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RESEARCH REPORT

INDIA’S MIDDLE CLASS CONSUMPTION BOOM

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ABSTRACT

India's consumption story is increasingly defined by its most visible sectors: rapid quick-commerce growth, rising digital subscriptions, strong automobile demand, and record GST collections. Yet sectoral growth alone cannot establish a broad-based rise in middle-class purchasing power. This study asks whether India is experiencing a genuine consumption boom driven by rising incomes or a consumption transformation in which expenditure is increasingly financed through credit and shifted across digital, formal, and convenience-led channels. The distinction matters because income-led growth in purchasing power represents a fundamentally different economic process from one enabled by greater credit access or the reallocation of existing expenditure.

The analysis brings together three perspectives that are often examined separately. First, household balance sheets are examined through Reserve Bank of India evidence on rising household debt, non-housing retail credit and changing patterns of financial saving, to understand how consumption is being financed. Second, national accounts provide an aggregate benchmark through private final consumption expenditure, allowing headline consumption growth to be assessed against real growth and inflation. Third, high-growth consumer segments including quick commerce, digital entertainment and automobiles are examined using company filings, regulatory data, industry research and independent surveys to assess whether their expansion reflects additional demand or substitution from existing channels.

The central proposition is that sectoral growth should not automatically be interpreted as economy-wide consumption growth. Kearney estimates that only 6 to 8 percent of quick-commerce sales are incremental, with most replacing purchases from existing retail channels. Similarly, rising digital subscriptions may partly represent a shift in entertainment spending rather than an equivalent increase in total household expenditure. At the same time, rising non-housing credit suggests that some additional consumption may be enabled by greater access to finance rather than equivalent growth in current income. The study therefore examines what households consume, how they access it, and how they finance it.

Ultimately, the research seeks to determine what is genuinely additional, what is being substituted across channels, and what is being supported by credit, offering a more nuanced assessment of whether India's middle-class consumption story represents a broadening of purchasing power or a reorganization of existing expenditure, and what this means for the sustainability of consumption-led growth.

INTRODUCTION

India's consumption story has become central to discussions about the country's next phase of growth. The rapid expansion of quick commerce, digital entertainment, automobiles and other discretionary categories suggests that Indian consumers are spending through increasingly formal, digital and convenience-driven channels. Yet the broader household data present a more complicated picture. Household borrowing has increased, the composition of financial savings has changed, and aggregate private final consumption expenditure has grown without matching the pace of some of the most visible consumer-facing sectors. This report therefore asks a more fundamental question: is India experiencing a broad-based increase in purchasing power, or is the apparent consumption boom partly a transformation in how consumption is financed and accessed?

This question is examined at three levels. The Reserve Bank of India's household-finance data show how the balance sheet behind consumption is changing, through rising leverage and a shifting composition of both debt and savings. The Ministry of Statistics and Programme Implementation's national accounts provide the aggregate benchmark against which sectoral enthusiasm must be measured. Industry data from Redseer, FICCI-EY, Ormax Media and company filings from Eternal and Swiggy capture the pace of change within retail and digital consumption specifically. Taken together, these sources suggest that the defining feature of the current consumption transition may not simply be that Indians are consuming more, but that they are borrowing, saving, purchasing and accessing consumption differently.

The report is organized around ten parameters that, taken together, cover the financing side of the household balance sheet, the aggregate consumption benchmark, and the specific consumer sectors most often cited as evidence of a boom. Each section states what it covers, names the primary and corroborating sources used, presents the single most useful chart built from that data, and closes with the substantive reading of what the numbers show. Where two credible sources disagree, such as the contest between CAIT and Redseer over the pace of kirana displacement, both figures are presented and the disagreement is flagged rather than resolved. Where a headline figure requires a methodological caveat, such as the difference between gross and net GST collections, that caveat is stated alongside the figure rather than left for a footnote.

The report closes by returning to its central proposition: that sectoral growth, however striking, should not be read automatically as economy-wide consumption growth, and that the more useful question is what part of India's current consumption activity is genuinely additional, what part is being reallocated across channels, and what part is being supported by an expanding pool of household credit.

01: HOUSEHOLD DEBT AND LEVERAGE

This section tracks the five-year trajectory of household debt relative to GDP, the clearest single indicator of how much of India’s consumption activity is being supported by borrowing rather than current income.

Sources: *Reserve Bank of India, Financial Stability Report, June 2026; The India Forum, “The Great Borrowing Boom: Why Indian Households are Taking on More Debt,” July 2026.*

Role in the analysis: The RBI report supplies the primary debt-to-GDP series. The India Forum article reconciles figures from successive Financial Stability Report cycles into one continuous trend, which is useful since the RBI restates earlier figures with each new release.

