

India's Consumption Story 2025

CMS Consumption Report





India's Shifting Consumption Landscape

A growing footprint

The third edition of the **CMS Consumption Report** offers a deep dive into the evolving landscape of cash-led consumption trends across India, based on proprietary data from CMS Info Systems (CMS). FY25 has seen a marked rise in consumption, with consumers shifting their spending from experience-led consumption to goods consumption.

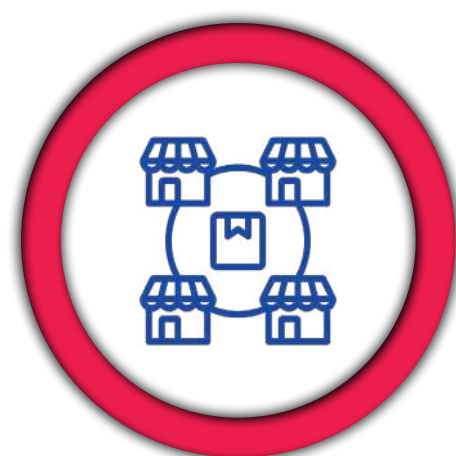
India's journey toward becoming a consumption-driven economy is gaining momentum, with the country's GDP per capita crossing the **USD 2000 mark**, echoing patterns seen in other major economies like the US and China. As disposable incomes rise and employment landscapes shift, Indian households increasingly lean toward discretionary spending. CMS data underscores this shift, revealing growth across various sectors as consumers prioritize spending beyond essentials.



In FY25, three retail sectors that have witnessed the highest consumption growth (in terms of average cash-led purchase per retail store):



Consumer Durables



Multi-brand Outlets



FMCG

This is in contrast to FY24, which featured Media & Entertainment, FMCG, and Consumer Durables as the retail sectors with the highest spending growth. The shift in mindset is influencing the consumption habits of the Indian consumer.

This shift is not just evident in sectoral consumption but also in the geographic distribution of spends. Generally, states and Union Territories (UTs) with high Gross State Domestic Product (GSDP) and high per capita GSDP tend to be high spenders. However, within this mix, the consumption hotspots have witnessed rotation over the last couple of years.

Source: CMS Data

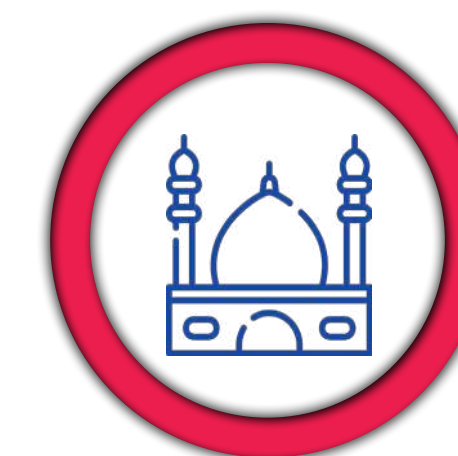
In FY25, India's top three states are (in terms of growth in average cash dispensed per ATM):



Bihar



New Delhi



Uttar Pradesh

However, a look at consumption hotspots in FY24 showcases a different landscape. In FY24, the top consumption hotspots included New Delhi, Uttar Pradesh, and Tamil Nadu. Every year, we observe new entrants to the list of top consumption hotspots that displace some of the states from the previous year.



Growth in the period **2014 - 2024**

157%



Currency in
Circulation

32%



Number of ATMs

36%



Number of
Bank Branches

Further, a key tailwind for consumption growth in the country is also the availability of a robust cash infrastructure. Between 2014-2024, several enablers have aligned to propel the cash economy, which, in turn, has been instrumental in the making of a consumption economy. In the period 2014-2024, Currency in Circulation (CIC) increased by 157%, the number of ATMs grew by 32%, and the number of bank branches grew by 36%.

According to the October 2024 bulletin by the Reserve Bank of India (RBI), demand deposits serve as the basis for digital payments. Ceteris Paribus, a higher currency-to-demand deposits ratio indicates a preference for currency over digital modes. As of April 2023, the currency-to-demand deposits ratio was above its long-term average of ~1.6¹, having recovered from the demonetization drop to approximately 0.8 and in line with pre-demonetization levels of approximately 1.7, indicating a preference for currency over digital modes. As the share of digital payments keeps increasing, cash continues to account for a majority share of consumer expenditure at 60%, as of March 2024².

While India has been successful in managing the tenuous balance between cash and digital by simultaneously building infrastructure for both, cash consumption continues to dominate India's consumption story.

Source: 1. www.researchgate.net/publication/375998367_CASH_VERSUS_DIGITAL_PAYMENT_TRANSACTIONS_IN_INDIA_DECODING_THE_CURRENCY_DEMAND_PARADOX
2. www.researchgate.net/publication/375998367_CASH_VERSUS_DIGITAL_PAYMENT_TRANSACTIONS_IN_INDIA_DECODING_THE_CURRENCY_DEMAND_PARADOX

