

Consumption boom in India

“India to account for **16% of global consumption**
by 2050” - Mckinsey

Executive summary

India is set to become **the consumption capital of the world**, outpacing major economies.

Consumption at Glance

- Consumption accounts for **56% of the GDP** and is the **fastest growing segment of India's economy**.
- India's **consumption is projected to double by 2034**, growing at **twice the pace of the US**, driven by the **fastest-growing consumer base in the world**.

Consumption Drivers

- **Household growth is outpacing population growth**, and this nuclearisation trend is emerging as a **key driver of rising consumption**. India is set to **lead in global workforce growth**.
- India's **savings over the next 25 years are projected to be 10x of total savings of the past 25 years** - unlocking massive potential for incremental consumption.
- **Recent tax cuts worth ₹1 lakh crore are expected to drive incremental consumption of ₹3.3 lakh crore, potentially boosting GDP by 1%**

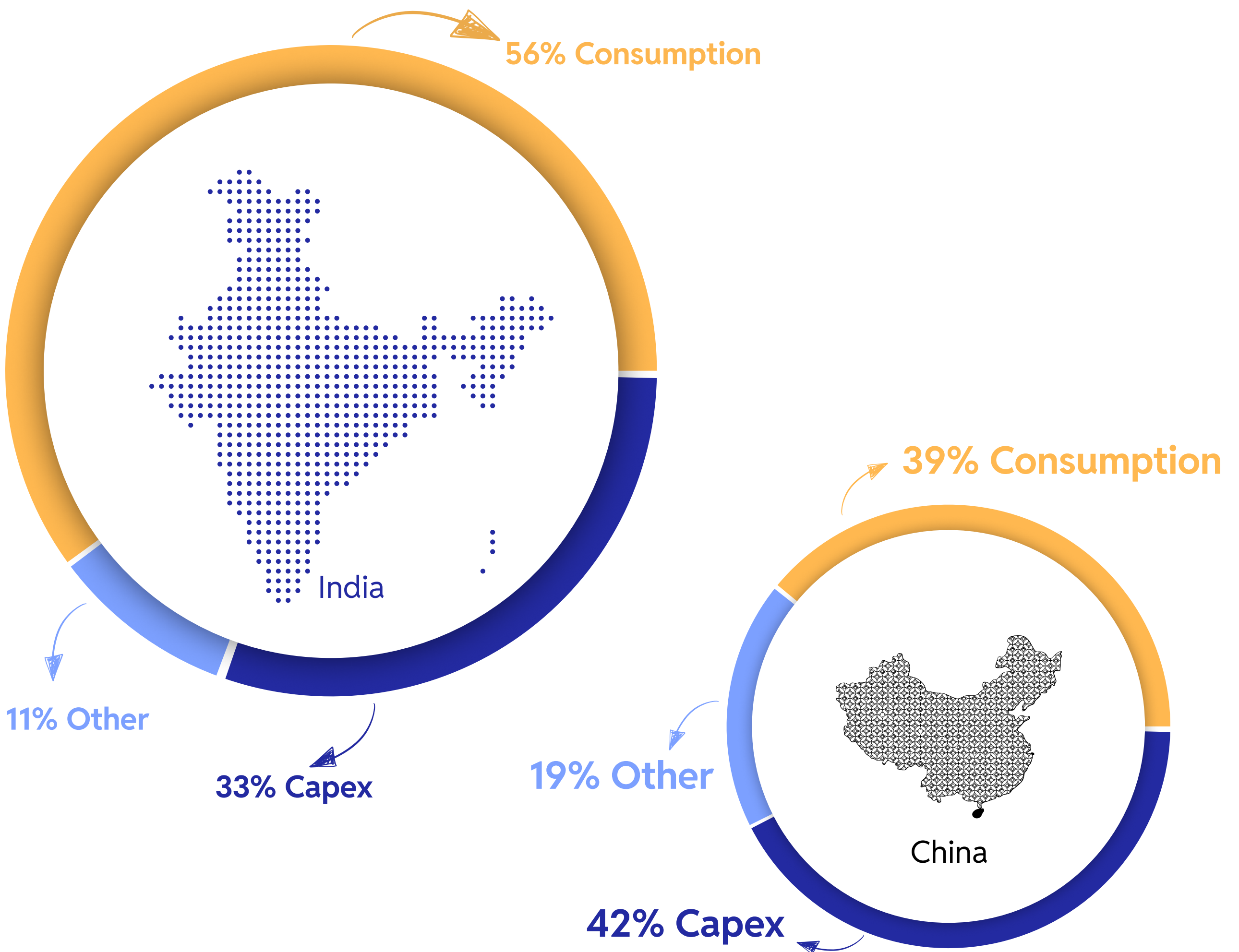
Executive summary

Emerging Consumption Themes

- During periods of economic and income expansion, both the **US and China witnessed discretionary consumption outpacing non-discretionary spending** — and **India is poised to follow a similar trajectory.**
 - Consumer electronics, Apparel, accessories (including jewellery) and experience economy to emerge as the **fastest category in discretionary consumption.**
 - With **92% of retail trade** still flowing through **kirana stores**, there is a massive opportunity ahead for **modern retail to scale** and capture market share.
 - India has more Gen Zers than the entire US population. By 2035, **every second rupee spent will come from a Gen Zer.**
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India's GDP is consumption-led and is set for decadal growth

Consumption fuels India's economy with a **56% contribution to GDP vs 39% for China**-
Demographic dividend to amplify!