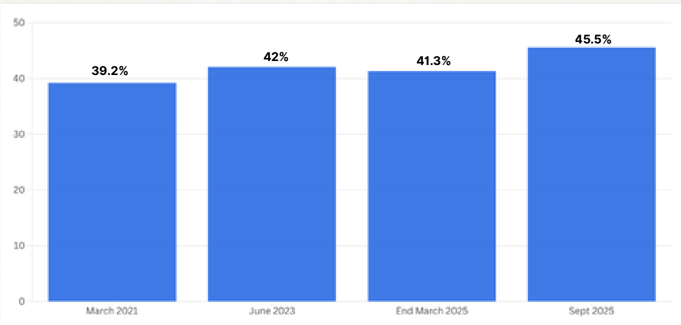


Figure 1: Household debt as a share of GDP, March 2021 to September 2025. *Source: RBI Financial Stability Report, June 2026.*

Household borrowing in India has risen steadily over the past five years, with household debt increasing from 39.2 percent of GDP in March 2021 to 45.5 percent by September 2025, above the fiveyear average of 42.9 percent. The more important change is in its composition. By March 2026, nonhousing retail loans accounted for 58.4 percent of household borrowing, reflecting the growing importance of personal loans, credit cards, consumer finance and gold-backed lending. This shift matters for the consumption story because a growing share of household expenditure appears to be supported by access to credit rather than current income alone. Repayment stress remains contained for now, so the evidence does not suggest an immediate household credit crisis. However, the growing importance of consumption-oriented borrowing makes leverage an important indicator of how sustainable the current expansion in consumption may be.

Vivek Kaul’s analysis in The India Forum places this change in a broader context, highlighting the increasing importance of personal loans, gold loans and consumption financing within the household credit stock. He notes that non-housing retail borrowing has grown faster than housing and other forms of household credit, suggesting a shift towards borrowing that is more closely connected to day-to-day consumption rather than asset creation. This does not, by itself, mean that greater borrowing is evidence of financial distress: wider access to formal credit can equally represent financial inclusion, allowing households to smooth expenditure over time or finance genuinely productive purchases. What the trend does establishes is that the household balance sheet behind India’s consumption story cannot be read from expenditure data alone, which is why this report treats debt and savings as the necessary starting point before turning to any individual consumer sector.

02: HOUSEHOLD FINANCIAL SAVINGS

This section examines net household financial savings as a share of GDP, together with the changing composition of those savings, as the natural counterpoint to the leverage trend covered in Section 1.

Sources: *RBI, Handbook of Statistics on the Indian Economy; RBI Bulletin, Flow of Financial Assets and Liabilities of Households; Ideas for India, “Financialization of Indian Households: Trends in Savings and Borrowing,” May 2026; Ghosh, Subramanian, Krishna and Nigam, SSRN working paper.*

Role in the analysis: RBI data supply the primary savings trajectory. The Ideas for India article and the SSRN working paper provide the interpretive mechanism behind the shift from deposits toward market-linked instruments; both should be read as analysis rather than primary data.

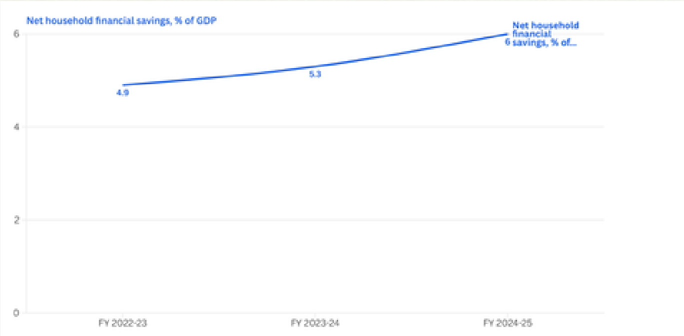


Figure 2: Net household financial savings, percent of GDP. Source: *RBI Handbook of Statistics; Ideas for India, May 2026*

Net household financial savings fell to 4.9 percent of GDP in 2022-23, before recovering to 5.3 percent in 2023-24 and 6 percent in 2024-25. Although the recent recovery is encouraging, savings remain below pre-pandemic levels.

The composition of savings has also changed, with bank deposits losing share to market-linked instruments such as equities and mutual funds; deposits accounted for 57.9 percent of household financial savings in 2011-12 but had fallen to an estimated 35 percent by 2024-25. This suggests that households are not simply saving less, but are allocating their savings differently while simultaneously gaining greater access to formal credit. For the consumption story, the key implication is the coexistence of greater financialization and higher household leverage.