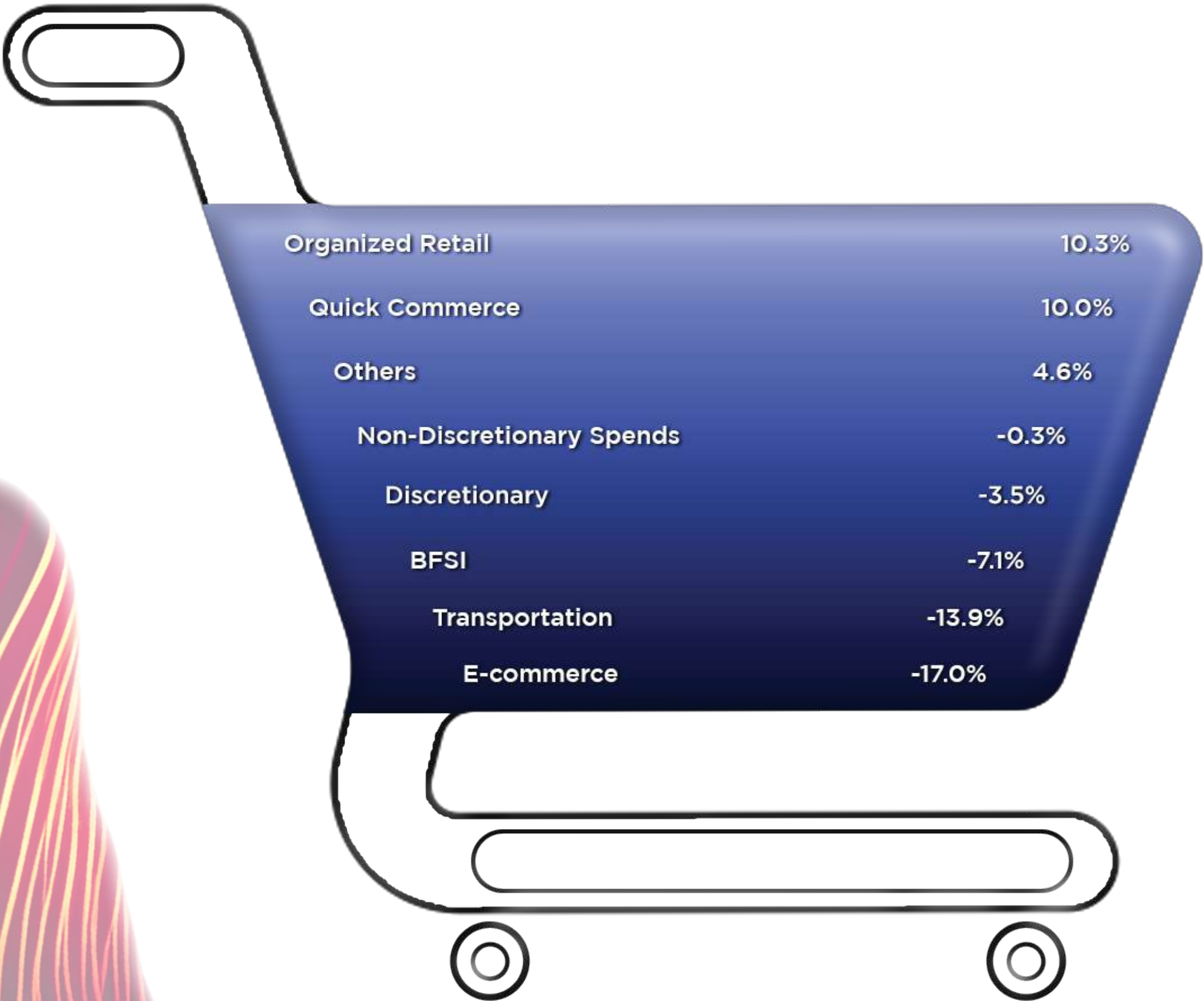


PEELING THE LAYERS OF CONSUMPTION





Growth in cash-led consumption across retail categories in FY25





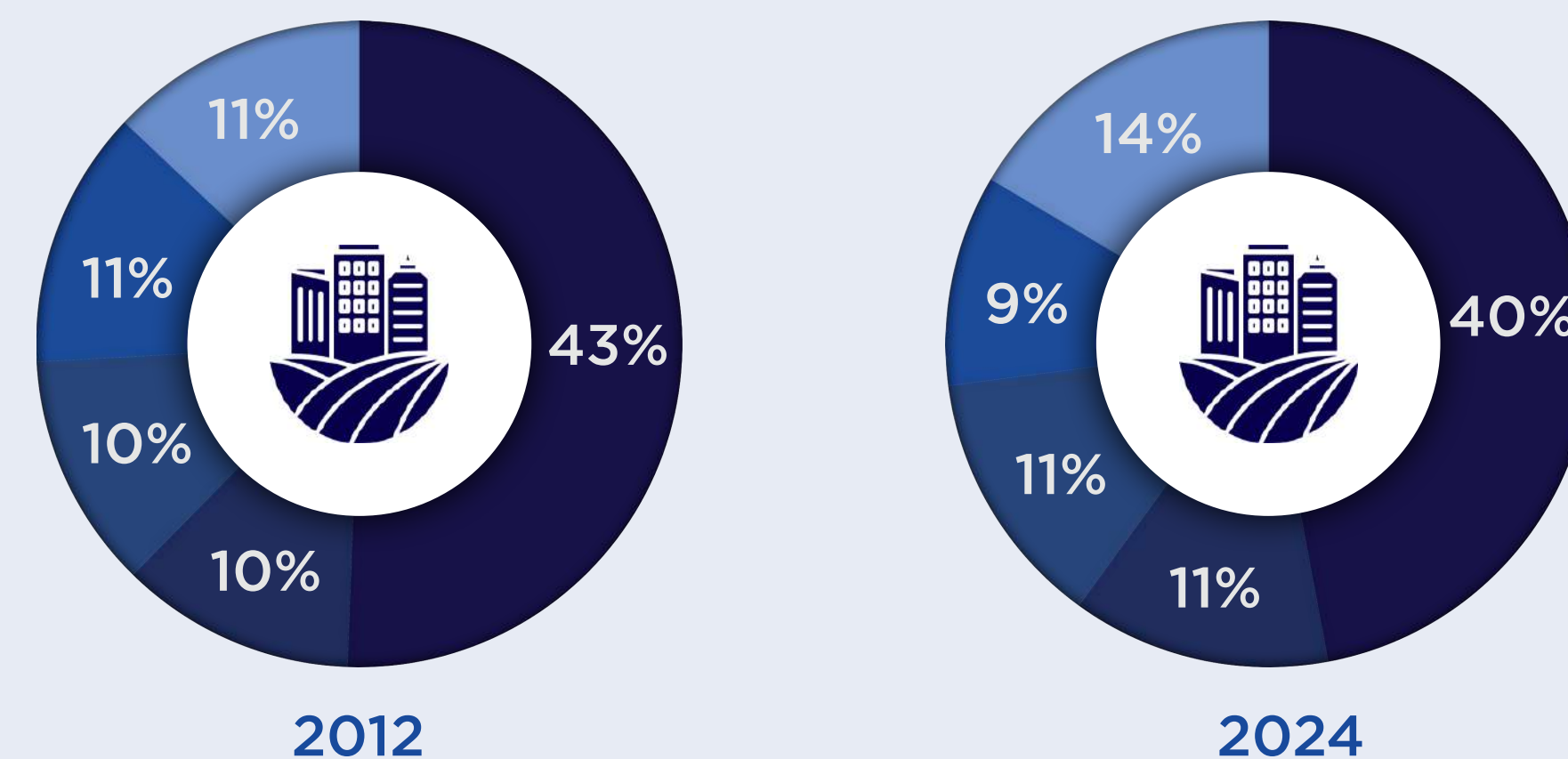
Discretionary spending leading from the front

The Indian household's consumption habits have evolved significantly with a clear shift towards higher discretionary expenditure, particularly in urban areas where consumers have higher spending power and are more inclined to pay for convenience and comfort. This is evidenced by the **Household Consumption Expenditure Survey: 2023-24** which showed a clear shift towards discretionary spending among Indian households.



