG, retail and e-commerce stakeholders, aligning with these schemes as anchor buyers, logistics integrators or platform enablers offers them strategic and operational advantages.

**UDYAM registration for MSMEs**

Udyam registration (online, free, Aadhaar-based) replaces old MSME registration, giving enterprises a unique ID needed for subsidies, loans and government tenders. This reduces paperwork and brings transparency. Government platforms such as the Government e-Marketplace (GeM) mandate over 25 percent procurement from MSMEs, while new initiatives (e.g., ONDC) aim to onboard local kirana and artisan businesses onto e-commerce networks. Quality-certification schemes (through MSME Ministry/QCI) and marketing assistance help small manufacturers compete in digital trade.

**Trade Enablement and Marketing (TEAM) scheme**

Announced by the **Ministry of MSME**[481] on 27 June 2024 as part of the World Bank-backed RAMP programme, the TEAM scheme[482] sets aside INR277.35 crore for 2024–27 to help 5 lakh micro- and small enterprises (half of them women-owned) sell through the Open Network for Digital Commerce (ONDC). It reimburses the cost of creating ONDC-compliant catalogues (up to INR2,500 per firm), subsidises first-mile logistics and packaging sourced through the National Small Industries Corporation, and funds handholding for account management and order processing. Because ONDC completed its first cross-border B2B order[483] with Singapore-based Proxtera in January 2024, the digital catalogues financed under TEAM are instantly export-ready, giving small food-processing, personal-care and apparel units a low-cost path into foreign retail and e-commerce channels.



[478]Financial Express
[479]Financial Express
[480]https://www.moneycontrol.com/news/business/economy/moving-away-from-pli-centre-mulls-capex-backed-scheme-for-toys-13033070.html
[481]PIB
[482]MSME.GOV.IN
[483]ONDC

# Sustainability and inclusive growth

India's FMCG, retail and e-commerce sectors are undergoing a significant transformation, driven by increasing focus on sustainability and inclusion. Contributing over 10 percent to the country's GDP and employing a large share of the workforce,[484] these sectors are well-positioned to drive India's transition towards a more resilient and equitable economy, aligned with the PRIME vision.

Consumer preferences are evolving rapidly. Millennials and Gen Z prioritise sustainable and ethically sourced products, while rural and tier 2/3 markets are emerging as key drivers of inclusive consumption and production. Inclusion today spans multiple dimensions, spanning rural integration, gender diversity in the workforce and digital accessibility, each contributing to the transformation of India's consumption and production landscape. Meanwhile, regulatory frameworks such as SEBI's BRSR Core, Extended Producer Responsibility (EPR) and the single-use plastic ban establish environmental responsibility throughout the value chain. These developments are shaping domestic competitiveness while positioning Indian businesses to meet rising ESG expectations from global investors and export markets.GThe five foundational pillars catalysing sustainability and inclusive growth in the consumer sectors are:

1. **Eco-friendly packaging and waste management:** Transitioning from single-use plastics to compostable, recyclable and reusable alternatives, enabled by policy measures such as EPR and innovation in sustainable materials.
2. **Ethical sourcing and circular economy:** Embedding traceability, fair labour practices and circular supply chains to drive resource efficiency and improve access to domestic and global markets.
3. **Social impact and rural inclusion:** Using digital infrastructure and rural entrepreneurship to integrate grassroots producers and MSMEs into national and global value chains.
4. **Women empowerment and workforce diversity:** Promoting gender equity through workplace inclusion, skill-building and leadership development, particularly in retail, manufacturing and gig sectors.
5. **Inclusion of tier 2/3 cities and aspirational districts:** Driving equitable growth by tapping into market potential and job creation in underserved regions through e-commerce expansion and local infrastructure development.

Multiple real-life cases across industries demonstrate scalable models in rural supply chains, circular packaging, digital skilling and women-led enterprises, showcasing how leading companies embed ESG principles into operational practices.

Looking ahead, the trajectory of India's consumer sectors will be shaped by regulatory evolution, technological innovation and inclusive market expansion. The rise of quick commerce, enabled by robust digital public infrastructure, is unlocking new opportunities for reach, responsiveness and accountability. To stay competitive, companies must embed sustainability and inclusion into their core strategies, viewing them as central levers for long-term value creation, stakeholder trust and national development aligned with the Viksit Bharat vision.

[484] https://ficcitest2.ficci.in/sector/retail-internal-trade

# Market overview: The imperative for sustainability and inclusion

India's FMCG, retail and e-commerce sectors are at an imminent moment when sustainability and inclusion must drive ethical and strategic growth. With evolving consumer consciousness, expanding digital access, an evolving regulatory landscape and increasing global investor expectations, these sectors are uniquely positioned to lead India's journey towards PRIME-aligned development by embedding resilience, equity and purpose across the value chain.

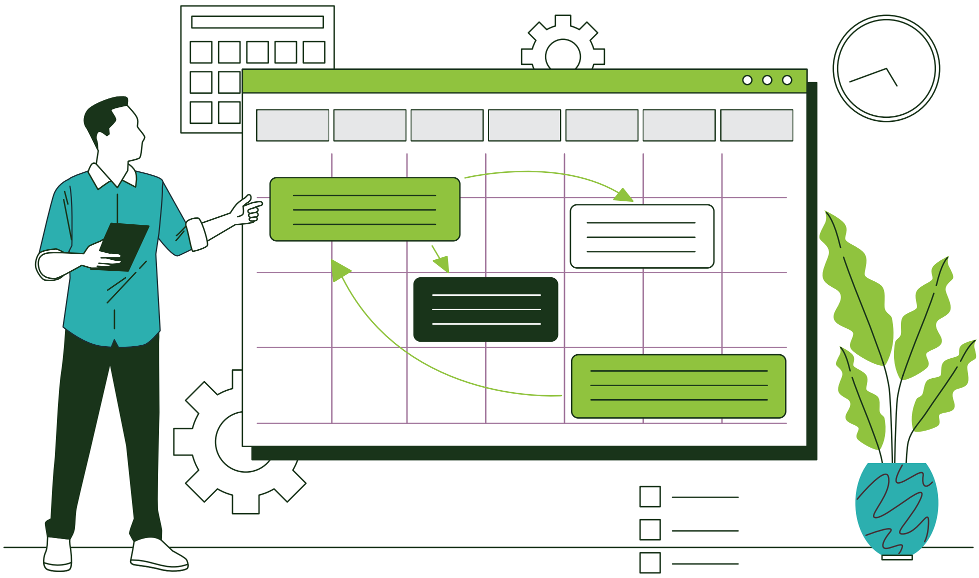
Consumers are driving a shift in demand. Two out of three urban Indian consumers factor environmental responsibility into their purchasing decisions.[485] This trend is stronger among millennials (63 percent) and Gen Z (65 percent).[486] This growing preference for sustainable products is reshaping brand strategies and product design.