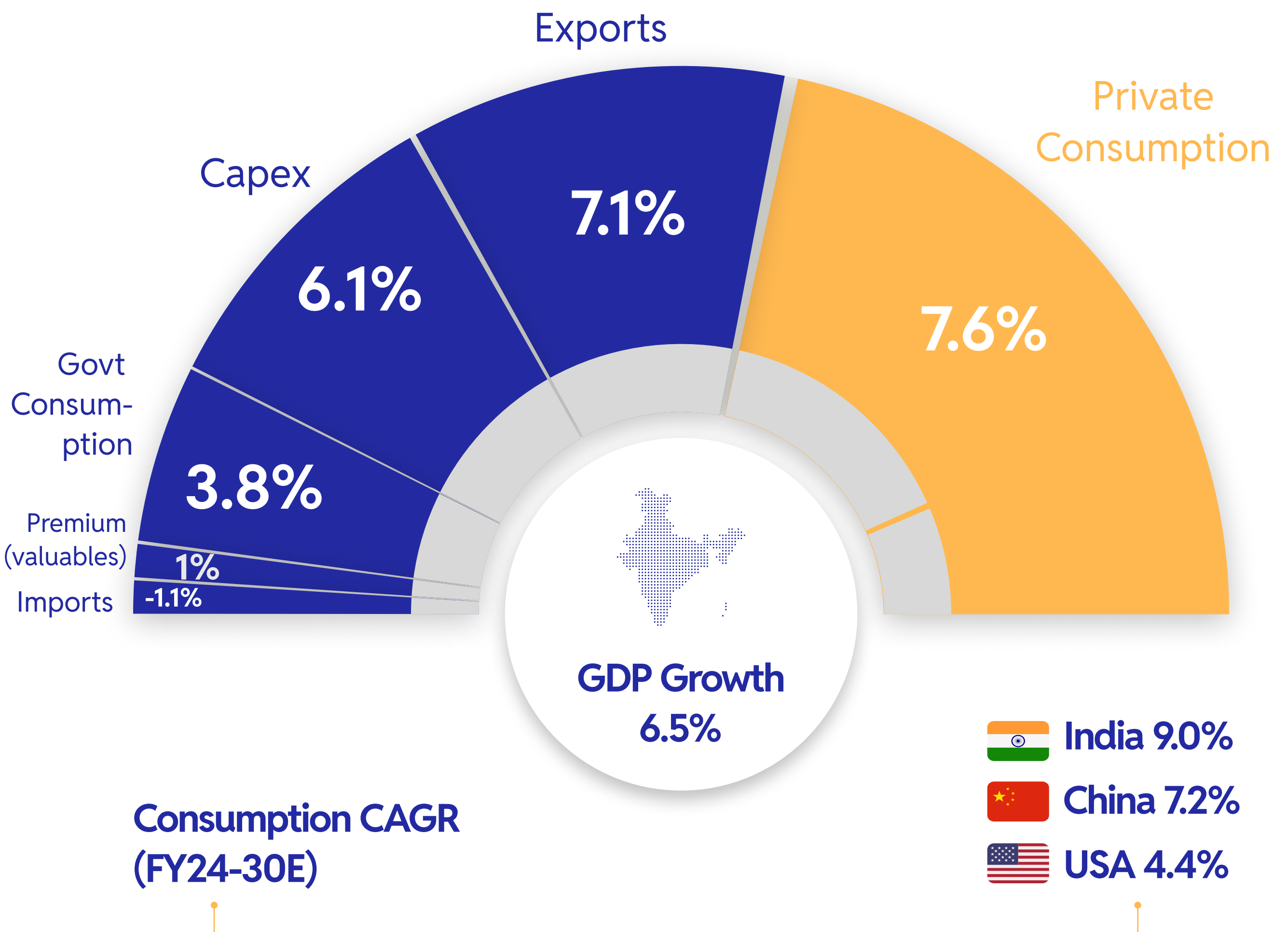


Source: Blume Ventures Indus Valley Annual Report 2025

Note: GDP breakup by expenditure components, China's GDP breakup is for 2023; India's is for 2024.