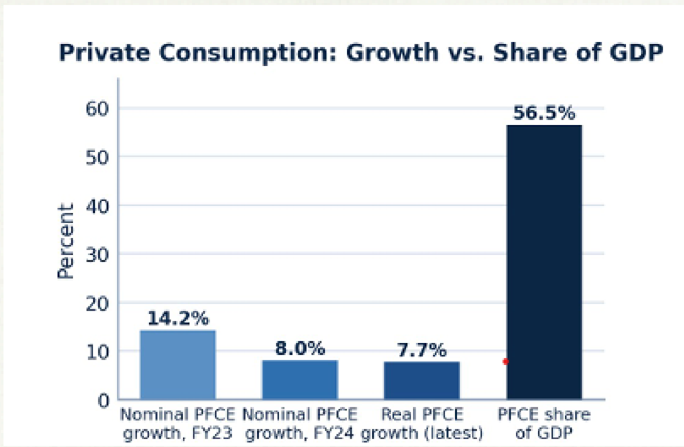
A methodological note is worth flagging here: some coverage of the same period cites net savings at 5.2 percent of gross national disposable income rather than GDP. This report uses the GDP-denominated RBI series throughout for consistency.

Read alongside Section 1, India's savings and borrowing trends describe two sides of the same balance sheet. Banks, non-banking financial companies and fintech lenders have all become more important sources of household credit over the same period in which deposits lost ground to market-linked instruments. Neither trend, taken on its own, is alarming: it is the combination, rising leverage alongside a savings base that is both smaller and more market-exposed than a decade ago, that makes household finances a variable worth tracking rather than a settled backdrop to the consumption story.

03: HOUSEHOLD INCOME AND CONSUMPTION CAPACITY

This section establishes private final consumption expenditure as the aggregate benchmark against which every sector-specific claim in the remainder of the report should be judged.

Sources: NSO/MoSPI, Second Advance Estimates of National Income and National Accounts Statistics; Ideas for India, "Financialization of Indian Households," May 2026. Role in the analysis: MoSPI is used as the primary quarterly series. The Ideas for India piece situate PFCE within the same savings-and-borrowing narrative developed in Sections 1 and 2.



Source: MoSPI National Accounts. Private final consumption expenditure rose from Rs.163.77 lakh crore in 2023-24 to Rs.179.71 lakh crore in 2024-25 at current prices, remaining equivalent to 56.5 percent of GDP in both years. Nominal consumption growth slowed from 14.2 percent in FY2023 to 8 percent in FY2024, before real consumption growth accelerated to 7.7 percent in the latest estimates.

The distinction between nominal and real growth is central to this report because it separates increases in the value of consumption from increases in the actual volume of goods and services purchased. A household that shifts its grocery purchase from a kirana store to a quick-commerce platform has changed the channel of consumption without necessarily increasing the amount consumed; a new OTT subscription may simply replace another form of entertainment spending. PFCE therefore serves as the aggregate benchmark for this study: the rapid expansion of any single consumer category or platform, covered in the sections that follow, must ultimately be assessed against this broader trajectory rather than interpreted in isolation. This point matters most for the sectors that generate the loudest headlines. Many of the strongest signals of a consumer boom, quick commerce, digital subscriptions, record automobile sales, come from categories that are undergoing structural change in how they are bought and sold, not necessarily categories where total spending is rising fastest. The recurring challenge for this report is to determine, sector by sector, whether the growth on display is genuinely additional demand or a reorganization of expenditure that already existed elsewhere in the household budget.

04: CREDIT COMPOSITION AND BORROWING RISK

This section looks more precisely at what household debt is actually made of, and at whether the credit quality data suggest early strain.

Sources: RBI, Financial Stability Report, June 2026; Policy Circle, "RBI Financial Stability Report Flags Small Loans Risk," July 2026; Karmakar, "Household Debt and Women's Labor Supply: Evidence from India," SSRN, August 2025.

Role in the analysis: The RBI report supplies the composition and asset-quality data. Policy Circle's piece is a useful model for separating reassuring non-performing-asset figures from a more concerning composition story. Karmakar's paper, cited as a working paper rather than peer-reviewed research, is used for mechanism and theory rather than headline statistics.

