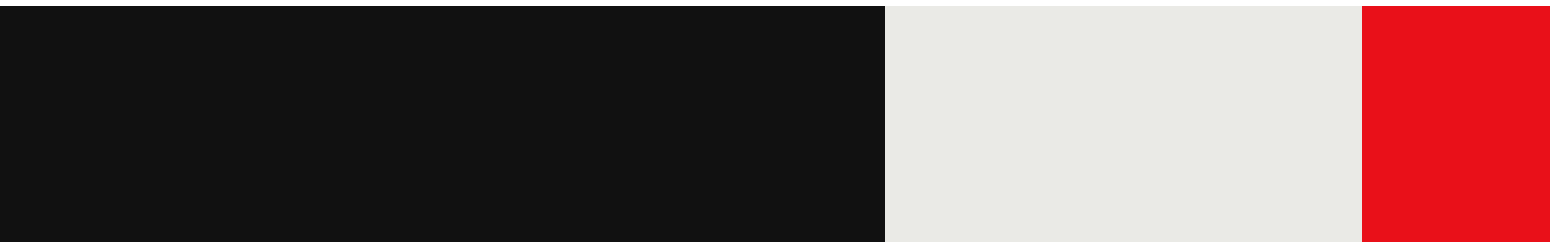



India's economic momentum stalls

Article



The trend: Several economic signals suggest that retailers and brands looking to India to fuel growth may need to recalibrate their expectations.

- The Federation of Indian Chambers of Commerce and Industry recently lowered its 2025 GDP growth projection to 6.4% YoY from the 7.0% forecast in September and a considerable slowdown from the 8.2% growth generated in 2023 and 2024.
- The country's stock market recently wiped out six months of gains, and the rupee's rapid decline against the dollar is shrinking the global value of homegrown earnings, adding further

pressure, according to The New York Times.

We've also revised our expectations for India's retail sector. We expect retail and ecommerce sales growth of 8.0% this year, down from 9.5% forecast in June 2023.

Why it matters: Several brands have bet on India as the next major fashion destination, driven by its growing affluent population and a strategy to reduce reliance on China.

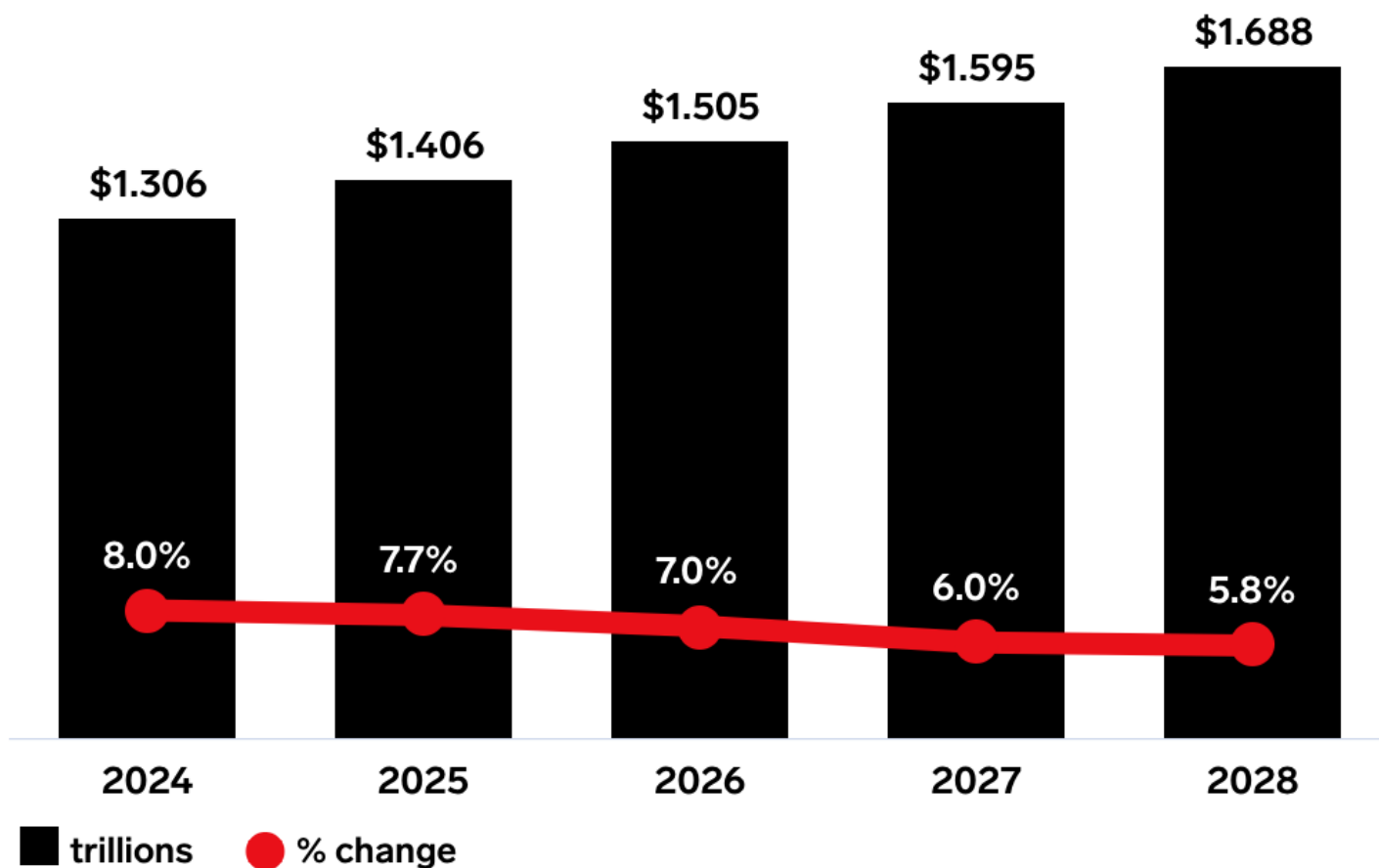
- One in 5 fashion executives called India a focus market for 2025, per a survey by BoF and McKinsey.
- Luxury brands **Hermès**, **Christian Dior**, and **Bulgari** have recently expanded their footprint in the region, as have retailers such as **Victoria's Secret**, **Uniqlo**, **New Balance**, and **Foot Locker**.

Our take: India's retail industry faces a significant challenge: a lack of consumer demand. Despite the country's economic progress in recent years, a large segment of the population continues to struggle with limited disposable income, leaving many unable to afford basic necessities, let alone discretionary purchases.

Unless India can drive up workers' wages and create more employment opportunities, its vision of becoming a global economic powerhouse will remain elusive.

Retail Sales

India, 2024-2028



Note: excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales

Source: EMARKETER Forecast, July 2024

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