Consumption is the engine of Indian economy, outpacing GDP growth

Private Consumption > Exports > Capex



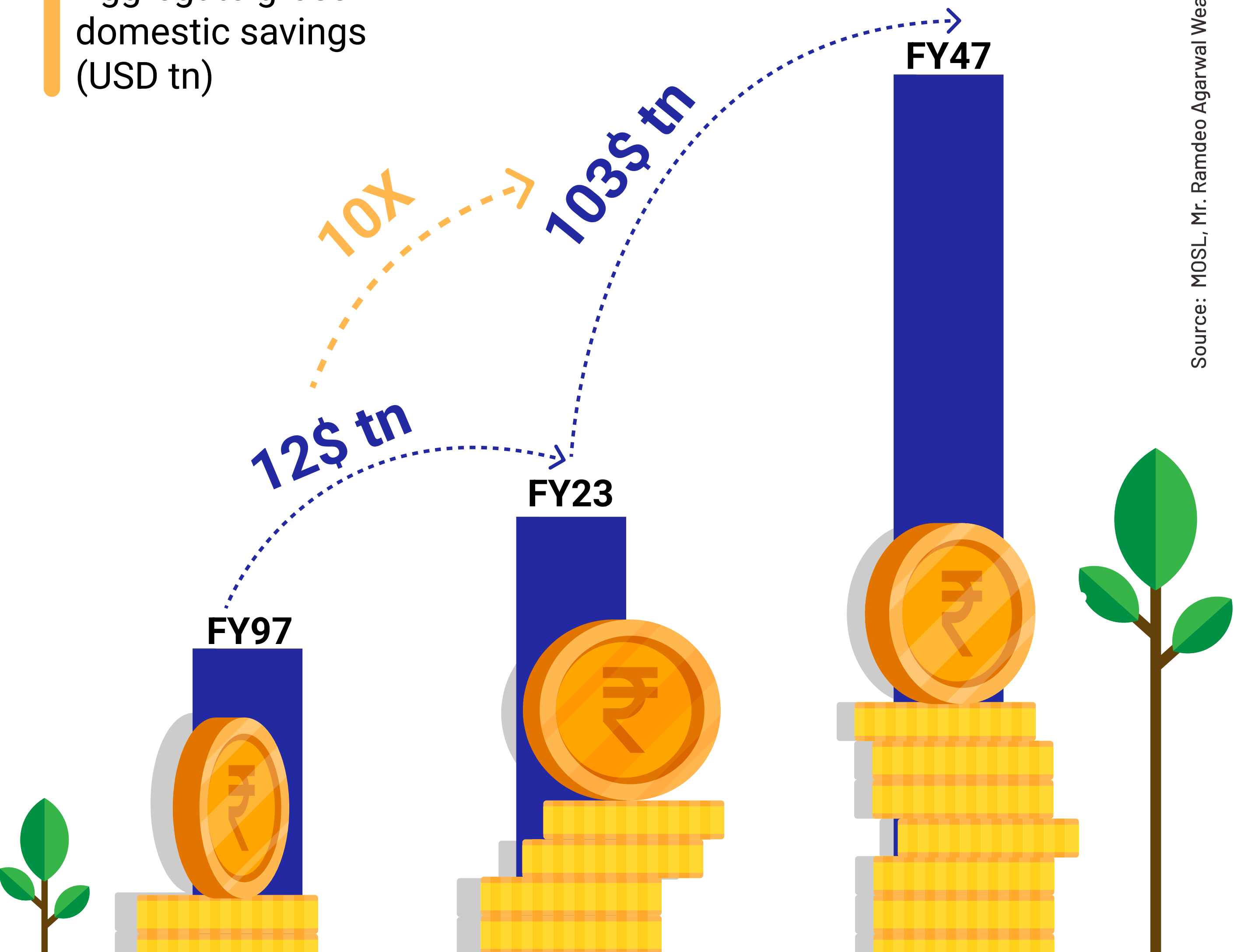
Source: MOSPI - 2nd advance estimates of FY25 GDP

Note: GDP component growth rates are based on 2nd advance estimates by the government based on constant prices.

India's savings in the next 25 years *will be 10x* of what was saved in the past 25 years!