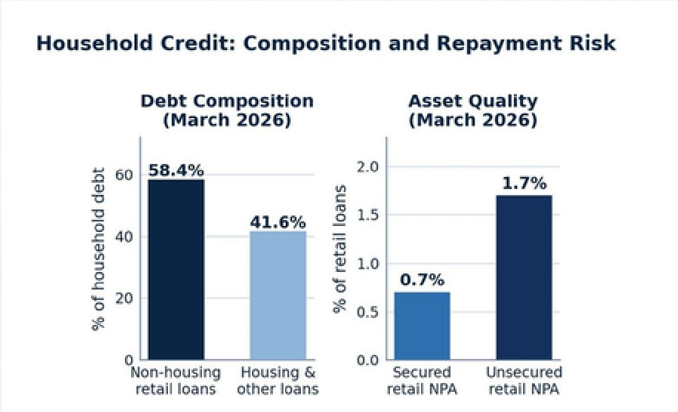


Figure 1: Household debt as a share of GDP, March 2021 to September 2025. Source: RBI Financial Stability Report, June 2026.

Figure 4: Household debt composition and retail asset quality, March 2026. This chart has been constructed by the team from figures reported in the RBI Financial Stability Report, June 2026, as no equivalent chart was available in the source material. Source: RBI Financial Stability Report, June 2026.

By March 2026, non-housing retail loans accounted for 58.4 percent of household borrowing, while gold loans had expanded at a 42.4 percent annualized rate since March 2024, reaching Rs.5.14 trillion by May 2026. At the same time, credit quality remains relatively stable: gross non-performing assets stood at 0.7 percent for secured retail loans and 1.7 percent for unsecured retail loans in March 2026. The evidence therefore does not point to an immediate deterioration in household credit quality. The significance of this parameter is instead the growing weight of consumption-linked borrowing. Credit is enabling household expenditure, but its increasing role also creates a potential vulnerability if household incomes weaken, which is precisely why Sections 1 and 4 need to be read together rather than in isolation. The relationship between household borrowing and household behavior extends beyond aggregate risk metrics. Karmakar's working paper uses a two-stage least squares approach to show that rising household debt significantly increases women's labor force participation in India, suggesting that credit obligations can themselves become a driver of household labor supply decisions. This finding should be treated as a mechanism worth noting rather than a settled result, given its status as a working paper rather than peer-reviewed research, but it illustrates that the consequences of rising household leverage are not confined to loan repayment statistics alone.

05: QUICK-COMMERCE MARKET EXPANSION

This section establishes the scale of quick commerce, using both third-party market estimates and company-reported financial results.

Sources: Redseer, "Quick Commerce: India's Retail Darling or Profit Mirage"; Bain & Company x Flipkart, "India's e-Retail Market," also reported via Reuters, March 2025; Eternal Ltd., Q4 FY26 Shareholders' Letter; Swiggy Ltd., Q4 FY26 Results and Press Release.

Role in the analysis: Redseer and Bain provide market-size estimates and should always be named as the source, since both are Tier 2/3 consultancy figures that do not exactly match one another. Eternal's and Swiggy's own filings provide the strongest, Tier 1 evidence in this report and are cited by the specific quarter.

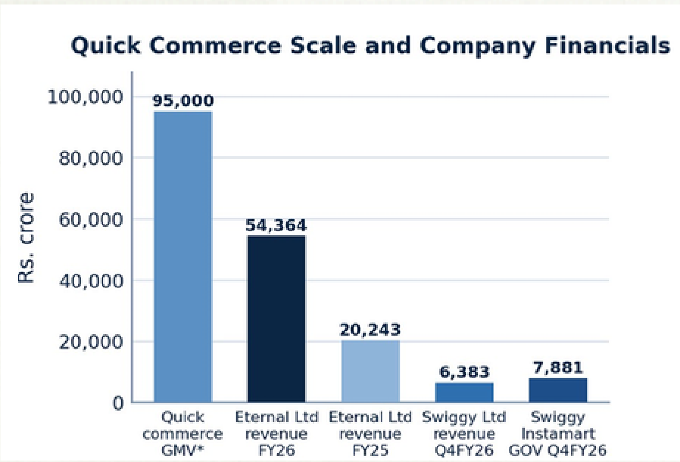


Figure 5: Quick commerce market size and company financials, Rs. crore. The GMV figure is a rupee-equivalent of Redseer's US$10 billion-plus estimate and is therefore approximate. Source: Redseer; Eternal Ltd. Q4 FY26 Shareholders' Letter; Swiggy Ltd. Q4 FY26 Results.

