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CONSUMER DYNAMICS AND THE RETAIL SECTOR





"Retail growth must ultimately improve the consumer experience. Consumers should receive clear information about prices, product quality, sellers, delivery charges, return policies and grievance-redressal mechanisms."-Pg. No. 07

- Hon'ble Shri. Chhagan Bhujbal

Minister for Food, Civil Supplies & Consumer Protection, Government of Maharashtra

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FROM THE PRESIDENT'S DESK

Mr. Atul Shirodkar
Founder, Chairman and MD, Chourangi Group

Consumer dynamics and the retail sector are constantly reshaping each other throughout the country. A fundamental shift in consumption patterns across India is now unfolding, and the retail industry is reimagining how one of the world's most dynamic emerging markets should be best approached.

Over 90 percent of India's urban consumer class growth up to 2040 is likely to occur outside the five metros of Delhi, Kolkata, Mumbai, Bengaluru and Chennai. While these centres will continue to remain major economic hubs, the bulk of the consumer-related opportunities are projected to be in the rural and semi-urban areas. Thus, the retail sector needs to come up with innovative sales and marketing strategies to tap the steadily rising financial clout of the hinterland, while simultaneously ensuring the sustainability of their financial, environmental and cultural operations therein.

As consumerism proliferates across India, it is the Tier 2 and Tier 3 Cities that are likely to form interconnected urban clusters, where consumption patterns and labour markets transcend geographic boundaries. Viewing these regions as distinct economic entities with rising purchasing power, rather than relying solely on administrative definitions, will be key to developing an effective retail strategy.

Not only is India's middle class growing, but its demographic composition is also changing. In the coming decade, over a fifth of each generation in India (baby boomers, Gen X, millennials, and Gen Z) are expected to spend $45 or more on a daily basis. This creates unique opportunities for industry to develop diverse products and services appealing to a wide range of age groups.

Henceforth, even in Tier 2 and 3 Cities in India, products and services will need to be designed for increasingly affluent and discerning consumers. Our retail ecosystem will have to alter its approach to derive the maximum benefit from this socioeconomic transformation. The question facing our retail sector is no longer whether to expand beyond megacities, but how to build rapidly the infrastructure required to serve the growth occurring across hundreds of urban centres all over India. That will be the acid test of its success.

Retail is one of the fastest growing sectors in the Indian economy. Projected to reach a trillion dollars by 2030, it is supported by rapid urbanization, rising disposable incomes, and the spread of digitalization. This sector has both forward and backward linkages, and it relies on several critical structural shifts in the economy. It employs a wide cross-section of the population throughout Maharashtra and India, including youth, women and the differently-abled, and assists in providing them a livelihood. With Tier 2 and 3 cities driving the fastest consumer expansion, it contributes to decentralized and inclusive growth in the country. The vast majority of India's FMCG purchases occur through retail stores, which are now found in the far-flung parts of the country. With digital technologies shaping both consumer demand and competitive dynamics in the marketplace, retail (especially the early movers) have a bright future, if they prepare themselves adequately for the changing landscape and the inevitable investment-related tradeoffs.



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President and Chief AI Officer,
Comsense Technologies

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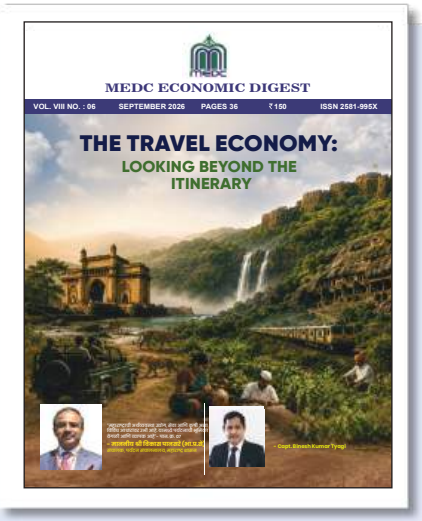


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Sagar Babar

President & Chief AI Officer, Comsense | Chairman – AI & IT, MEDC | Co-founder | Growth Advisor | Top 100 Digital Impact Leader | Author | TEDx Speaker | 500K+ Followers

Sagar Babar is Co-Founder, President, and Chief AI Officer at Comsense Technologies, building an AI-first global services company that helps enterprises turn customer data into growth and speed. He is Chairman of the AI State Committee at MEDC (Maharashtra Economic Development Council), working with Maharashtra's Government to shape India's AI and IT policy roadmap.