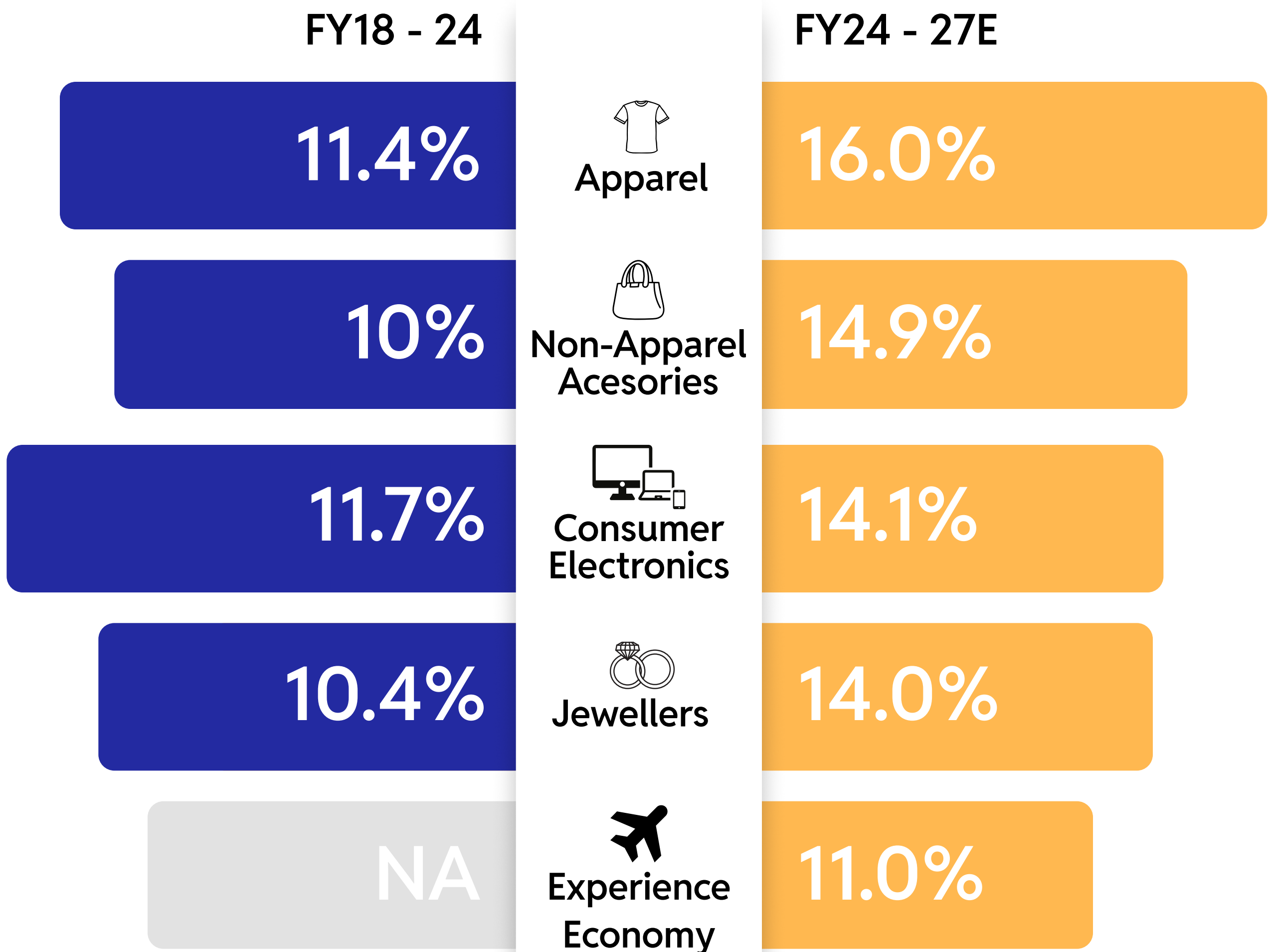
Consumption spend in US increased 10X during phase of strong rise in per capita income... India can witness similar growth in consumption as per capita income rises.

Aggregate gross domestic savings (USD tn)



5 fastest-growing discretionary categories

China saw a discretionary spending surge as per capita income doubled (2007-2011). **With India now crossing \$2,000, a similar boom can be expected ahead.**