Regulatory frameworks are tightening. SEBI's BRSR Core mandates ESG reporting for India's top 1,000 listed firms,[487] with value chain disclosures being phased in from FY 2025–26 and full compliance expected by FY 2026–27. Rules around Extended Producer Responsibility (EPR) and the ban on single-use plastics are also catalysing innovation in packaging and waste management.

Sustainability is emerging as a driver of market and capital access. Brands with sustainable positioning enjoy stronger export competitiveness, particularly in Europe and North America, where ESG-aligned sourcing is becoming a buyer expectation. This is also reflected in investor sentiment. A Deloitte survey of 500 global M&A leaders found that 83 percent are willing to pay a premium of at least 3 percent for companies with strong ESG profiles, up from 62 percent in 2022. Additionally, 14 percent would pay a premium of 6 percent or higher, indicating the growing financial value of sustainability.[488]

Access to global capital is becoming increasingly ESG-driven. International investors are now conditioning capital inflows on measurable ESG risk management. In response, SEBI is moving to ensure that ESG disclosures are procedural, credible and decision-useful.[489]

Diversity and inclusion are gaining prominence as a resilience driver. Women comprise ~29 percent of India's overall workforce,[490] but hold only 9 percent of C-suite roles, despite 27 percent participation at the entry level.[491] Rural self-employment rose from 52.2 percent in 2017–18 to 58.4 percent in 2023–24,[492] signalling the growing role of the inclusion of women from rural India in the workforce.



[485]https://nielseniq.com/global/en/insights/commentary/2023/indian-consumers-evolving-priorities-towards-the-environment-and-sustainability/
[486]https://www.deloitte.com/content/dam/assets-shared/docs/campaigns/2025/2025-genz-millennial-survey.pdf
[487]https://www.reuters.com/sustainability/boards-policy-regulation/india-review-esg-disclosures-listed-firms-market-regulator-says-2025-04-16/
[488]https://www.deloitte.com/lu/en/Industries/investment-management/blogs/how-private-equity-can-pave-way-better-future.html
[489]https://www.reuters.com/sustainability/boards-policy-regulation/india-review-esg-disclosures-listed-firms-market-regulator-says-2025-04-16/
[490]https://tradingeconomics.com/india/labor-force-female-percent-of-total-labor-force-wb-data.html
[491]https://www2.deloitte.com/content/dam/Deloitte/in/Documents/about-deloitte/in-ad-2024-women-at-work-india-report-noexp.pdf
[492]https://www.livemint.com/economy/economic-survey-2025-reveals-female-labour-force-participation-rate-rose-18-4-in-5-years-11738330699687.html?

# Market trends and drivers: Key pillars of sustainability and inclusive growth in India's consumer sectors

As India accelerates its journey towards Viksit Bharat, economic growth must be firmly anchored in the principles of sustainability and inclusivity, which are core to the PRIME agenda. For India's consumer-facing sectors, FMCG, retail and e-commerce, this moment presents a unique opportunity to align operational practices with emerging policy imperatives and shifting consumer expectations.

Evolving regulatory mandates such as EPR and the nationwide ban on single-use plastics are compelling producers, importers and brand owners to manage plastic packaging waste more responsibly. Mandates under the Plastic Waste Management Rules,[493] companies must adopt solutions such as recycling, reuse, co-processing, waste-to-energy, plastic-to-oil, shredded plastics in road construction and industrial composting. While these regulations enforce compliance, progressive businesses view them as enablers. They use sustainability commitments as a lever for brand differentiation, long-term competitiveness and resilience in a rapidly changing policy landscape.

Complementing this regulatory shift, the government's Atmanirbhar Bharat initiative is catalysing growth in bio-based and sustainable packaging manufacturing. By promoting domestic R&D, encouraging investment in bioplastics and embedding circular economy principles, this initiative is reducing dependence on imports while positioning India as a forerunner in sustainable packaging solutions. Regulatory mandates and government-driven industrial policy are aligned to embed sustainability into the core of operational and innovation strategies, which are critical for long-term growth and global competitiveness.

India's pervasive digital infrastructure also serves a dual purpose, facilitating unprecedented market scale and embedded inclusivity. The rapid penetration of e-commerce into tier 2 and 3 cities and the growing base of online shoppers and sellers from these regions is creating a more balanced retail ecosystem. This digital leapfrogging is not just about convenience; it empowers MSMEs, enabling local value creation and generating jobs across urban and rural India. This connectivity integrates previously underserved populations and small businesses into the mainstream economy, making digital public infrastructure a foundational element that simultaneously addresses growth and inclusiveness.

### Eco-friendly packaging and waste management

Packaging is India's fifth-largest sector, backed by steady domestic expansion and export potential. However, this growth comes with an escalating environmental cost, particularly packaging waste.[494] While economically significant, the industry contributes to substantial waste generation across materials such as plastic, paper, cardboard, glass, metal and wood. Plastic is the most pervasive and environmentally challenging component due to its low recyclability and long decomposition cycle.[495]

This challenge is particularly acute in these sectors, which are among the largest generators of packaging waste due to their high-volume, single-use distribution models.[496] If the current consumption trend continues, plastic usage is projected to rise to 39 million tonnes by 2025 and surpass 70 million tonnes by 2035,[497] potentially resulting in a projected threefold increase in plastic waste. This trajectory has profound environmental implications, ranging from landfill saturation and marine pollution to the proliferation of microplastics across ecosystems and food chains.