Over a decade, he has helped scale Comsense into an AI and Salesforce partner serving 100+ clients across the US, India, Middle East, and Europe. He leads AI transformation, co-creating AI agents with Retail, BFSI, and D2C clients, building partnerships with cloud providers, universities, and institutions, driving policy innovation, and aligning AI with revenue, efficiency, and customer experience.

Beyond Comsense, he leads RECI, a rural entrepreneurship initiative targeting ₹10,000 Cr impact. A Charter Member at TiE Pune, he mentors founders, shares frame-works and opens networks. He is Director at Clara Global School and board member of rural education non-profit Dnyanankur School; has authored computer science and leadership books; practices Heartfulness meditation; and creates Marathi entrepreneur content for 500K+ followers on Instagram and YouTube, and hosts podcast Conversations That Matter with Sagar Babar. He loves cricket, travel, and lifelong learning.



India's Retail Revolution: Building a Market That Works for Every Consumer

Hon'ble Shri. Chhagan Bhujbal
Minister for Food, Civil Supplies & Consumer Protection, Government of Maharashtra

Maharashtra can lead the next phase of inclusive retail growth by connecting consumers, small retailers, farmers and MSMEs

Introduction:

India's retail sector is undergoing a fundamental transformation. Digital commerce, organised retail, quick commerce and digital payments are changing the way Indians shop, while kirana stores, traditional markets, farmers, traders and MSMEs continue to remain an integral part of the economy. India's retail market has grown from approximately ₹35 lakh crore in 2014 to ₹82 lakh crore in 2024, and is projected to cross ₹190 lakh crore by 2034. At the same time, private final consumption expenditure accounted for 61.5% of India's GDP in FY2025-26, highlighting the importance of consumption to economic growth.

For Maharashtra, this transformation presents a significant opportunity. The State combines major consumption centres such as Mumbai and Pune with a strong agricultural economy, manufacturing sector, MSME ecosystem and extensive network of traditional markets. Connecting Maharashtra's Producers to Consumers.

Maharashtra at the Centre of Retail Growth

Maharashtra brings together one of India's largest consumer markets with a strong agricultural economy, manufacturing sector, MSME base and extensive network of local markets. Mumbai,Pune, Nashik are major consumption centres, while districts across the State contribute agricultural produce, processed foods, manufactured goods and local products. The future of retail should not be viewed as a contest between traditional and digital commerce. Maharashtra's neighbourhood retailers possess important strengths—local knowledge, customer relationships, proximity and flexibility. Digital tools can strengthen these advantages through digital payments, inventory management, online ordering, accounting and wider market access. Farmers, food processors, artisans, women's self-help groups, cooperatives and MSMEs should similarly be connected with modern supply chains and digital marketplaces. This can help Maharashtra's local products reach consumers across India and, where feasible, international markets.

Role of MEDC

The Maharashtra Economic Development Council (MEDC) can play an important role in this transformation by bringing together government, industry, researchers and other stakeholders. Established in 1957 under the stewardship of economist Dr. Dhananjayrao Gadgil, MEDC has contributed to economic research and policy dialogue concerning Maharashtra.

Its work can help create evidence-based discussions on retail, MSMEs, digital commerce, market infrastructure and consumer welfare. A stronger partnership among government, industry institutions such as MEDC, retailers, consumer organisations and researchers can help develop practical solutions for Maharashtra's evolving retail economy.

