

Consumer Goods Demand Gets On Road to Recovery

FMCG, electronics, retail segments see sales revival in Oct-Dec after months of sluggish consumption

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Kolkata | Mumbai: Demand for consumer goods across electronics, groceries and lifestyle products recovered in the October-December quarter, helped by outsized cuts in goods and services tax (GST), easing inflation and improving sentiment after months of sluggish consumption, data from companies and market trackers showed.

Volume sales of air-conditioners and TVs rose about 7-8% year-on-year after two consecutive quarters of decline following the GST reduction, while refrigerators and washing machines posted 5-6% growth, as per industry estimates. The retail market reported its best phase of growth in more than one and a half years.

Blue Star managing director, B Thiagarajan, said sales picked up after two weak quarters, even as retailers stayed cautious. "This is despite retailers not yet stock-

ing up for summer unlike previous years to ensure their working capital is not blocked. Still, unsold inventory levels have come down significantly," Thiagarajan said.

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Back On Track

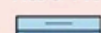
YoY SALES GROWTH IN OCT-DEC

FMCG



6.9%

ACs & TVs



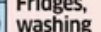
7-8%

RETAIL



5-6%

Fridges, washing machines



5-6%

RETAIL

Double-digit growth for 1st time in almost 2 yrs

High single-digit growth in same-store sales

Outlook positive for FMCG consumption

Electronic cos warn price hikes in Jan-Feb may derail sales

Impact already witnessed in Nov-Dec handset sales



Boost from Winter Stocking

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India reduced the applicable GST on most consumption items from September 22 last year in the biggest consumption-tax reforms since the uniform levy was introduced in 2017.

FMCG companies also reported early signs of revival. Dabur, in an investor update, said demand improved during the quarter, aided by GST revisions. "In October 2025, distributors and retailers focused on liquidating higher-priced inventory in the channel. After trade stabilisation, consumer sentiment improved across urban and rural markets, with rural demand continuing to outperform urban demand," the company said.

Retail stocking strengthened as well. Orders at neighbourhood stores rose 6.9% in the December quarter, more than double the 3.1% growth seen a year earlier, according to Bizom,

which tracks eight million kirana outlets in the country.

"Strong retail stocking of winter products also helped sales, especially of personal care products, despite broader GST-led disruption," said Harshit Bora, analytics head, Bizom.

Last week, consumer goods company Marico said volumes grew at a high single-digit rate year-on-year in the December quarter, and it remains optimistic about a gradual improvement in consumption in the quarters ahead, due to easing inflation, lower GST rates, higher minimum support prices, and a healthy crop-sowing season.

The recovery follows more than 10 quarters of muted sales expansion, largely due to weak income growth and migration of discretionary spending to travel and leisure.

Organised retail segments such as apparel, footwear, beauty and quick service restaurants had logged single-digit growth for most of 2024 and

2025, until the last quarter.

"October and November were strong, with 11.5% growth, indicating that the Indian retail market returned to double-digit growth for the first time in nearly 20 months," said Kumar Rajagopalan, CEO of the Retailers Association of India. "December, however, was mixed, and it remains to be seen whether the momentum continues, although a low base and positive sentiment should help."

V-Mart Retail reported a 10% rise in revenue from operations. While Durga Puja sales shifted to September this year, the value fashion and grocery retailer said cumulative performance across the second and third quarters resulted in over 5% growth in same-store sales and 15% growth in total revenue.

During the fiscal year, the government rolled out income tax relief for the middle class and cut GST rates effective September 22 across a wide range of products, lowering prices. Executives said these measures helped revive demand.