To address this escalating crisis, India has implemented a series of reforms to strengthen plastic waste management and accelerate the transition to a circular economy. Landmark initiatives such as the **Swachh Bharat Abhiyan (2014),** which emphasised sanitation and large-scale solid waste management and the **LiFE (Lifestyle for Environment) Mission (2021)**, which promotes sustainable consumption and behavioural change, have laid the foundation for environmentally responsible practices.

At the core of this policy shift is the **Extended Producer Responsibility (EPR)** framework, introduced in 2011 and revised in **2016, 2020 and 2022**, which places clear accountability for plastic waste management across the value chain.[498] Under EPR, producers must collect and recycle a set percentage of the plastic they release into the market, encouraging companies to rethink material choices and invest in take-back systems.

EPR applies to plastic packaging, electronic waste (e-waste), batteries and tyres, and draft rules are underway for used oil. The EPR framework is expected to expand to cover materials such as textiles and non-plastic packaging waste, including paper, glass and metals.

[493] https://www.mospi.gov.in/sites/default/files/main_menu/Seminar/Policy%20on%20Waste%20Management%20-%20MOEFCC.pdf
[494] Packaging Industry association of India: https://piai.org/packaging-sector.php
[496] https://www.teriin.org/sites/default/files/2021-12/Circular-Economy-Plastics-India-Roadmap.pdf
[497] CSIRO, Australia. National Circular Economy Roadmap for Reducing Plastic Waste in India. 2023: https://www.csiro.au/-/media/Environment/Circular-Economy-Roadmap-India/23-00249_ENV_REPORT_IACPRoadmap_WEB-230714.pdf
[498] Syed, Ahmed, et al. "Packaging Plastic Waste from E-Commerce Sector: The Indian Scenario and a Multi-Faceted Cleaner Production Solution towards Waste Minimisation, 2024: https://doi.org/10.1016/j.jclepro.2024.141444
[499] CSIRO, Australia. National Circular Economy Roadmap for Reducing Plastic Waste in India. 2023: https://www.csiro.au/-/media/Environment/Circular-Economy-Roadmap-India/23-00249_ENV_REPORT_IACPRoadmap_WEB-230714.pdf

These national efforts, supported by state-level bans on single-use plastics and incentives for sustainable packaging alternatives, are gradually steering the industry towards a more circular and responsible growth model.

Despite regulatory progress, the scale of the challenge remains substantial. Due to their long decomposition periods, traditional single-use plastics contribute to massive waste accumulation in landfills and water bodies, leading to marine pollution and the infiltration of microplastics into the food chain. Under a business-as-usual scenario, India's plastic waste is projected to rise from 15.2 million tonnes to 45.7 million tonnes, exacerbated by poor waste segregation, underdeveloped recycling infrastructure and limited access to affordable alternatives, particularly in tier 2/3 cities and rural regions. These systematic gaps pose serious risks to the environment and public health.

While policy interventions have driven visible progress in urban centres and spurred innovation in biodegradable and reusable materials, key barriers persist. High input costs, non-uniform quality standards and insufficient recycling capacity prevent the widespread adoption of sustainable packaging solutions, particularly across low-income or logistically challenged geographies.

This escalating crisis reflects the need for a fundamental shift in how materials are sourced, designed and managed at end-of-life, demanding systemic changes across packaging practices, supply chains and regulatory ecosystems.

**Greenwashing risks in FMCG: Implications for consumer trust and the sustainable packaging transition**

As sustainability is becoming a key differentiator in the FMCG sector, many companies increasingly use environmental claims as part of their branding and market positioning. However, without robust verification and accountability, these claims can risk drifting into greenwashing, where environmental credentials are overstated or misleading.

In 2021, the Central Pollution Control Board (CPCB) imposed substantial penalties, amounting to ~INR70 crore cumulatively, on three major FMCG companies for gaps in their compliance with EPR regulations.[500] Despite publicly promoting their sustainability commitments, these firms had under-reported actual plastic collection and recycling volumes.

Each producer acknowledged the shortfall, paid the penalties and some overhauled their waste-management framework by deploying digital waste-manifest platforms, formalising collaborations with informal waste-collector cooperatives to extend coverage into tier 2/3 regions and submitting entirely accurate EPR data through the CPCB portal.

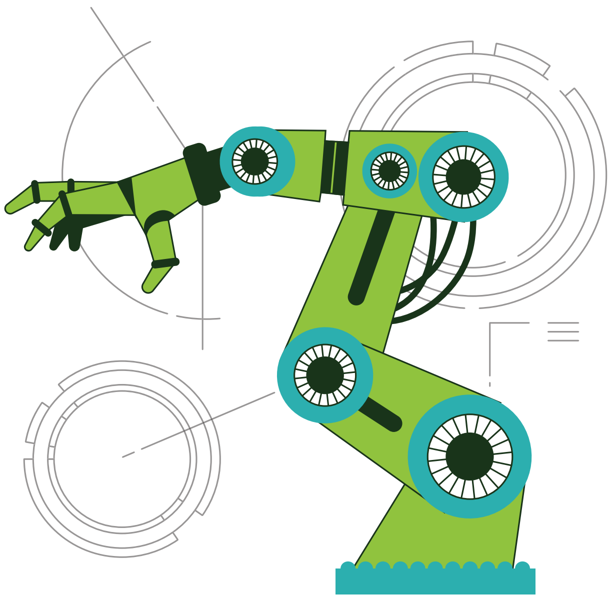
Nonetheless, such incidents risk eroding consumer trust, particularly in the current scenario where many consumers are willing to pay a premium for products with verifiable sustainability credentials, including eco-friendly packaging, despite rising cost-of-living concerns, as indicated in a Deloitte survey. As environmental claims increasingly influence consumer choices, transparency, third-party validation and measurable progress will be essential to preserving credibility and enabling a truly authentic transition towards sustainable packaging practices. In recognition of the growing prevalence and impact of green claims, the Advertising Standards Council of India (ASCI) has introduced its Guidelines for Advertisements Making environmental/Green claims (effective 15 February 2024),[501] which mandate that such claims must be backed by verifiable evidence, clearly specify whether they apply to the product or packaging, avoid ambiguous terms and ensure any sustainability seals or certifications are issued by recognised bodies, thereby strengthening consumer protection against greenwashing.