Consumer Protection at the Centre



Retail growth must ultimately improve the consumer experience. Consumers should receive clear information about prices, product quality, sellers, delivery charges, return policies and grievance-redressal mechanisms. As Minister for Food, Civil Supplies & Consumer Protection, I believe that availability, affordability, transparency and consumer protection must remain fundamental to a healthy marketplace. The Maharashtra Department of Food, Civil Supplies and Consumer Protection has an important responsibility in ensuring the availability of essential commodities, strengthening the Public Distribution System, monitoring prices, implementing weights and measures regulations and protecting consumer interests. As commerce becomes increasingly digital, consumer protection must evolve alongside technology. Artificial intelligence, personalised advertising, online marketplaces and quick commerce can create new opportunities, but consumer rights and transparency must remain integral to this transformation.

What Should the Next Decade Deliver?

The next decade of retail policy should focus on five broad objectives. First, consumer protection must keep pace with technology. Regulations should evolve with new business models while maintaining transparency and accountability.

Second, small retailers must be enabled to participate in digital commerce. Access to digital payments, inventory systems, credit, logistics and online marketplaces can help them compete in a changing environment.

Third, affordability must remain central. Growth in retail should translate into better access and value for consumers. Fourth, local producers must be integrated into modern supply chains. Farmers, MSMEs and local manufacturers should have greater opportunities to reach larger markets.

Finally, innovation must remain responsible. Artificial intelligence and data-driven commerce offer enormous opportunities, but consumer rights and transparency cannot become secondary considerations.