Redseer estimates that quick commerce has crossed US$10 billion in gross merchandise value and reached more than 30 million monthly users, with approximately 150 percent year-on-year growth during the first five months of 2025. Bain and Flipkart research similarly found that quick commerce accounted for more than two-thirds of India's online grocery orders in 2024. Company results reinforce the scale of this expansion. Eternal reported quick-commerce revenue of Rs.37,779 crore in FY2026, representing 626 percent year-on-year growth, while Swiggy's Instamart recorded Rs.7,881 crore in gross order value in Q4 FY2026, up 68.8 percent year-on-year. These figures establish that quick commerce is rapidly gaining importance as a retail channel. They do not, however, establish whether the underlying spending is genuinely additional, which is the question taken up directly in Section 6. The significance of quick commerce extends beyond the size of the market it has captured. Its business model reduces the time and effort associated with everyday purchases and encourages consumers to make smaller and more frequent transactions than a conventional retail trip would involve. This potentially changes not only where consumers shop, but also how often they shop and how they respond to convenience, since purchasing decisions are now made through mobile applications, near-immediate delivery, and algorithmic product discovery rather than a planned weekly or monthly grocery run.

06: RETAIL DISPLACEMENT AND CANNIBALISATION

This section presents a real and, as yet, unresolved conflict in the evidence on how quick commerce is affecting India's neighborhood kirana stores.

Sources: *CAIT, White Paper on Quick Commerce, November 2024; Redseer research on grocery and quick-commerce market share; Kearney India, Consumer and*

Retail Research; Deccan Herald.

Role in the analysis: CAIT is an interested trade body advocate, and its claims are labeled Disputed throughout this report. Redseer offers a more neutral consultancy estimate. Kearney is used specifically for the incremental-versus-cannibalized demand question, and Deccan Herald independently corroborates CAIT's FDI figure.

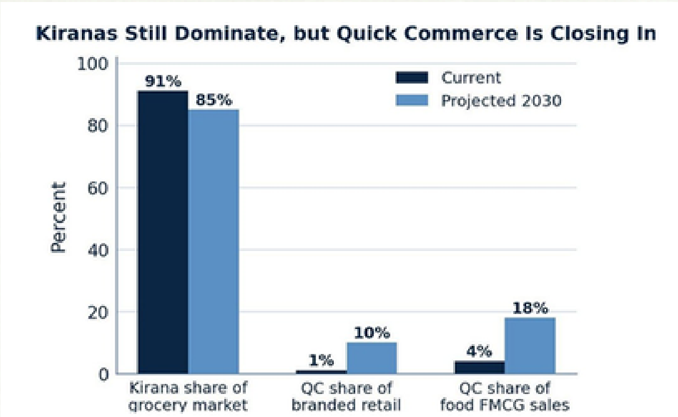


Figure 6: Current versus 2030-projected market share.

Source: *Redseer/CAIT, as cited.*

CAIT argues that rapid platform expansion and discounting have placed significant pressure on neighborhood retailers, estimating that roughly a quarter of India's 30 million kiranas face closure risk. As a trade-body position, this claim should be treated as advocacy rather than independent evidence. Redseer's estimates present a less disruptive picture, placing kiranas at approximately 91 percent of India's grocery market and projecting that they will retain a substantial majority even after further quick-commerce expansion. The two perspectives need not be contradictory: quick commerce can capture significant share in specific, predominantly urban categories while kiranas remain dominant across the broader grocery market.

Separately, CAIT has argued that of roughly Rs.54,000 crore in FDI directed into three quick-commerce platforms, only about 2.5 percent went toward actual infrastructure, a claim independently corroborated by Deccan Herald. Kearney's research, from a more neutral vantage point, estimates that only 6 to 8 percent of quick-commerce sales are purely incremental, with the remainder cannibalized from existing channels. The implication for this report is direct: rapid platform growth should not automatically be equated with additional household consumption.

Taken together, these figures suggest that quick commerce's rise may represent as much a redistribution of consumption across channels as a genuine increase in the total volume of consumption. This does not diminish the scale of the shift documented in Section 5. It does mean that the headline growth rates reported by platforms and consultancies should be read as evidence of channel migration first, and only cautiously as evidence of a broader consumption boom.

07: SUBSCRIPTION AND DIGITAL CONSUMPTION

This section examines the shift of household entertainment spending toward recurring digital subscriptions, using both industry-reported revenue and an independently surveyed audience estimate.

Sources: *FICCI-EY, Media and Entertainment Industry Report 2026; EY India newsroom release, March 2026; Ormax Media, The Ormax OTT Audience Report 2025.*

Role in the analysis: FICCI-EY is platform and industry reported. Ormax is independently surveyed, drawing on 15,600 respondents. Pairing the two flags where self-reported and independently measured figures diverge.