Shifts in consumption patterns in Indian Households (%)

Percentage spend on non-food expenditure (2012-2024)



- Travel & conveyance
- Clothing & Footware
- Durable Goods
- Misc & entertainment
- Others*

Source: National Statistics Office (NSO); Household Consumption Expenditure Survey: 2023-24



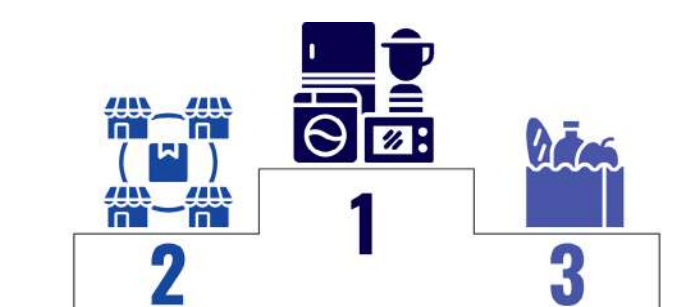
This trend is also reflected in CMS consumption data showing rotation within the top 3 retail sectors, each experiencing strong annual growth. In FY23, the Media & Entertainment, Railways, and Aviation sectors had witnessed sharp growth which was partially driven by revenge spending, as consumers were eager to make up for time spent indoors during the COVID lockdown. Spends on the Media & Entertainment sector witnessed an increase in FY23 and FY24 as the sector metamorphosed into a new-age and omnichannel industry that was well-positioned to cater to the nuanced needs of Indian consumers. FY24 also saw the emergence of a new trend with Indians moving beyond the 'roti', 'kap-da', and 'makaan' paradigm to elevate their social capital and spend more on discretionary as well as non-discretionary goods. This was evident in the spending growth witnessed by the FMCG and Consumer Durables sectors in FY24. Spending in these sectors has also been robust due to increasing per capita and disposable income.

FY25 is witnessing a continuation of this trend with Indian consumers willing to spend more in the Consumer Durables, Multi-brand Outlets, and FMCG sectors as they strike a balance between the experience economy and the goods economy.

A notable shift is seen in the growth of Quick Commerce which has witnessed a 10% increase in FY25. When contextualized with the -17% fall witnessed by E-commerce, it indicates an endorsement of a growing trend of quick commerce outpacing traditional e-commerce with its promise of under 30-minute delivery and hyper-localization. E-commerce share is further impacted due to two key consumption factors - a shift towards organised physical retail and product expansion beyond groceries in Quick Commerce space.

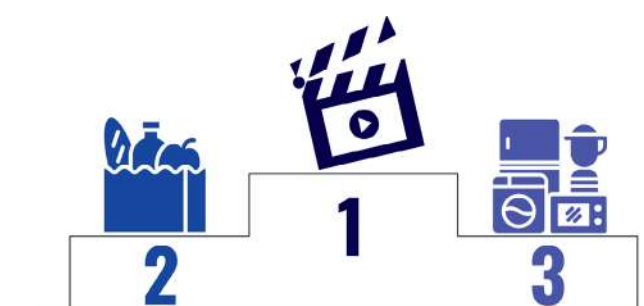


Top three retail sectors with high growth in consumption across FY23-FY25



FY-25

- 1.Consumer Durables
- 2.Multi-brand Outlets
- 3.FMCG



FY-24

- 1.Media & Entertainment
- 2.FMCG
- 3.Consumer Durables



FY-23

- 1.Petroleum
- 2.Media & Entertainment
- 3.Railway

Source: CMS Data



Key consumption trends of FY25



Consumer Durables: Long-lasting and steady

Average monthly spending in the consumer durables sector increased by

72%
in FY25

This is a significant shift in consumption as it follows a 6% increase in sectoral spending in FY24. In FY23, spending in Consumer Durables witnessed a fall of 6% - this can be attributed to the increased spending towards travel and entertainment in the aftermath of the COVID pandemic and a larger household allocation to discretionary, experience-led household spending.

An important factor contributing to the growth of the Consumer Durables sector is the rising preference for home ownership among Indian consumers and the subsequent need to purchase basic consumer durable goods to populate the houses. In 2024, residential sales witnessed an 11% surge from 2023 levels with a record volume of 302,867 unit sales.

Source: <https://www.jll.co.in/en/newsroom/indias-luxury-homes-dominate-2024-sales-crossing-50-percent-mark>



Residential sales hit an all-time high in 2024 with growth in the top 5 cities

Residential Sales
(in units)

Y-O-Y Growth in 2024



Kolkata

33%



Delhi NCR

29%



Mumbai

11%



Bengaluru

10%



Hyderabad

9%

Wider economic activity and economic forecasts further endorse the potential growth in the Consumer Durables sector. India is rapidly emerging as one of the fastest-growing markets for Consumer Durables globally and is projected to become the 4th largest market by FY27. The Consumer Durables market is currently valued at ~USD 67 billion and is projected to reach ~USD 100 billion by FY30, growing at a 7% CAGR.

Source: www.jll.co.in/en/newsroom/indias-luxury-homes-dominate-2024-sales-crossing-50-percent-mark
<https://www.ibef.org/industry/consumer-durables-presentation>



Multi-Brand Outlets: Brick & Mortar makes a comeback

Average monthly spending in Multi-brand Outlets has increased by

12%
in FY25

Registering a robust recovery from -29% in FY24, though slightly lower than the 14% growth in FY23.