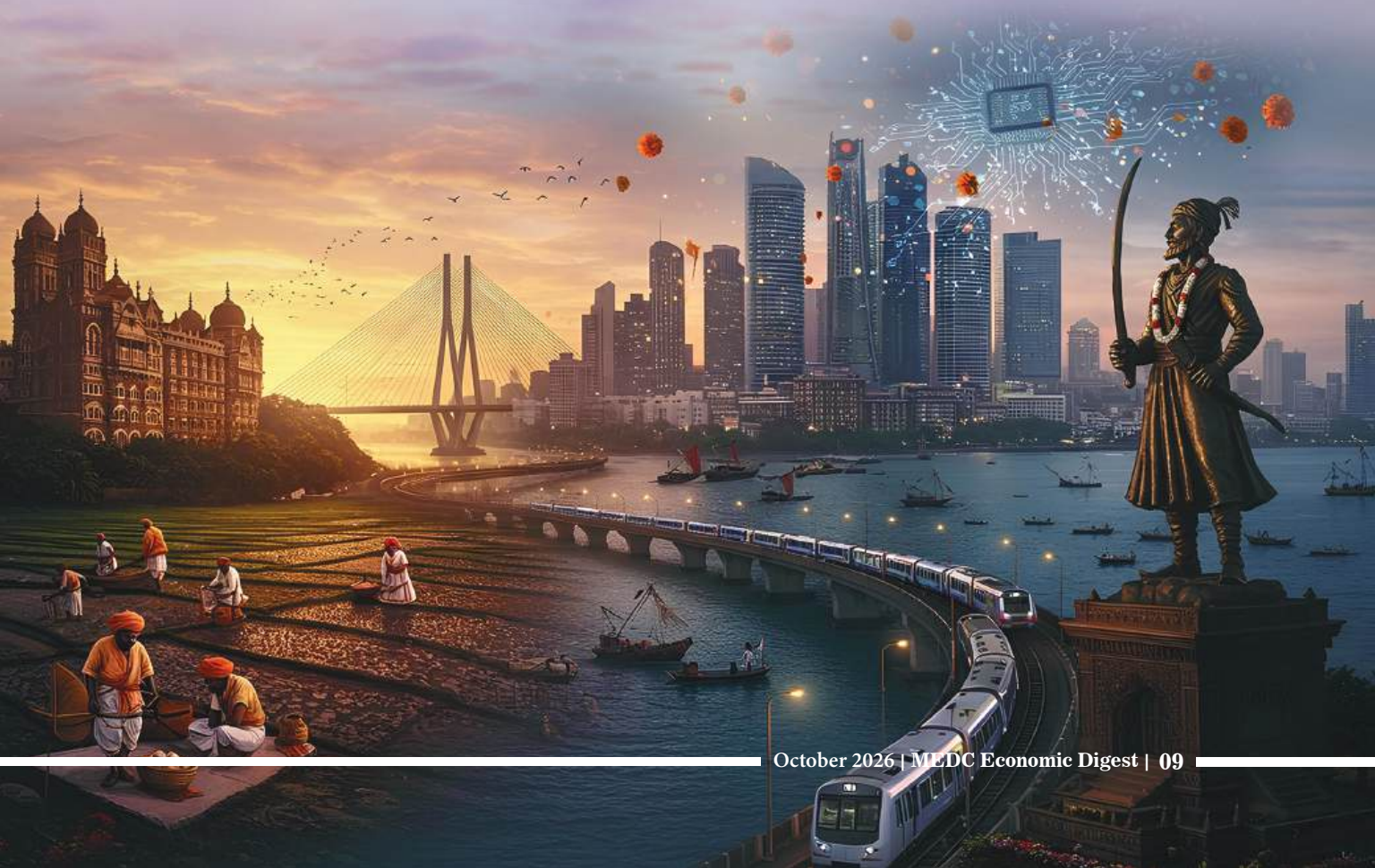
A Retail Economy Built on Trust

Maharashtra's retail future should not be defined by online versus offline or traditional versus organised retail. The real objective is to build an ecosystem where technology strengthens local businesses, farmers and MSMEs gain wider market access, consumers receive greater choice and value, and essential goods remain accessible and affordable. India's retail revolution can become a powerful engine of inclusive economic growth.

Maharashtra, with its diverse economy and entrepreneurial strength, has an opportunity to be at the forefront of this transformation—building a modern retail market where innovation and inclusion move together, and where the consumer remains at the centre of economic development.

Our objective should be a Maharashtra where technology strengthens local enterprise, modern markets create opportunities for producers, and economic growth translates into greater choice, affordability and trust for every consumer.

That is how Maharashtra can help shape an Indian retail economy that is modern, inclusive and consumer-centric.





When Cravings Arrive in Minutes, Nutrition Takes a Back Seat

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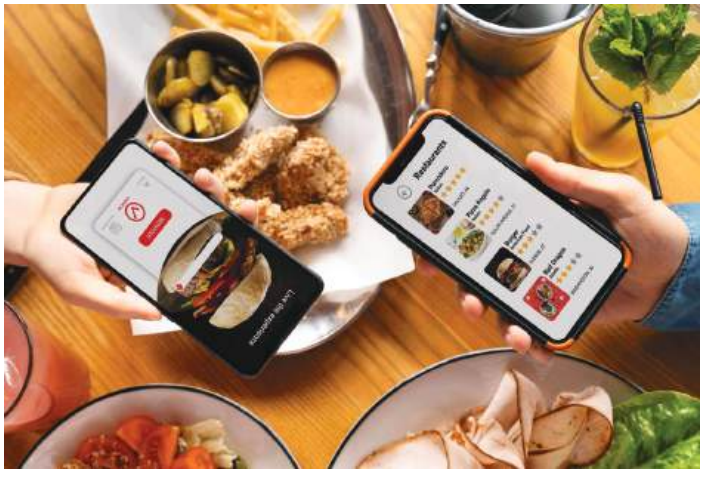
Superfast delivery changes more than the clock. When cravings can be satisfied in minutes, acting on impulse becomes almost effortless. By August 2026, India's major quick-commerce platforms were handling nearly one crore orders a day. Does removing the wait change what we choose to eat?

Introduction:

Quick commerce has moved from an urban novelty to an everyday food channel. By August 2026, major platforms in India were handling nearly one crore orders a day, and in Maharashtra they were already live in 16 of 36 districts. This rapid growth raises a public-health concern: when chips, sweets and sugary drinks can arrive in ten minutes, the effort and waiting that once slowed impulse purchases disappear. The dilemma is whether convenience is simply saving time, or quietly reshaping diets.

When Cravings Are Only a Few Taps Away

Imagine it is 9 p.m. in Mumbai. You have finally closed your laptop after a long day. You sit down and find yourself craving something salty. Not long ago, satisfying that craving meant walking to the neighbourhood kirana for a packet of chips or adding it to the next day's grocery order. One took effort; the other took time. Both required effort or waiting, giving you a moment to think twice. Now imagine the chips arriving at your door in ten minutes. With quick commerce, the distance between craving them and eating them can be just a few taps.