**Innovations in sustainable materials and packaging alternatives**

The industry is rapidly adopting eco-friendly alternatives, including compostable bags made from plant-based materials such as cornstarch, sugarcane and Polylactic Acid (PLA); Post-Consumer Recycled (PCR) plastics; and a wide range of paper-based packaging options. These materials are renewable, support composting or recycling and typically result in a lower carbon footprint throughout their lifecycle.

Beyond conventional alternatives, the innovation pipeline is expanding rapidly. Indian innovators are exploring materials such as bioplastics, mycelium, Teraform composites and banana leather as viable substitutes for traditional polymers. These next-generation solutions are designed to reduce dependency on virgin resources and support circular economy objectives by integrating recycled content and improving material recovery.

[500]https://timesofindia.indiatimes.com/business/india-business/disposal-of-plastic-waste-coke-pepsi-bisleri-fined/articleshow/80775475.cms
[501]https://www.ascionline.in/wp-content/uploads/2024/01/Guidelines-for-Advertisements-Making-Environmental-Green-Claims.pdf



To enhance performance and scalability, the industry is also developing biodegradable coatings that improve the moisture resistance of paper-based packaging, making them suitable for high-volume, high-exposure applications such as food containers and e-commerce delivery boxes. Global market intelligence forecasts that thermoplastic polymer-based barrier coatings, which include these bioplastic alternatives, will post a 4.8 percent CAGR through 2030, reaching over 3 million tonnes in use.[502]

Aseptic packaging, composed of multi-layered paperboard, polyethene and aluminium, provides high-barrier protection and significantly extends the shelf life of food and beverage products, often eliminating the need for refrigeration. This is especially critical in segments such as dairy and beverages, where maintaining product freshness and safety during distribution is essential.[503] Investments in stronger, more durable paper fibres further expand the use of sustainable packaging in distribution-heavy segments, reflecting the sector's growing commitment to reducing its ecological footprint while maintaining functionality and consumer convenience.[504]

### Ethical sourcing and circular economy

As companies respond to rising ESG expectations, supply chains in India's consumer sectors are being restructured to prioritise ethical sourcing, traceability and circularity. This shift replaces traditional linear supply chain models with integrated systems designed to optimise resource use, facilitate material recovery and mitigate environmental and social impacts.
Responsible sourcing and procuring materials and services to limit environmental harm and protect labour rights are at the core of this transformation. This includes reducing carbon intensity, safeguarding biodiversity, ensuring fair wages and eliminating unsafe working conditions, child labour and forced labour. Traceability has transitioned from a differentiator to a baseline requirement, with technology, such as blockchain and SaaS platforms,[505] enabling transparent, immutable supply chains that support compliance and build trust.

To meet these expectations, companies are restructuring vendor networks. Recently, a leader in the FMCG space revamped its vendor base by phasing out suppliers that did not meet its sustainable sourcing code. In the packaging category, they shifted towards vendors providing recycled plastic (PCR) and biodegradable materials, working with Indian recyclers and innovators to create a circular packaging loop. They also collaborated with local suppliers certified under sustainability standards (e.g., Rainforest Alliance for tea and RSPO for palm oil) to ensure traceability and environmental performance. Across the sector, businesses are adopting robust certification standards, conducting regular supplier audits and investing in digital tools such as supplier mapping software and AI-powered verification tools.

This shift is also being reinforced by tightening regulations. Emerging regulations such as the EU Deforestation Regulation (EUDR) and the proposed Digital Product Passport (DPP) mandate companies to disclose detailed information on material sourcing, repairability, recyclability and environmental impacts. Non-compliance can trigger severe consequences, ranging from border detentions to shipment rejections to long-term bans from key markets.

[502]https://www.smithers.com/services/market-reports/packaging/the-future-of-sustainable-barrier-coatings-to-2030
[503]https://www.uflexltd.com/pdf/IR/Investor_Presentation_23Jun_2025.pdf
[504]ET Edge Insights: "India's Packaging Sector Is Going Green, and Paper Is at the Forefront", 2025: https://etedge-insights.com/sdgs-and-esg/sustainability/indias-packaging-sector-is-going-green-and-paper-is-at-the-forefront/
[505]https://www.deloitte.com/no/no/Industries/technology/perspectives/blockchain-empowered-supply-chains.html

Circular economy models are increasingly shaping how companies design, distribute and recover their products. Focused on eliminating waste and extending the lifecycle of materials, this approach emphasizes product design, product reuse, recycling and regeneration rather than linear consumption. Within packaging-intensive sectors, circularity reduces material use, incorporates recycled content into new designs, adopts biodegradable alternatives and enables packaging reuse.[506]

This model is particularly significant for managing packaging waste, where strategies include minimising material usage, reusing packaging, utilising biodegradable materials and incorporating recycled content into new designs.[507]

Reverse logistics is critical, especially in e-commerce, where return rates can reach up to 30 percent.[508] Efficient systems for returns, inspection, reuse and recycling are now strategic enablers, helping companies balance sustainability with operational performance and customer experience. Several leading brands are actively exploring refill-and-reuse packaging models and setting ambitious targets for recycled plastic use, signalling a long-term shift towards closed-loop material flows.

**Indian pilots and the circular economy landscape**

India is witnessing a rise in industry-led and collaborative efforts to operationalise circular economy principles. One such initiative, "Sorting for Circularity India," a multi-stakeholder project involving leading global fashion brands, aims to optimise India's textile waste supply chain by strengthening collection, sorting and recycling infrastructure for pre-consumer and post-consumer textile waste.[509] This project has identified significant potential for high-quality feedstock from textile waste, which could generate substantial additional revenue if properly valorised.

A prominent FMCG manufacturer has eliminated secondary cartons for select SKUs and redirected the resulting paper savings to community development programmes. Concurrently, a global consumer-goods company is piloting refill-and-reuse systems and collaborating with government agencies and NGOs to strengthen waste-management infrastructure, targeting 100 percent reusable, recyclable or compostable plastic packaging by 2025. Furthermore, the sharing economy concept is gaining traction, offering transformative approaches to addressing sustainability challenges within reverse logistics networks, such as shared transportation and dynamic stakeholder collaboration for managing retired EV batteries.