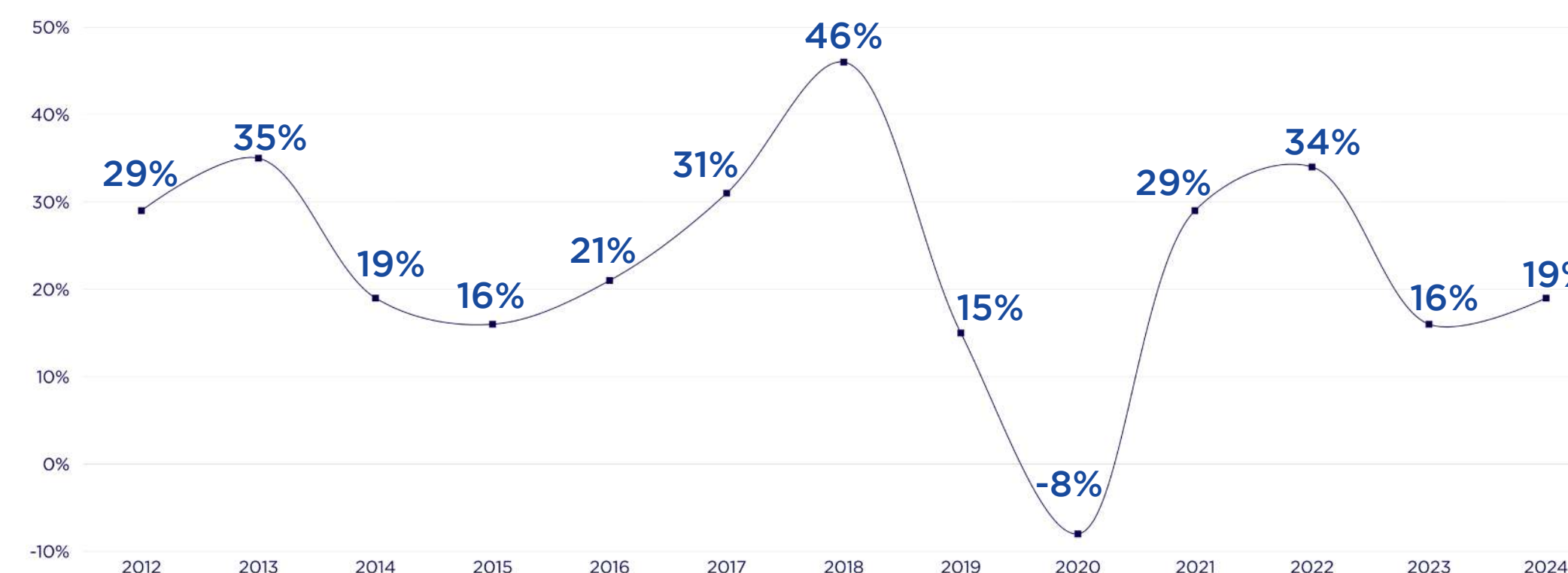
Growing premiumization, continued need for brick and mortar, especially while purchasing premium products, digital enhancements that offer immersive experiences to consumers, and omnichannel strategies along with rapid delivery systems, ensure consumers enjoy the convenience of online shopping combined with the tactile benefits of physical stores. These factors are acting as tailwinds for the growth in organized and digital retail. As a result, the Multi-brand Outlets that are housed in these large retail formats are experiencing increased spending.

While traditional (unorganized) retail remains dominant, organized brick-and-mortar retail is expanding rapidly. This shift underscores India's evolving retail landscape with organized and digital retail gaining prominence due to the inherent convenience and accessibility they offer.

Source: <https://www.jll.co.in/en/newsroom/indias-luxury-homes-dominate-2024-sales-crossing-50-percent-mark>



Y-o-Y Topline Growth for Organized Retailers (%)



Calculated basis company filings of top 70+ offline retailers (listed and unlisted) across sectors; FY numbers taken for organized retailers and FY24 numbers taken using company filings of top 30 public offline retailers for 9M

India's retail sector is undergoing a significant transformation, with a steady shift from unorganized to organized formats. In the next decade, the Indian retail market is expected to grow at ~9% annually, to exceed INR 190 Tn by 2034.

Source: <https://www.bcg.com/publications/2025/india-winning-in-bharat-india-the-retail-kaleidoscope>
Euromonitor, Company filings, Investor presentations, BCG Analysis



FMCG:

Holistically meeting household needs

Average monthly spending
in the FMCG sector has
increased by

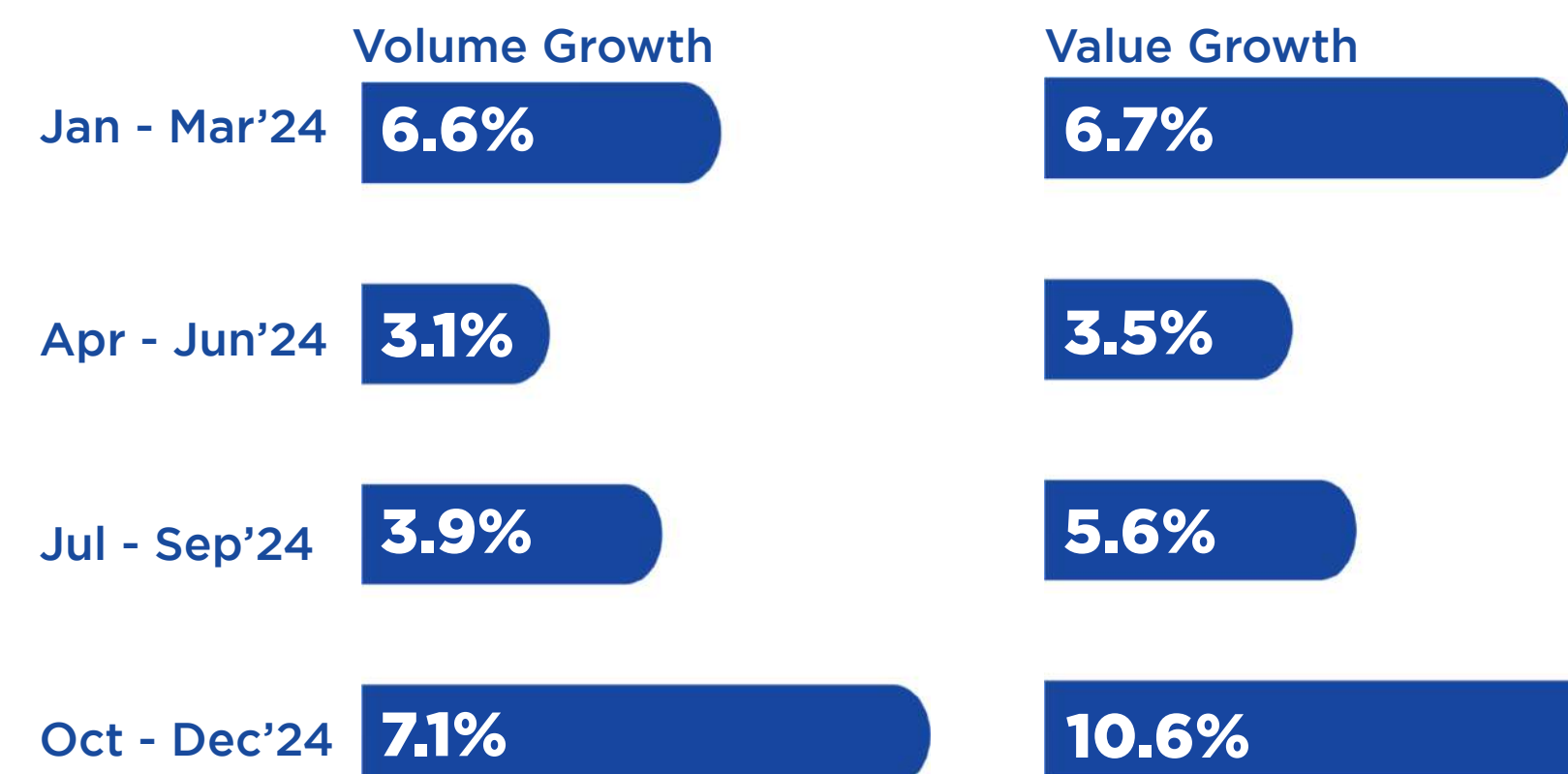
4%
in FY25

While lower than the 17% growth witnessed in FY24, it points to a continued recovery in the sector following a slump of -22% in FY23.

With rising disposable incomes and the basic necessities now taken care of, Indian consumers are showing an increasing preference for discretionary items. More importantly, the growth in FMCG spending, coupled with the growth in Consumer Durables (72%) and Multi-brand Outlets (12%) perhaps points to the making of a secular trend – i.e., continued spending on goods despite a growing interest in the experience economy.



FMCG Sector Growth (%)



Volume growth: Increase in the physical quantity of products sold
Value growth: Increase in the total monetary value of sales

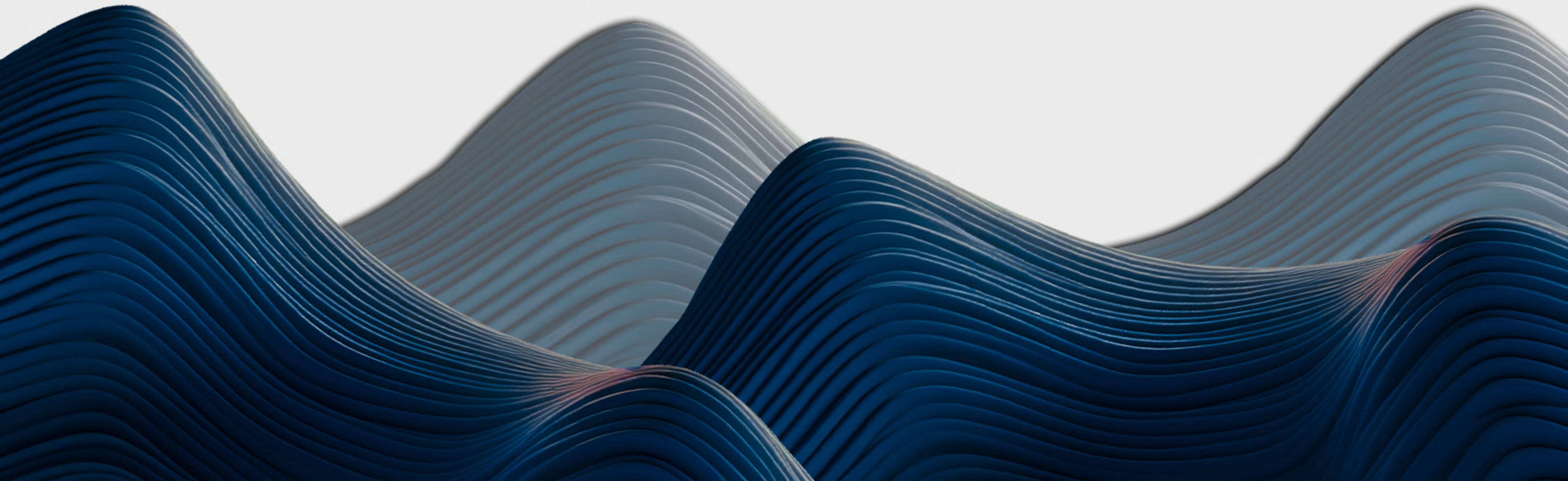
While the sector is witnessing growth, it is important to note that in terms of volume, the sector witnessed a 7.1% rise in the October-December 2024 quarter, despite a 3.3% increase in prices, indicating the preference to consume these goods. The per capita disposable income in India was estimated at USD 2110 in 2019 and rose to USD 2540 in 2023. This is expected to further rise to USD 4340 by 2029. This growth in disposable income is enhancing purchasing power. However, it is not only giving a fillip to consumption in the country but also driving changes in spending patterns.