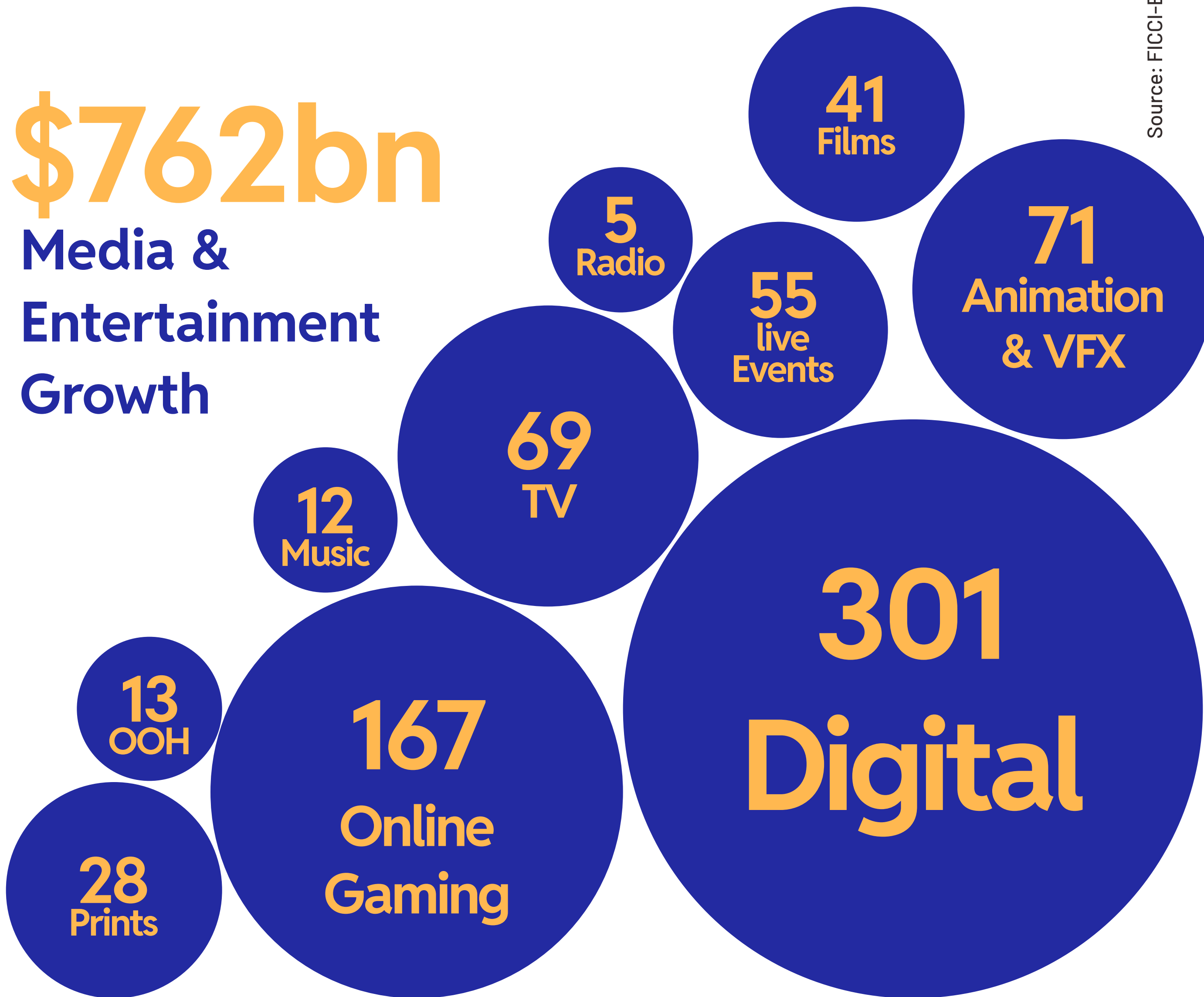


New age segments of growth

The way India spends on entertainment consumption has changed, with **Online Gaming**, **Live Events**, and **OTT** emerging as key growth drivers during 2023-26E.