Though the pilot projects look promising, several challenges stem primarily from the need to scale innovative circular models within a large, often informal, existing waste management ecosystem. Moreover, a substantial portion of India's plastic recycling efforts relies heavily on an informal network of waste pickers, who contribute significantly to the country's recycling capacity. This complex interplay means that formal corporate initiatives and technological advancements must strategically integrate with, and ideally formalise and empower, this informal sector. Without policy support that addresses the economic disincentives for reuse and recycling, and a concerted effort to build robust, formalised infrastructure, the full potential of circularity at scale may remain unrealised.

**Traceability and the future of ethical sourcing**

In an era of transparency and accountability, traceability has emerged as a strategic imperative for ethical sourcing and sustainable business growth. Its importance extends beyond regulatory compliance, evolving into a foundational requirement for market access, brand credibility and long-term competitiveness.

While traceability is increasingly mandated by law and serves to build consumer trust, its more profound significance lies in its role as a prerequisite for engaging in global markets and mitigating reputational risks. As global regulations become more stringent, particularly concerning environmental and labour standards, the ability to demonstrate end-to-end supply chain transparency becomes non-negotiable. This proactive approach to traceability is essential for future-proofing supply chains in an increasingly transparent and regulated global economy.

[506] Johri, Nancy. "India's Plastic Dilemma: Closing the Loop on Packaging Waste." The CSR Universe, 2025, https://thecsruniverse.com/articles/india-s-plastic-dilemma-closing-the-loop-on-packaging-waste

[507] International Council for Circular Economy (ICCE). "Sustainable Packaging Solutions in India: Navigating the Transition to a Circular Economy." 2024: https://ic-ce.com/sustainable-packaging-solutions-in-india-navigating-the-transition-to-a-circular-economy/

[508] AWL India, 2020, www.awlindia.com/reverse-logistics

[509] Fashion for Good. "Sorting for Circularity India.", 2025: www.fashionforgood.com/case-study/sorting-for-circularity-india/

### Social impact and rural inclusion

With nearly 65 percent of India's population residing in rural areas and almost half dependent on agriculture, it represents a vast consumer base and a critical lever for economic empowerment and resilient supply chains.[510] Integrating rural India into the mainstream economic fabric is critical to the country's inclusive growth agenda and directly supports broader national visions such as Atmanirbhar Bharat, which focuses on self-reliance through domestic capability and Viksit Bharat, which aspires to transform India into a developed, inclusive and sustainable economy by 2047.

Empowering rural communities directly enhances livelihoods, boosts consumption and diversifies supply chains, making them more robust against disruptions. Government efforts and increasing private sector participation are instrumental in promoting economic independence through indigenous innovation and sustainable growth at the grassroots level.

Notably, the rise of e-commerce and digitally enabled supply chains has expanded market access for rural MSMEs, helping local artisans and craftsmen to connect with broader domestic markets. This ecosystem facilitates economic participation and generates employment opportunities across urban and semi-urban regions, strengthening the overall national economic fabric by reducing dependencies and fostering self-sufficiency.

Government programmes have also been instrumental in unlocking economic potential and raising rural living standards. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) generated 225.8 crore person-days of employment, creating community-level assets supporting agricultural productivity and curbing rural-to-urban migration. Skilling programmes such as the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) have trained over 1.3 million candidates, with nearly 790,000 securing job placements.[511]

Simultaneously, large-scale infrastructure development through initiatives such as PMGSY (rural roads), PMAY-G (housing), Jal Jeevan Mission (drinking water) and PMUY (clean energy access) has significantly improved rural mobility and supported industrial and agricultural expansion. Together, these initiatives lay the groundwork for a more connected, productive and economically active rural India.

**Market expansion potential and socioeconomic impact of rural integration**

Rural markets continue to emerge as a strong engine of India's FMCG sector, backed by digital inclusion. While traditional rural development models relied primarily on physical infrastructure and public schemes, digital platforms now bridge longstanding market gaps, directly connecting rural MSMEs, artisans and producers with national and international buyers. This transformation is creating employment opportunities at scale, expanding local market ecosystems and fostering deeper economic participation across states, aligning with the government's Aspirational Districts Programme by promoting self-reliance, local enterprise and equitable access to formal markets.

This momentum is supported by a multi-stakeholder ecosystem that combines public policy with private innovation. Government initiatives such as the national logistics policy, targeted MSME support and efforts to improve supply chain efficiency in low-income districts provide a crucial enabling environment.

E-commerce platforms also play a catalytic role. From private initiatives such as artisan-focused seller programmes to government-backed portals such as e-Saras,[512] these platforms are expanding visibility and income potential for rural entrepreneurs. A collaborative rural growth model emerges, where government, industry and community drive market expansion in an inclusive, digitally enabled way and aligned with the broader "vocal for local" vision.

### Women empowerment and diversity

Empowering women and promoting workforce diversity are increasingly seen as social commitments and enablers of stronger economic performance and organisational resilience. In India's manufacturing, retail and supply chain ecosystems, enhancing gender inclusion directly supports productivity, innovation and sustainable growth. The shift from a compliance-led to a capability-driven approach is evident across industry segments.[513] This transformation is deeply aligned with India's commitments under the UN Sustainable Development Goals, particularly:

- **SDG 5: Gender equality** – Achieve gender equality and empower women and girls
- **SDG 8: Decent work and economic growth –** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- **SDG 10: Reduced inequalities –** Reduce inequality within and among countries

While women's participation in formal manufacturing has remained relatively stable at ~19.7 percent for two decades, it

[510] Logistics Insider, "How Inclusive Supply Chains in e-Commerce can Shape the Future of Rural India." https://www.logisticsinsider.in/how-inclusive-supply-chains-in-e-commerce-can-shape-the-future-of-rural-india/

[511] Ministry of Finance. (2023). Economic Survey Highlights Thrust on Rural Development. PIB Delhi. https://www.pib.gov.in/PressReleasePage.aspx?PRID=1894901

[512] https://www.digitalindia.gov.in/initiative/saras-aajeevika-esaras/

[513] https://timesofindia.indiatimes.com/business/india-business/corporate-diversity-indias-most-inclusive-firms-post-50-higher-profits-says-study-flags-poor-women-representation-in-top-roles/articleshow/122367822.cms

has concentrated in specific regions (e.g., 43 percent in Tamil Nadu) and industries (e.g., 50 percent in apparel/textile/leather and 80 percent in electronics manufacturing).[514] The Worker Population Ratio (WPR) for women aged 15 years and above has risen from 22.0 percent in 2017–18 to 40.3 percent in 2023–24, while the Labour Force Participation Rate (LFPR) for women has increased from 23.3 percent to 41.7 percent in the same period.[515]

This rising participation is driven by individual ambition and structured efforts from organisations to close the gender gap. Across sectors, companies are adopting more inclusive policies and practices to attract, retain and advance women professionals. Diversity, Equity & Inclusion (DEI) frameworks are being implemented with greater depth, going beyond headcount targets to include mentorship programmes, sponsorship initiatives and supportive infrastructure such as flexible work models, childcare assistance and structured return to work pathways.