Source: Nielsen

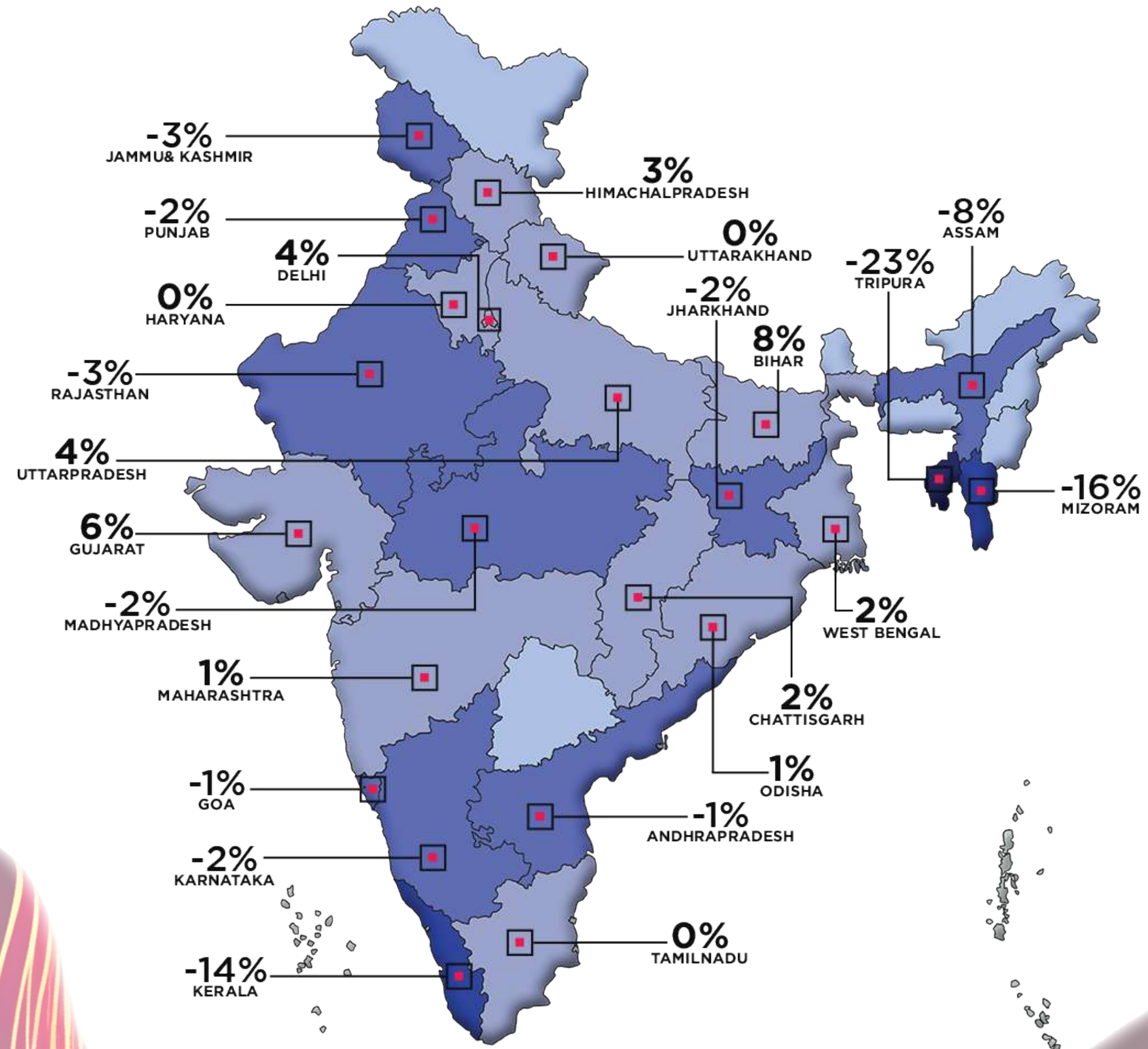
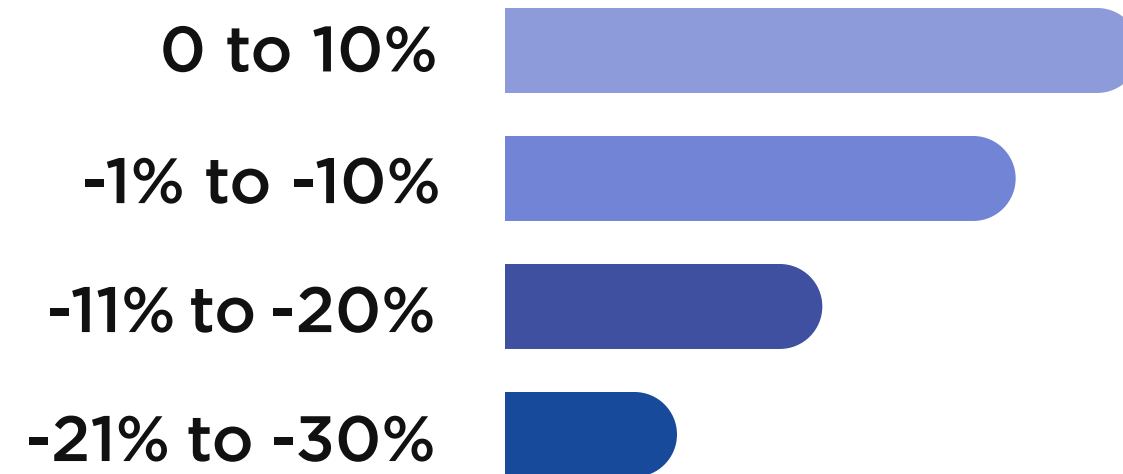
www.ibef.org/blogs/decoding-the-indian-consumer-basket#:~:text=As%20per%20Statista%2C%20India's%20per, and%20enhancing%20overall%20purchasing%20power.