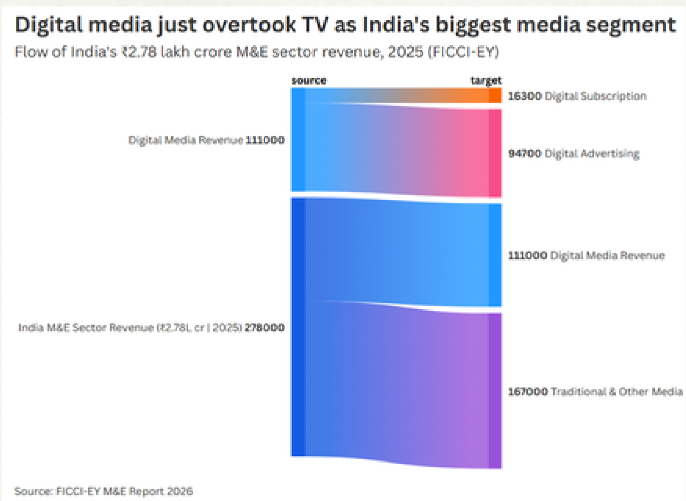


Figure 7: Flow of India's Rs.2.78 lakh crore media and entertainment revenue, 2025. Source: FICCI-EY M&E Report 2026.

India's media and entertainment sector reached Rs.2.78 lakh crore in 2025, growing 9 percent year on-year, with digital media crossing Rs.1 lakh crore in revenue for the first time. Digital subscription revenue grew 60 percent to Rs.16,300 crore, while paid video subscriptions reached 216 million across 143 million households. Independent research from Ormax provides a complementary view of the underlying audience, estimating India's total OTT audience at 601.2 million in 2025, with connected television audiences rising 85 percent to 129.2 million.

Together, these figures point to a structural change in household consumption: entertainment is increasingly accessed through recurring digital payments rather than occasional, physical or location-based purchases. Rising subscriptions do not, however, necessarily imply equivalent growth in total household expenditure, since a streaming subscription can simply replace cinema visits or other entertainment spending. Digitalization therefore provides another clear example of the distinction this report draws between consumption growth and consumption transformation.

The significance of this shift lies as much in the nature of the consumption basket as in its size. Households are increasingly paying for continuous access to a service rather than making occasional purchases of physical entertainment products such as DVDs, cinema tickets or cable connections priced per package. Consumption of entertainment is consequently becoming more service-oriented, recurring and digitally mediated, a pattern that mirrors the shift toward on-demand, app-based purchasing already documented in quick commerce.

08 DISCRETIONARY AND BIG-TICKET CONSUMPTION

This section uses automobile demand as a proxy for larger, more considered discretionary spending, to test whether the consumption story extends beyond everyday, digitally mediated purchases.

Sources: SIAM, monthly domestic sales press releases, January, February, April and May 2026; SIAM Annual Report 2024-25; Business Standard and Zee Business monthly coverage.

Role in the analysis: SIAM is the Tier 1 primary source and is cited by the specific month, since its figures are not cumulative across releases. News coverage corroborates the trend and ties the recent sales surge to the GST 2.0 rate cut.

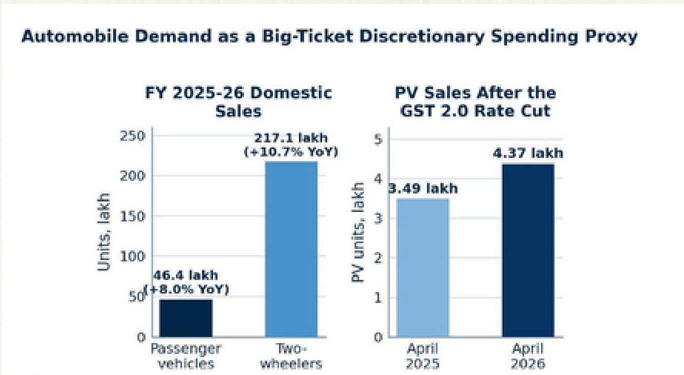


Figure 8: Automobile sales as a discretionary-spending proxy. This chart has been constructed by the team from SIAM press releases, as no equivalent chart was available in the source material.
***Source:** SIAM monthly and annual releases.*

Passenger-vehicle sales reached a record 46.4 lakh units in FY2025-26, rising 8 percent year-on-year, while two-wheeler sales increased 10.7 percent to 217.1 lakh units. Passenger-vehicle wholesales rose by double digits in most months of 2026, for example by 25.4 percent year-on-year in April, a spike partly driven by the GST rate cut.

The strength of vehicle demand indicates sustained willingness to spend on relatively large purchases. However, vehicle purchases are also frequently financed, which makes credit access, discussed in Sections 1 and 4, an important part of interpreting this growth. Automobile sales should therefore be read as evidence of strong discretionary demand rather than as a direct measure of rising household purchasing power.