\$762bn

Media & Entertainment Growth



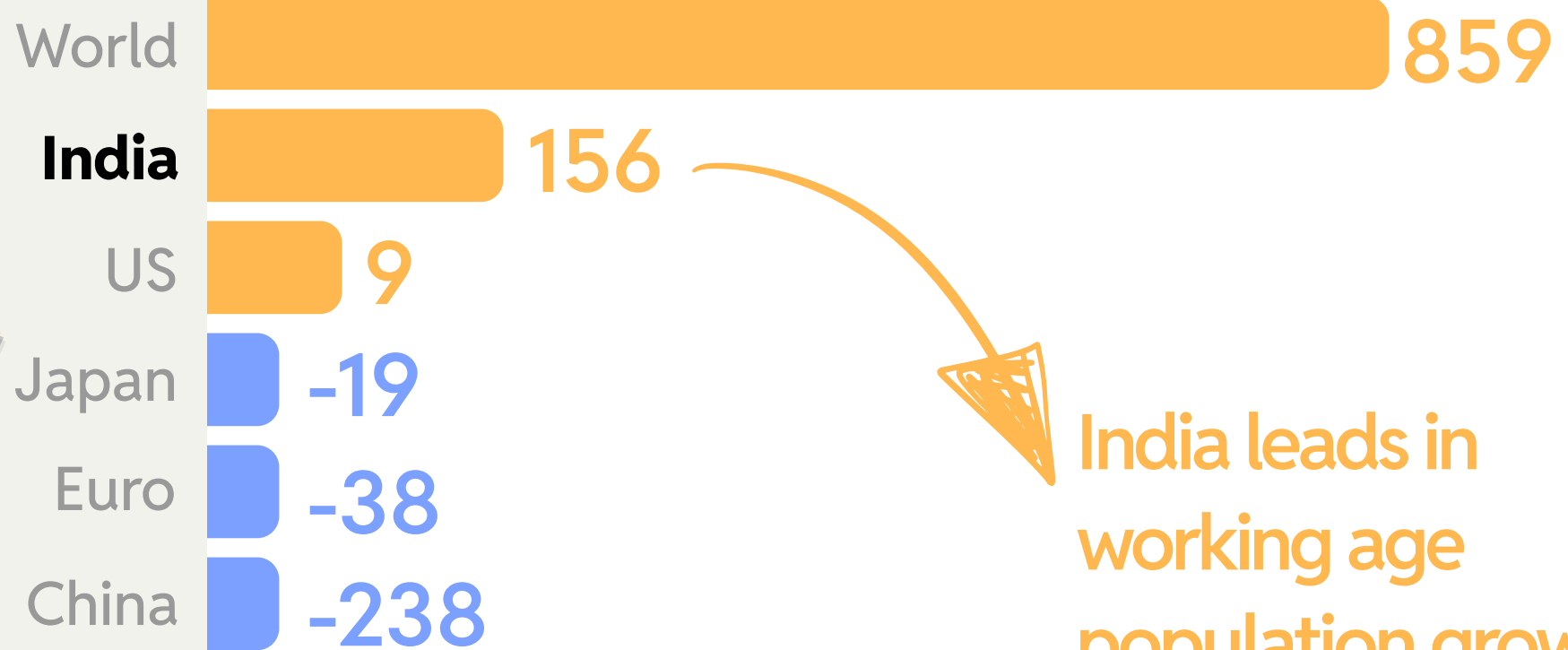
Source: FICCI-EY

Note: Segment-wise growth of new age entertainment in \$bn.

Young Indian population is powering a surge in consumption

India is set to lead global workforce growth, with 1 in every 5 working people projected to be Indian.

Change in working population from 2023 - 2050 (in mn)



India leads in working age population growth

₹1 Lakh crore in Tax Cuts = A 3X *Consumption Boost*

Recent tax cuts worth ₹1 lakh crore are expected to drive incremental consumption of ₹3.3 lakh crore, potentially boosting GDP by 1%.