India: A consumption hub



Growth in monthly average cash dispensed per ATM in FY25



Source: CMS Data



Consumption Pulse:

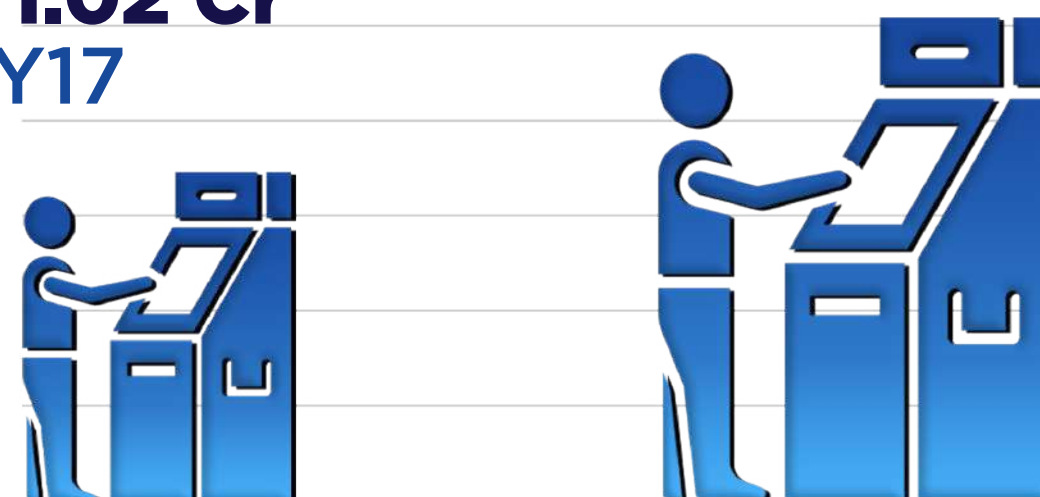
India's consumption story has now become pervasive with consumption running deep into the country's heartlands and across its 23 states and Union Territories (UTs). This is evidenced by the CMS ATM cash dispense data which has been on a consistent uptick since FY17, barring a slump in FY21 due to the impact of COVID.



Increase in average cash dispensed per ATM

INR 1.02 Cr
in FY17

INR 1.30 Cr
in FY25



Source: CMS Data

State Picture:

Zooming into the states



Top 5 Consumption hotspots in FY25
(YoY growth)

8%



Bihar

4%



New Delhi

4%



Uttar Pradesh

3%



Himachal Pradesh

2%



Chhattisgarh



Similar to sectoral data, we see a rotation theme playing out in state consumption as well with a shift in the top 5 consumption hotspots across years (in terms of highest ATM cash withdrawals). The only exception has been New Delhi which has consistently stayed in the top 5 for the past 3 consecutive years.

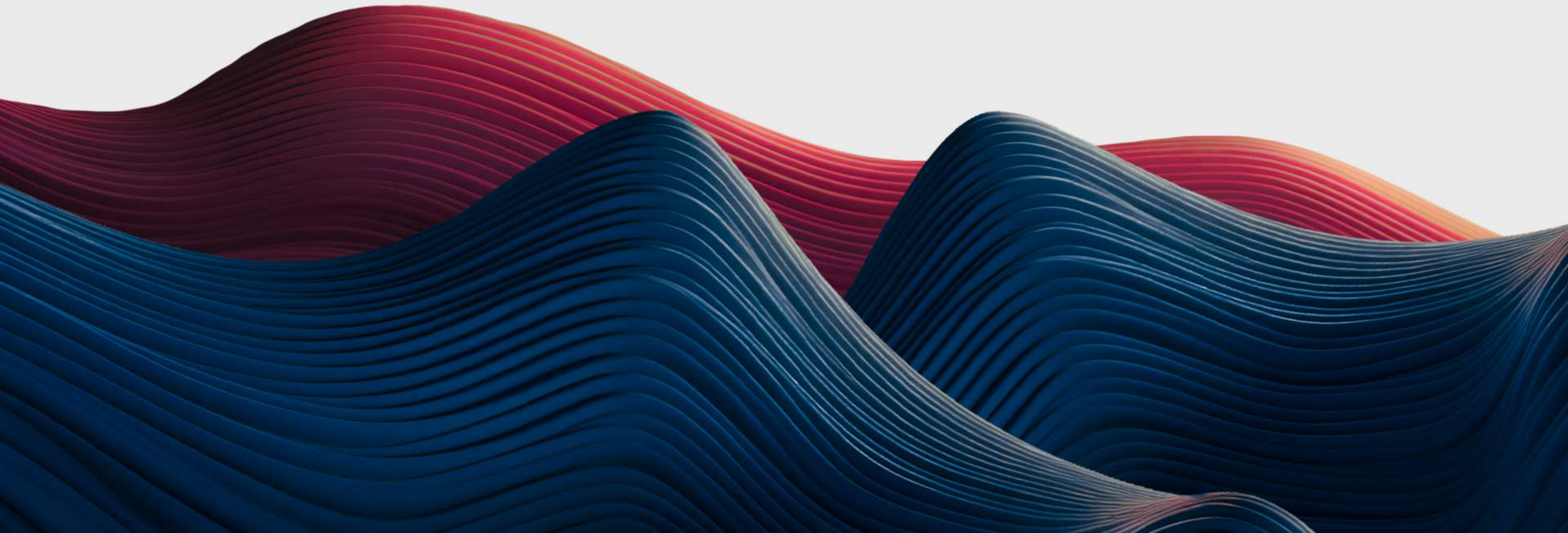
Top 5 states with high growth in consumption



Source: CMS Data



A TALE OF 2 INDIAS!





Multi-faceted means of consumption:

India continues to forge ahead on its unique economic growth journey that **successfully manages the tenuous balance between being a cash-led economy and a digital economy**. Inarguably, India's digital journey has been significant and swift. However, even as Indians embrace digital payments, cash continues to rule the roost. Cash remains an integral part of the Indian economy and ATMs remain an important touchpoint that facilitate easy access to cash for India's large and widespread population.

Average ticket size of ATM withdrawals in FY25 was INR 5,658 registering a YoY growth of

3%

The increase in the ticket size of ATM withdrawals also evidences this. As per CMS ATM Dispensed data, **the average ticket size (ATS) of ATM withdrawals in FY25 was INR 5,658, registering a y-o-y growth of 3%**. Further, select months like October 2024, January 2025, February 2025, and March 2025 witnessed a higher growth in ticket size at 4%, 4%, 5%, and 6% respectively.

In contrast, the ATS of all UPI transactions dropped by 8% from INR 1,603 in H1 2023 to INR 1,478 in H1 2024. From a consumption spending perspective, the ATS for person-to-merchant (P2M) transactions declined from INR 667 to INR 643 in the same period, representing a 4% reduction.