These initiatives help address mid-career attrition and support long-term engagement. While representation at senior levels remains a work in progress, recent trends show a gradual increase in women leaders, particularly over the last five years. Dedicated skilling interventions are also gaining traction, focused on building leadership capabilities such as strategic thinking, stakeholder engagement and resilience. These efforts contribute to a workplace culture of respect, opportunity and participation.

**Socioeconomic benefits of enhanced gender diversity**

Greater gender diversity extends beyond the workplace, generating socioeconomic value across formal and informal sectors. At the grassroots level, Self-Help Groups (SHGs) have significantly affected rural women’s economic, social and political empowerment. These community-based platforms have proven instrumental in enhancing household income, crisis response and community development.[516]

In corporate environments, diverse leadership brings broader perspectives, enhances decision-making processes, promotes innovation and directly correlates with improved financial performance and employee satisfaction.[517] Companies with greater gender balance in executive teams experience substantial financial advantages, indicating that diversity is not merely a matter of social responsibility but a strategic imperative for sustainable growth. Addressing persistent challenges such as gender pay gaps and ensuring fair evaluation processes are key to unlocking this full potential and achieving true gender equality.

A notable discrepancy exists between corporate intentions and the systemic barriers that impede the full realisation of gender diversity. While many organisations express strong commitments to DEI and implement various initiatives such as flexible work arrangements and leadership development programmes for women, the actual data reveals significant gaps.

For instance, despite increased focus on gender diversity, women remain significantly underrepresented in leadership positions. In India, women hold 17 percent of C-suite roles and 20 percent of board seats, while a disproportionately small share of women hired at entry-level positions advance to senior leadership, highlighting persistent structural barriers within the corporate pipeline.[518] Furthermore, mid-career dropouts remain common, often influenced by societal expectations around family responsibilities, challenges in balancing work-life demands and persistent issues such as pay disparity and workplace culture. This indicates that while awareness and the intent to empower women are growing, the deep-seated systemic barriers, including unconscious biases, lack of comprehensive supportive infrastructure and traditional cultural norms, are still significant challenges. Overcoming these requires more than policy statements; it demands a sustained, holistic effort to dismantle ingrained obstacles and create equitable pathways for women’s career progression in corporate India.

A significant opportunity lies in recognising and using the untapped potential of women in India’s unorganised sector and the burgeoning gig economy for broader economic inclusion. While much of the discourse around women’s employment focuses on formal corporate sectors and leadership roles, many women are engaged in the unorganised manufacturing sector, often operating home-based enterprises. Additionally, the gig economy is providing flexible work options and attracting a growing number of women.

This suggests that for India to achieve comprehensive women’s empowerment and fully realise its national development visions, efforts must extend beyond formal corporate DEI initiatives. Strategies must be developed to formalise, support and empower women in these vast and often unorganised sectors. This includes designing policy frameworks and private sector models that cater to the unique needs and entrepreneurial potential of women in these segments. Government initiatives such as the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM),[519] which promotes self-employment through women-led SHGs; Mahila e-Haat,[520] an online marketing platform for

[514] India Development Review (2023). How many women does India’s manufacturing sector employ?” https://idronline.org/article/gender/how-many-women-does-indias-manufacturing-sector-employ/
[515] PIB (2025). Secretary (Labour & Employment) Participates in Round Table Discussion on Improving Female Workforce Participation in India: https://www.pib.gov.in/PressReleasePage.aspx?PRID=2108281
[516] https://www.researchgate.net/publication/263429812_Women's_Autonomy_and_Subjective_Well-Being_How_Gender_Norms_Shape_the_Impact_of_Self-Help_Groups_in_Odisha_India
[517] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5086945
[518] https://womenleadershipcenter.in/img/publications/reports/Whitepaper-4.pdf

women entrepreneurs; and the MUDRA Yojana,[521] which provides micro-financing to women entrepreneurs, is critical in enabling financial inclusion and employment generation for women in rural and informal sectors. These interventions can significantly complement formal sector DEI efforts by driving a more widespread and inclusive socio-economic transformation.

### Inclusion of tier 2/3 cities and aspirational districts

India's inclusive growth journey increasingly hinges on expanding economic reach beyond metropolitan hubs into tier 2 and 3 cities and aspirational districts. These areas, often overlooked, represent significant untapped market potential and are crucial for fostering equitable development, job creation and local market activation across the country.

The rapid rise of e-retail is playing a catalytic role in democratising the shopping landscape in India. Since 2020, ~60 percent of new online shoppers have originated from tier 3 and smaller cities, driven by better prices, convenience and return-friendly policies. E-retail penetration in areas such as the Northeast is already 1.2 times higher than the national average, demonstrating how digital commerce can leapfrog traditional retail barriers. The transformation extends to the supply side as well, with over 60 percent of new online sellers since 2021 emerging from tier 2 and smaller cities. This reflects broader entrepreneurial participation and deepening integration of local businesses into the formal economy.[522]

The expansion into these regions is driving demand for improved infrastructure, particularly in logistics and digital connectivity. With its hyperlocal supply chain and doorstep delivery model, quick commerce is emerging as a powerful force for job creation. This model distributes employment across urban and semi-urban regions, reducing labour market asymmetry and offering flexible gig roles. Government initiatives such as the BharatNet project,[523] aiming to provide broadband connectivity to gram panchayats and the Universal Service Obligation Fund (USOF) schemes,[524] which bring 4G services to remote villages, are actively expanding broadband access to rural areas, directly supporting village e-commerce expansion and digital literacy. The growth of hyper-value commerce platforms, focusing on affordable product assortments, has gained strong traction among lower-middle-income consumers in these cities, effectively activating local markets and fostering new economic activity.