**1
lakh cr**
Tax Savings

1%↑
expected
increase in GDP

**3.3
lakh cr**
Incremental
consumption
spend

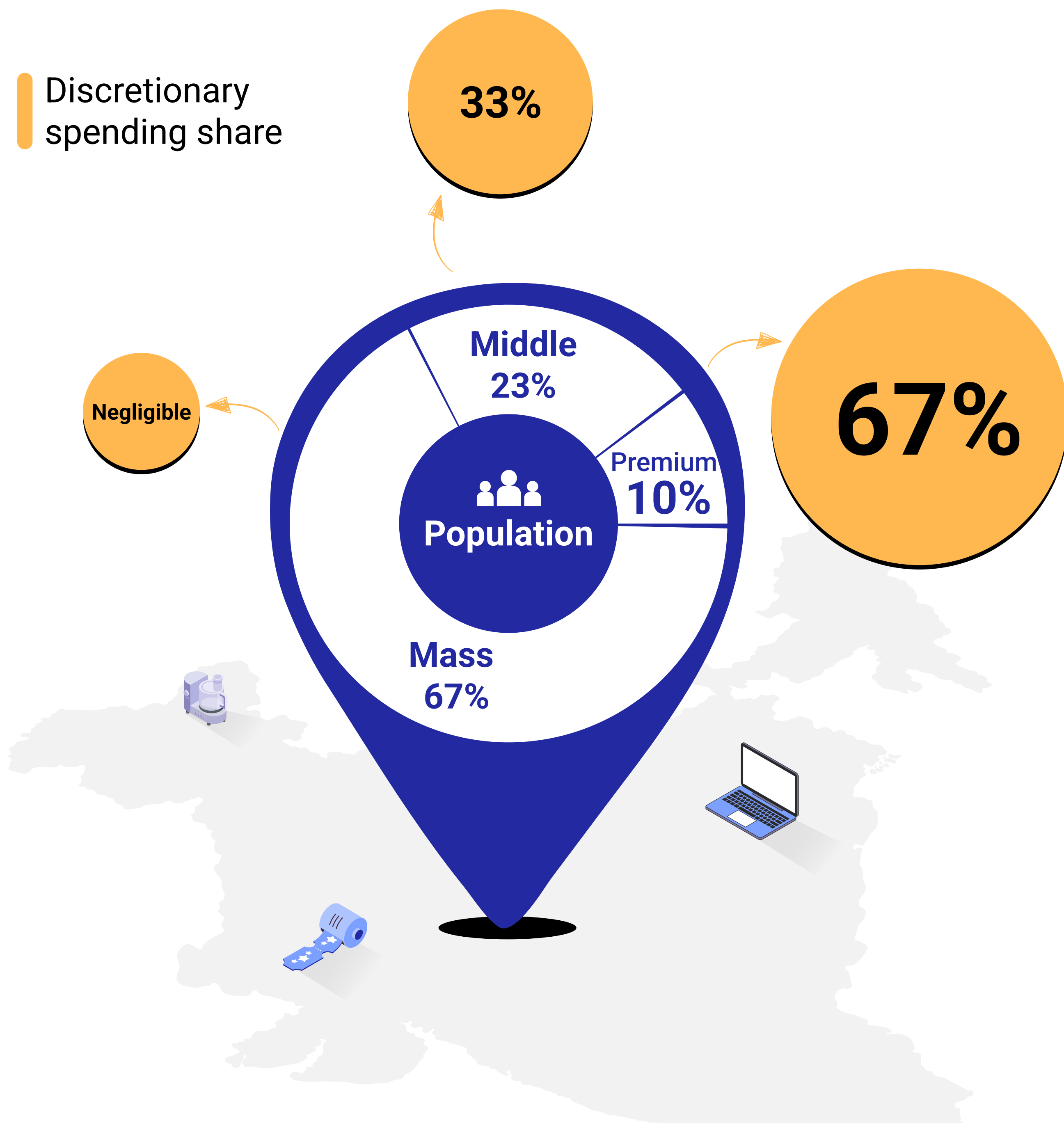
Source: Prabhudas Liladher

Assumptions: The estimated multiplier effect (3.33x, based on MPC of 0.7) translates into a ₹3.29 lakh crore demand injection.

Pareto pattern in India's discretionary consumption

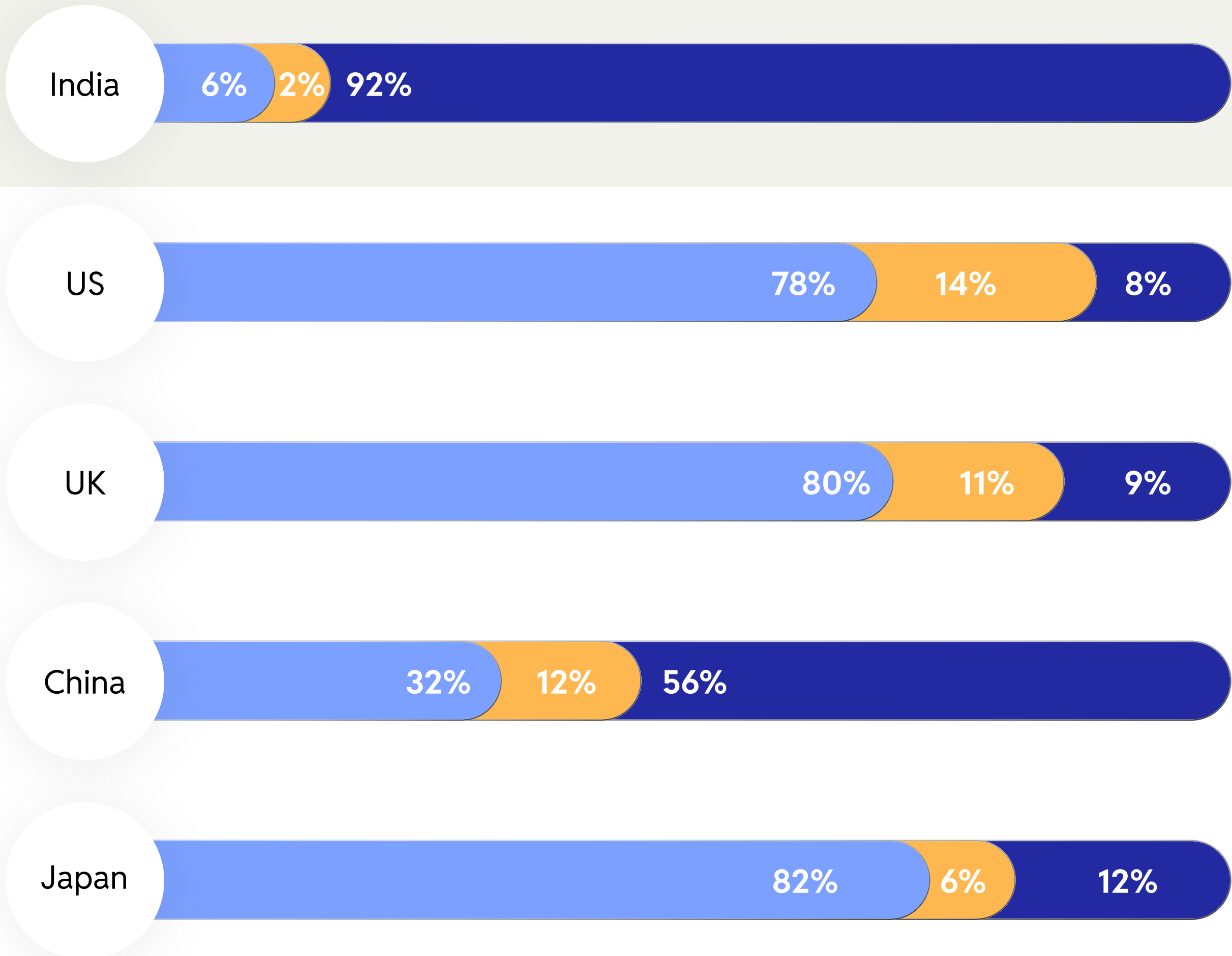
Top 10% of consumers contribute to 67% to discretionary spending.