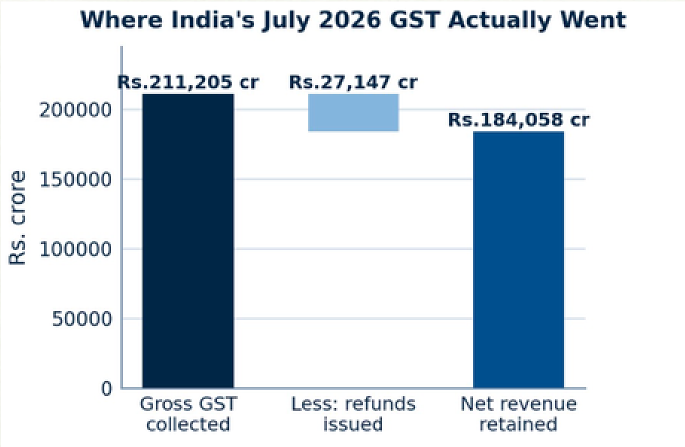
The GST rate cut that accompanied part of this surge is itself a useful reminder of how policy, rather than income growth alone, can move a big-ticket consumption category. A lower effective tax rate reduces the purchase price of a vehicle without requiring any change in household income, which means a spike in sales immediately after such a change should be read partly as pent-up or accelerated demand rather than as new, sustainable purchasing capacity. This is consistent with the broader argument of this report: the strength of a single discretionary category is informative, but it needs to be interpreted alongside the financing and policy conditions that shaped it.

09 FISCAL REVENUE AND CONSUMPTION FORMALISATION

This section examines Goods and Services Tax collections as a measure of formal economic activity, together with the methodological caveat that separates gross collections from the revenue actually retained.

Sources: Press Information Bureau, monthly GST collection releases; GST Council official portal; IIFL Capital, “Are India’s GST Collections Rising Too Fast?”

Role in the analysis: PIB releases are the Tier 1 primary source and are cited by the specific press- release date. The IIFL piece flags that headline gross figures overstate actual accrued revenue, an important methodological caveat carried through this section.



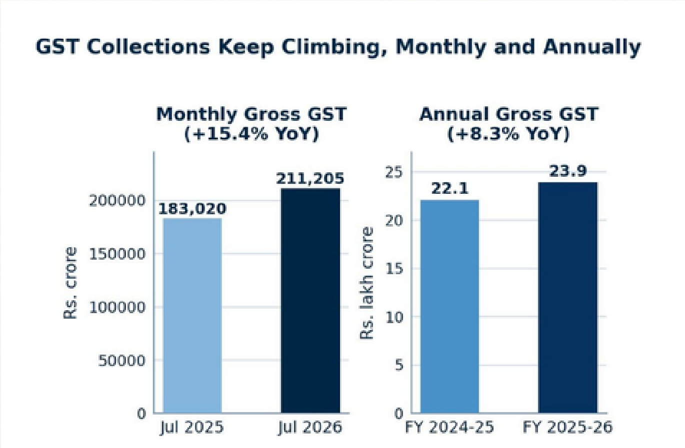


Figure 9: Left: gross-to-net split of July 2026 GST collections.

Right: monthly and annual gross GST trend. Source: PIB / Finance Ministry / GST Council. Gross GST collections reached approximately Rs.22 lakh crore in FY2025-26, following Rs.20.18 to 22.08 lakh crore in the previous year across different official releases, while July 2026 collections reached Rs.2,11,205 crore, 15.4 percent higher than a year earlier. Of that July figure, Rs.27,147 crore was returned as refunds, leaving a net retained revenue of roughly Rs.1.84 lakh crore for the month. The trend is consistent with stronger formal economic activity and a widening tax base. However, GST collections should not be treated as a direct proxy for middle-class purchasing power. Part of the increase reflects more businesses entering the formal tax system, while gross collections are also affected by refunds. GST therefore provides supporting evidence of formalization and transaction intensity, but cannot independently establish that households have experienced a corresponding increase in real purchasing power.

It is best interpreted alongside the household consumption and income data covered in Section 3.

This caveat is worth stressing because GST figures are among the most frequently cited evidence for a consumption boom in general commentary, precisely because they are released monthly and travel well as a single striking number. A more careful reading, of the kind this report has tried to apply throughout, treats formalization and volume growth as related but distinct phenomena: an economy can collect substantially more GST in a given year primarily because more transactions have moved into the formal net, even if the underlying volume of household consumption has grown only modestly.