This is more than a hypothetical late-night habit. In 2024, Mumbai ordered more than 31 lakh snacks[1] on Zepto between midnight and 4 a.m. What

happens when acting on a craving becomes part of the routine? By August 2026, quick-commerce platforms were handling nearly one crore orders a day across India[2]. One industry estimate[3] suggests that roughly one in four urban households in the Mumbai metropolitan region order through quick-commerce apps every month, suggesting that they serve more than one-off urgent needs. And the phenomenon is no longer confined to Mumbai and Pune: the results show mapping documents that quick-commerce platforms are live in 16 of Maharashtra's 36 districts. As quick-commerce adoption grows exponentially, the question is no longer just how quickly groceries arrive. Does quick commerce, by making cravings effortless to satisfy, merely add treats to the basket or leave less room for healthier food?

Key findings

- There is a shift in food choices after quick commerce arrives in some Maharashtra districts: processed foods take a larger share of household food spending.
- Interestingly, fruits, vegetables and staples take a smaller share.
- The concern is not simply that convenience makes unhealthy impulse choices easier, but that those choices may be crowding out healthier food.

Data and method for analysing household food consumption changes

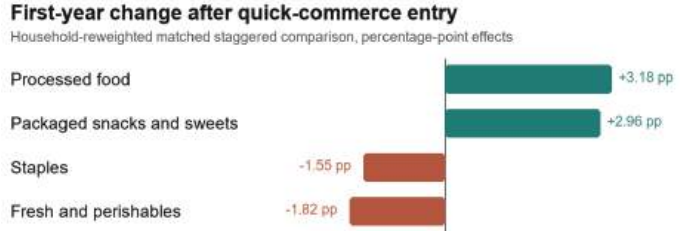
To investigate whether faster delivery changes food choices, our analysis uses CMIE's Consumer Pyramids Household Survey, which records Maharashtra households' monthly spending across food categories from January 2022 to December 2025. This dataset was compiled with data on when quick commerce was first made available to regions in Maharashtra. To do this, a district-by-district launch timeline was reconstructed from newspaper coverage in LexisNexis, supplemented by LLM-assisted searches of news reports, company blogs and annual reports. A separate LLM agent revisited the source material to check the recorded launch months. Because no comprehensive database tracks district-level launches, this is a reconstruction from published evidence; an unannounced launch could be missed. The analysis asks whether the food-spending mix changed after quick commerce entered a district, relative to similar households in comparison districts over the same period. In particular, it is examined whether snacks, beverages and processed foods gained share while staples, fruits and vegetables lost it.

What changed in the household food basket of Maharashtra?

The first part of the story is unsettling yet unsurprising: after quick commerce arrives, households spend a larger share of their food budget on snacks, beverages and processed foods categories that include many impulse purchases. In the first year after quick-commerce entry, processed foods gained 3.18 percentage points of household food spending (Figure 1). Packaged snacks and sweets, including chips and namkeen gained 2.96 points, while beverages and water gained 0.44 points.

More revealing is what loses ground. Staples accounted for 1.55 percentage points less of food spending, and fresh and perishable foods, a broader category that includes fruits and vegetables, lost 1.82 points. The unsettling possibility is not simply that quick commerce makes unhealthy impulse purchases easier. Those purchases may also be crowding healthier food out of the household budget.

Figure 1. First-year food-basket shifts after quick-commerce entry. Positive values mean the category gained share; negative values mean it lost share.



Source: CMIE Household Consumption Data and Author Calculations

What do some behavioural studies say: The plausible why behind the change

Studies in behavioural economics suggest that quick commerce may matter not only because it expands access, but because it changes the timing of choice. When food decisions are made in a "hot" state of craving, and fulfilment is almost immediate, consumers may be less likely to choose as they would during planned grocery shopping. This makes quick-commerce apps a natural setting for testing "just-in-time" nudges: prompts, healthier add-ons, defaults or swaps shown at the precise moment when a snack-heavy basket is being assembled.