Discretionary spending share



95% of pincodes in India are still *unserved* by Organized Retail

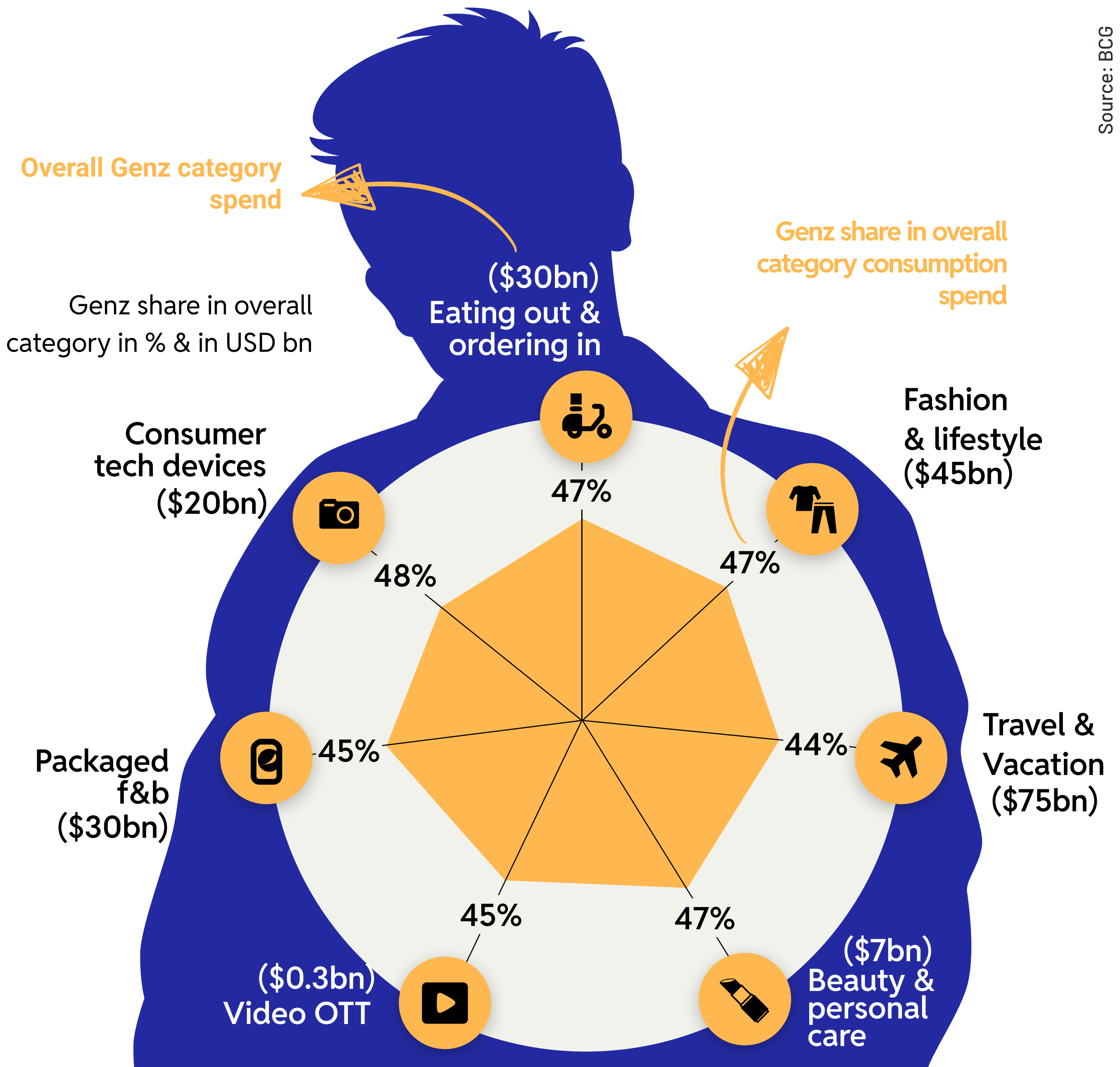
For Every ₹100 spent on retail in India, ₹92 goes to unorganized players — A massive opportunity for organized retail.



Source: HSBC, Zepto, Bernstein

What's the *new India (the GenZ)* consuming?

- India has more GEN ZERs than entire US Population
- By 2035, Gen Z driven spends will increase to \$2T - implying that **every 2nd rupee spent in India will come from a Gen Zer**



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