The strategic importance of these regions for national inclusive growth is highlighted by government programmes such as the Aspirational Districts Programme. NITI Aayog's District Sustainable Development Goals (SDG) Index Report, which measures performance across Northeastern States, reflects a clear commitment to address development challenges across social, economic and environmental dimensions and ensuring that "no district is left behind" in the development journey.[525] This strong alignment between private sector market expansion strategies and national development goals creates a synergistic environment for accelerated and equitable inclusive growth. The index is a critical policy tool for evidence-based planning, resource allocation and monitoring of developmental efforts, highlighting significant improvements in district performance due to national flagship schemes and localisation efforts.

Quick and hyper-value commerce's distinct roles are emerging as powerful regional inclusion engines. Quick commerce, characterised by its hyperlocal supply chain and rapid doorstep delivery, creates significant job opportunities distributed across urban and semi-urban regions, thereby reducing labour market asymmetry. This model directly translates to localised employment and economic activity. Concurrently, hyper-value commerce platforms, which focus on offering ultra-low-price assortments, have gained strong traction among lower-middle-income consumers, particularly in tier 2 and 3 cities. These platforms are about convenience and affordability. They are tailored mechanisms for inclusive regional development. By making online shopping accessible to a broader socioeconomic spectrum in underserved regions, they actively stimulate local demand, foster local entrepreneurship by diversifying the seller base and integrate these areas more deeply into the digital economy. This dual approach demonstrates how specialised e-commerce models can effectively drive economic growth and social equity in India's diverse regional landscape.

[519] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2112203
[520] https://www.indiafilings.com/learn/mahila-e-haat/
[521] https://www.mudra.org.in/mudra-kahaniyaan-v2/women.html
[523] https://usof.gov.in/en/bharatnet-project
[524] https://usof.gov.in/en/ongoing-schemes
[525] NITI Aayog . (2023). NITI Aayog releases second edition of the North-Eastern Region District SDG Index (2023-24). PIB Delhi. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2142994

# Translating the PRIME vision: Ground-level impact across sourcing, circularity and inclusion

Across India's FMCG, retail and e-commerce sectors, sustainability and inclusion are no longer peripheral; they are being embedded into operations, sourcing models and workforce strategies. The following case studies showcase how rural entrepreneurship, circular supply chains and gender-inclusive employment practices translate these priorities into scalable, high-impact action. These examples reflect the PRIME vision of promoting resilient, inclusive manufacturing and employment across India's growth sectors.

### A. Rural inclusion and supply chain resilience

- **Himalayan women-led enterprises**
  A rural entrepreneurship initiative in the Himalayan region established multiple Farmer Producer Organisations (FPOs) and micro-enterprises, enabling localised sourcing of agricultural and herbal products. By promoting value-addition at the community level and linking rural women to markets, the initiative strengthens local supply chains while boosting household incomes.[526]

- **PALASH initiative – Jharkhand**
  A state-led programme repurposes unused public buildings as production hubs for women-led SHGs. Over 35,000 rural women entrepreneurs and self-help groups across five districts have benefited from repurposing unused government assets, primarily vacant school buildings, which now serve as hubs for economic and administrative activities.[527]

- **Swayam Shikshan Prayog (SSP)**
  Working across four states, this platform supports over 350,000 grassroots women entrepreneurs in accessing skills such as digital literacy, technology and marketing platforms.[528] SSP's integrated approach, training, financial inclusion and market access, builds adaptive, locally embedded supply chains.

### Women empowerment and workforce diversity

- **Internet Saathi – Digital literacy for women**
  A national digital empowerment initiative trained over 17 million women across 170,000 villages to become community digital educators.[529] These women now facilitate digital access, financial inclusion and e-governance adoption in rural areas, bridging the gender and digital divide.

- **Women Entrepreneurship Platforms – tier 2/3 India**
  National schemes such as the Women Entrepreneurship Platform (WEP)[530] and Stand-Up India[531] offer financing, incubation and compliance assistance for women-led ventures. By targeting underserved geographies, these programmes create a pipeline of formal women-owned businesses in non-metro regions.

- **Self-Employed Women's Association (SEWA)**
  With ~2 million members, SEWA integrates informal women workers into formal economic systems through microfinance, insurance, cooperative banking and skills training.[532] It offers a proven, scalable model for inclusion, economic security and workforce diversity.

[526]https://www.ifc.org/en/stories/2024/empowering-women-entrepreneurs-himalayas
[527]https://timesofindia.indiatimes.com/city/ranchi/repurposed-school-bldgs-help-in-boosting-womens-incomes/articleshow/121253733.cms?
[528]https://give.do/discover/9US/swayam-shikshan-prayog/
[529]https://www.tatatrusts.org/our-work/digital-transformation/digital-literacy/internet-saathi#:~:text=Rural%20women%20typically%20form%20community,the%20Trusts'%20digital%20intervention%20programmes.
[530]https://wep.gov.in/
[531]https://www.standupmitra.in/
[532]https://www.sewa.org/about-us/

# Call to action for businesses

To deliver on the PRIME vision—Promoting Resilient, Inclusive Manufacturing and Employment—companies must embed sustainability and inclusion into the core of their corporate strategy, rather than treating them as peripheral CSR obligations. Business leaders should proactively harness the potential of digital public infrastructure and AI-driven solutions to drive traceability, financial inclusion and operational transparency. Anticipating regulatory developments, such as those targeting quick commerce and aligning product and workforce strategies accordingly will be essential. Most importantly, businesses must recognise that inclusive growth and environmental stewardship are not constraints, but competitive advantages in an increasingly values-driven global economy. By doing so, they will future-proof their enterprises and contribute meaningfully to building a more equitable and resilient India.

India’s FMCG, retail and e-commerce sectors stand at a pivotal juncture, where sustainability and inclusion have evolved from optional considerations to essential drivers of business resilience and national prosperity. Stakeholders across the ecosystem, including consumers, regulators and investors, increasingly demand transparent, accountable and equitable business practices.