10 TRADE AND EXTERNAL CONSUMPTION DRIVERS

This final section covers India's two major trade agreements as contextual factors that may affect prices, incomes and product availability, while carrying the weakest direct link to domestic consumption of any parameter in this report.

Sources: UK Government and Indian Ministry of Commerce and Industry official statements; European Commission; Reuters wire coverage; Policy Circle analysis.

Role in the analysis: Government primary sources establish the status of each agreement. PolicyCircle's analysis is used for nuance on tariff-line coverage beyond the headline percentages.

Figure 10: Top: tariff rates before and after the India-UK CETA and the EU-India FTA. Bottom: milestones of India's two big trade deals. Source: Indian Commerce Ministry; European Commission; Reuters.

The India-UK Comprehensive Economic and Trade Agreement entered into force on 15 July 2026, providing Indian exporters duty-free access across approximately 99 percent of UK tariff lines, while India reduced tariffs across around 90 percent of its own tariff lines on UK goods; more than 50 consignments worth over $140 million shipped on the very first day. Tariffs on UK whisky and gin fell from 150 percent to 40 percent, and on UK automobiles under quota from 100 percent to 10 percent. The EU-India Free Trade Agreement, under which car tariffs would fall from 110 percent to 10 percent, was concluded at Hyderabad House but remains pending formal signing and ratification.

For consumers, the potential significance of these agreements lies mainly in the medium term: lower import duties could improve the availability and pricing of selected goods, while stronger export opportunities could support incomes in trade- exposed sectors. Neither agreement, however, provides a direct explanation for the consumption trends already visible in household debt, retail, digital services or automobile demand covered in Sections 1 through 9.

Trade is therefore best treated as a contextual parameter rather than a core driver of the present consumption transition.

It is worth noting where the two agreements do intersect with categories already discussed in this report. The steep cut in tariffs on UK automobiles, from 100 percent to 10 percent under quota, sits alongside the domestic passenger-vehicle demand covered in Section 8, and could, over time, affect the pricing and competitive landscape for imported vehicles in a market currently dominated by financed, domestically manufactured purchases. Similarly, the reduction in duties on whisky and gin speaks to a narrow, high-value discretionary category rather than to the broad-based household spending this report is primarily concerned with. Both agreements are included here for completeness and context, not because the evidence supports treating trade policy as a meaningful driver of the consumption trends documented elsewhere in this report.

CONCLUSION

Taken together, the evidence in this report points toward a more nuanced interpretation of India's consumption story. At the sectoral level, the evidence is strong: quick commerce is expanding rapidly, digital media has become a trillion-rupee segment, automobile demand remains robust, GST collections have reached record levels, and household access to credit has widened. Yet these developments do not necessarily imply that the average household is experiencing a proportionate increase in purchasing power.

Three processes appear to be occurring simultaneously. First, purchasing power is increasing sufficiently to sustain continued growth in aggregate consumption and discretionary categories, as shown by the real PFCE growth of 7.7 percent covered in Section 3. Second, the financing of consumption is changing, with non-housing credit, non-banking financial companies and fintech lenders playing a larger role in household borrowing, as covered in Sections 1 and 4. Third, the channels through which consumption occurs are changing, with quick commerce and digital subscriptions increasingly replacing or reshaping established forms of consumption, as covered in Sections 5 through 7.

The evidence reviewed here is relatively strong on each of these developments individually but less developed in connecting them. RBI and household- finance data explain the changing balance sheet; MoSPI measures aggregate consumption; industry reports capture rapidly growing sectors; and company filings demonstrate the expansion of individual platforms. What remains less clear is how these developments interact to shape the consumption behavior of India's emerging middle class.

This is the rationale for examining the consumption boom as a consumption transformation rather than treating sectoral growth as sufficient evidence of an economy-wide boom. The central question is not simply whether Indian households are spending more, but whether they are spending differently, financing expenditure differently, and reallocating existing consumption across new channels. Bringing household debt and savings together with aggregate PFCE and sectoral indicators, as this report has attempted to do, helps distinguish between a genuine broadening of purchasing power and a more complex transition driven by financialization, credit access, convenience and digitalization.

None of this argues against the underlying momentum in the Indian consumer economy: the scale of quick commerce, the growth in digital subscriptions, the resilience of automobile demand and the steady climb in GST collections are all real and well documented in the sections above. What this report has tried to add is a discipline of attribution, treating each of these developments as a data point to be weighed against the aggregate consumption benchmark and the household balance sheet, rather than as self-evident proof of rising middle-class prosperity on its own. Future editions of this report would benefit from more granular, income-segmented consumption data, which remains the clearest gap in the evidence reviewed here.

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