Source: CMS Data



ATM withdrawal ticket size	FY 24	FY 25	Change
April	5,619	5,624	0%
May	5,554	5,607	1%
June	5,593	5,657	1%
July	5,339	5,498	3%
August	5,376	5,496	2%
September	5,438	5,514	1%
October	5,463	5,686	4%
November	5,546	5,612	1%
December	5,518	5,635	2%
January	5,540	5,776	4%
February	5,577	5,878	5%
March	5,588	5,916	6%
Average	5,513	5,658	3%

Source: <https://worldline.com/en-in/home/top-navigation/media-relations/press-releases/worldline-releases-its-india-digital-payments-report-for-1h-2024>

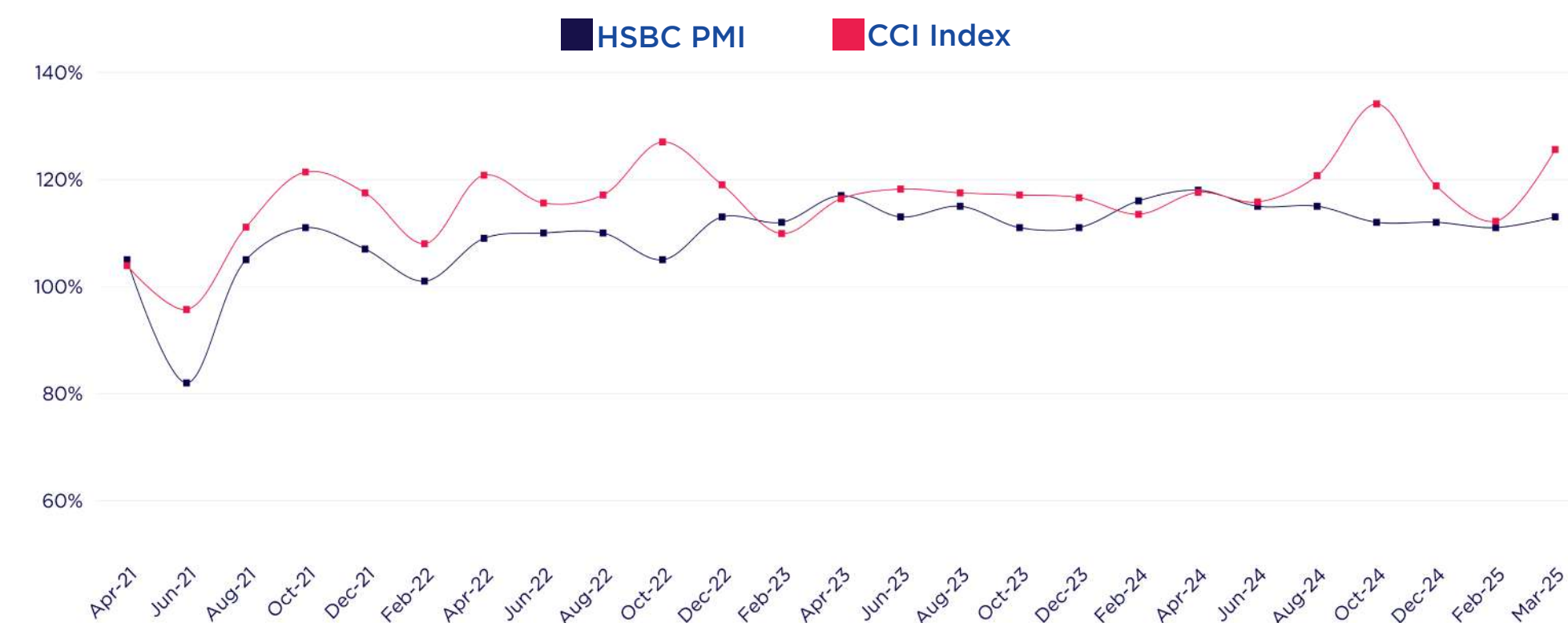


Annexure:



The CMS Cash Index (CCI™) is a weighted index comprising two factors – the cash replenishment done at ATMs across the country and the cash collected from organized retail channels post-consumer purchases. It was first constructed in 2016, following the demonetisation exercise in an attempt to understand the circulation and use of cash in the Indian economy. Considering the nature of the business, the necessary weights are applied to each channel to arrive at an unbiased index that uses cash replenishment and pick-up as a proxy for consumption done in cash in the economy. Over the last nine years, the CMS Cash Index (CCI™) has proven to be a compelling indicator of cash-based consumption in the economy. It has been referred to by various policymakers and business leaders. Correspondingly, the HSBC India Composite PMI (HSBC ICPMI), gauges the vibrancy of the economy by measuring economic sentiment, manufacturing output index, and services business activity index. The strong correlation between the CMS Cash Index (CCI™) and the HSBC ICPMI indicates how cash usage is closely linked to economic growth and consumption in the country.

CMS Cash Index (CCI™) Vs HSBC India Composite PMI



Source: CMS Info Systems & S&P Global

Note: The HSBC ICPMI readings are rebased to 100 in April 2016 when the CCI™ was launched, to derive the correlations between the two indices.

About CMS Cash Index™:

The CMS Cash Index™ was created by CMS Info Systems in 2016, to track the infusion of cash back into the economy across various modes. Over time, this tracking of inflows and outflows of the currency has become a valid measure of the commerce and economic health of India. The CMS Cash Index™ is a weighted index consisting of two factors; the cash that goes into circulation via the ATM channels as replenishment and the cash collected from the organised retail channels post-consumer purchases, both covered by CMS Info Systems across cities and towns in India.

About CMS Info Systems' Data & Analysis:

Retail Consumption Trends is a macroeconomic indicator of retail purchases based on the annual average cash collected and processed per organized retail touchpoint across India. And ATM Dispense Trends is consumer's spending habit indicator based on annual average cash replenished per ATM across India. CMS Info Systems today caters to 1,46,000+ business points, where every 2nd ATM and every 3rd organised retail outlet in India is serviced by CMS Cash Logistics.

About CMS Info Systems:

CMS Info Systems Limited (BSE & NSE: CMSINFO) is India's leading business services company providing logistics and technology solutions to banks, financial institutions, organized retail, and e-commerce companies with a presence across Cash Logistics, Managed Services, and Technology Solutions. CMSINFO businesses include ATM and Retail Cash Management, Banking Automation, ATM-as-a-service, AIoT Remote Monitoring, Software Solutions and Card Issuance, Management & Personalization.



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