Sectoral frontrunners are responding by institutionalising ESG-aligned sourcing, engaging rural and women-led enterprises and innovating across packaging and logistics systems to minimise environmental impact. These efforts are no longer peripheral. They are shaping the mainstream operating models of future-ready businesses.

As the trends and future projections illustrate, collaborative innovation, digital infrastructure and forward-looking regulation pave the way for an inclusive and sustainable growth paradigm. Rural consumption trends, quick commerce expansion and DPI-enabled financial inclusion offer unparalleled opportunities for creating shared value.

# Glossary

| Sl. No. | Acronym | Full Form |
|---|---|---|
| 1 | AEDP | Apprenticeship Embedded Degree Programme |
| 2 | AI | Artificial Intelligence |
| 3 | AID | Architect and Interior Designer |
| 4 | AIF | Agriculture Infrastructure Fund |
| 5 | AOV | Average Order Value |
| 6 | AR | Augmented Reality |
| 7 | ASCI | Advertising Standards Council of India |
| 8 | B2B | Business to Business |
| 9 | BIS | Bureau of Indian Standards |
| 10 | Bn | Billion |
| 11 | BNPL | Buy Now, Pay Later |
| 12 | BPC | Beauty & Personal Care |
| 13 | CAGR | Compound Annual Growth Rate |
| 14 | CDSCO | Central Drugs Standard Control Organisation |
| 15 | CEPA | Comprehensive Economic Partnership Agreement |
| 16 | CII | Confederation of Indian Industry |
| 17 | CPCB | Central Pollution Control Board |
| 18 | CPG | Consumer Packaged Goods |
| 19 | D2C | Direct-to-Consumer |
| 20 | DEH | District as Export Hubs |
| 21 | DGFT | Directorate General of Foreign Trade |
| 22 | DPIIT | Department for Promotion of Industry and Internal Trade |
| 23 | EBO | Exclusive Brand Outlet |
| 24 | ECMS | Electronics Component Manufacturing Scheme |
| 25 | ESG | Environmental, Social and Governance |
| 26 | FDI | Foreign Direct Investment |
| 27 | FMCG | Fast-Moving Consumer Goods |
| 28 | FPO | Farmers Producer Organization |
| 29 | FSSAI | Food Safety and Standards Authority of India |
| 30 | FTA | Free Trade Agreement |
| 31 | FY | Financial Year |
| 32 | GDP | Gross Domestic Product |
| 33 | GMV | Gross Merchandise Value |
| 34 | GoI | Government of India |
| 35 | GST | Goods and Services Tax |
| 36 | GT | General Trade |
| 37 | HPC | Home Personal Care |

| Sl. No. | Acronym | Full Form |
|---|---|---|
| 38 | IBEF | India Brand Equity Foundation |
| 39 | IoT | Internet of Things |
| 40 | IT | Information Technology |
| 41 | JV | Joint Venture |
| 42 | MBRT | Multi Brand Retail Trading |
| 43 | MDR | Medical Device Rule |
| 44 | MIS | Management Information System |
| 45 | MRP | Maximum Retail Price |
| 46 | MSME | Micro, Small and Medium Enterprises |
| 47 | MT | Modern Trade |
| 48 | NEM | National Export Mission |
| 49 | NICDP | National Industrial Corridor Development Programme |
| 50 | NITI Aayog | National Institution for Transforming India |
| 51 | NPS | Net Promoter Score |
| 52 | ODOP | One District One Product |
| 53 | ONDC | Open Network for Digital Commerce |
| 54 | OTC | Over the Counter |
| 55 | PLI | Production Linked Incentive |
| 56 | PM MITRA | PM Mega Integrated Textile Region and Apparel |
| 57 | PMKSY | Pradhan Mantri Krishi Sinchayee Yojana |
| 58 | PMKVY | Pradhan Mantri Kaushal Vikas Yojana |
| 59 | POS | Point of Sale |
| 60 | QCO | Quality Control Order |
| 61 | QR | Quick Response |
| 62 | R&D | Research and Development |
| 63 | RASCI | Retailers Association's Skill Council of India |
| 64 | SaaS | Software as a Service |
| 65 | SEBI | Securities and Exchange Board of India |
| 66 | SKU | Stock Keeping Unit |
| 67 | SME | Small and Medium Enterprise |
| 68 | SOP | Standard Operating Procedure |
| 69 | SPV | Special Purpose Vehicle |
| 70 | TEAM | Trade Enablement and Marketing |
| 71 | UPI | Unified Payments Interface |
| 72 | USD | United States Dollar |
| 73 | VR | Virtual Reality |
| 74 | WDRA | Warehousing Development and Regulatory Authority |
| 75 | WTO | World Trade Organization |
| 76 | YoY | Year on Year |

# Connect with us

**Anand Ramanathan**
Partner and
Consumer Industry Leader
Deloitte India
ranand@deloitte.com

**Praveen Govindu**
Partner
Deloitte India
pbgovindu@deloitte.com

**Avinash Chandani**
Partner
Deloitte India
achandani@deloitte.com

**Neha Aggarwal**
Partner
Deloitte India
naggarwal1@deloitte.com

**Puneet Gupta**
Partner
Deloitte India
guptapuneet@deloitte.com

**Kathir Thandavarayan**
Partner
Deloitte India
tkathir@deloitte.com

**Shailesh Tyagi**
Partner
Climate & Sustainability
Deloitte India
shaileshtyagi@deloitte.com

# Contributors

Mou Chakravorty

Sambit Mohanty

Vivek Yadav

Vikram Chauhan

Aanchal Behl

Santanu Sharma

# Acknowledgements

**Deloitte**

VC Sundar

Parul Pushkarna

Gautham G

Shivam Pathak

Andij Mohanta

Shaswat Deora

Sahas Pattnaik

Ashok Parihar

Uday Maheshwari

Shashwat Deora

Harsh Trivedi

Rahul Dhuria

**FICCI**

Jyoti Vij

Leena Jaisani

Abhisek Bhattacharya

Sujith S.

# About Deloitte

Deloitte provides industry-leading professional services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our people deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society, and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's approximately 457,000 people worldwide make an impact that matters at www2.deloitte.com/in

# About FICCI

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialisation, and its emergence as one of the most rapidly growing global economies.

A non-government, not-for-profit organisation, FICCI is the voice of India’s business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 2,50,000 companies.

FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community