What should change: Implications for policymakers and citizens

These findings raise an important concern about quick commerce's unintended consequences: the speed that makes shopping easier may also be drawing a larger share of household food budgets toward unhealthy foods and away from healthier ones. A blanket ban on the sale of unhealthy foods on quick-commerce apps would ignore the convenience and jobs the sector provides. A better first step is to test whether an app can restore a moment of reflection that speed removes.

The Maharashtra government could work with platforms to trial a brief prompt when a basket contains only snacks or drinks high in salt or sugar. It could offer fruit, vegetables or a healthier alternative, while leaving shoppers free to continue unchanged. The intervention could give both sides a reason to make it work. If shoppers add fruit or vegetables alongside an impulse snack, platforms gain a larger order while policymakers see healthier food entering the basket. That commercial incentive matters: platforms are more likely to implement a nudge well if it benefits their business too. A pilot should track what shoppers actually do: add healthier food alongside the snack, replace the snack with a healthier choice, or ignore the prompt.

For citizens, the answer is not to give up quick commerce or every craving. It is to pause before tapping "order" and ask: is this an occasional treat, or one of many effortless purchases quietly taking money away from healthier food?



Conclusion

The findings show that the arrival of quick commerce in Maharashtra districts is associated with a shift in food spending toward processed foods, snacks and beverages, and away from staples, fruits and vegetables. This does not mean every quick-commerce order is unhealthy, nor does it mean the sector should be treated as a public-health villain. The more useful lesson is subtler: the design of convenience matters. A platform that can deliver chips in ten minutes can also be designed to make healthier additions visible at the exact moment when choices are being made. The policy challenge, therefore, is not to slow down quick commerce, but to restore a moment of reflection inside it. The goal should be to learn what actually changes behaviour: whether people add healthier foods, substitute them, or simply ignore the suggestion. As quick commerce expands beyond big cities, its effects will increasingly become part of everyday nutrition. The question is not whether people should be allowed to satisfy a craving. It is whether a system built for instant gratification can also make room for healthier choices before the order is placed.

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What makes India spend

Tanvi Abhyankar
Research Associate, Maharashtra Economic Development Council

The article explores the role of festivals as economic drivers through the lens of household expenditure, consumption, savings, consumer sentiment, credit and rural-urban contrast and understanding its implications for services and employment.

Introduction:

A holiday in India acts as a real economic stimulus. Festive season catalyses massive consumption across sectors. From consumer durables, FMCG, apparel to jewellery, automobile and transport, the surge in demand influences sales and revenue of various industries. Festivals are, therefore, not merely periods of increased shopping; they temporarily accelerate the circulation of money across retail and services, alter household spending patterns, create seasonal employment opportunities and integrate various factors that shape consumption. Businesses, on the other hand, respond with promotions, new and additional inventory and even the introduction of temporary employment . Thus, a socio-cultural phenomenon transforms, for some time, into an economic one.

The Macro Anchor

Every year, following the monsoon season, India witnesses a rise in spending by households as people buy luxury goods and durables which they would not usually purchase . When millions of households follow suit, all at the same time, the micro level series of individual consumption decisions aggregates into a macro dimension. The resultant volume is enormous; though variation exists across sectors, businesses reportedly record 30 to 40 percent of their annual sales during this period. The significance of the seasonal surge extends beyond the retail transaction and leads to a concentrated household surge.

A survey conducted by the Confederation of All India Traders (CAIT), assessing sales during the 2025 festive season from Navratri to Diwali, revealed a record ₹6.05 lakh crore– ₹5.40



lakh crore in goods and ₹65,000 crore in services- worth of business generated during the season. This was a 25 percent increase over sales in the year before that. The current and upcoming festive season sales would be no less, building heavily on the previous record. The resultant volume of activity, characterised by extravagant demand generated through quick commerce explosion, broadening of shopping baskets and greater penetration into Tier-2 and Tier-3 markets, is substantial. The importance of this seasonal surge, naturally, permeates beyond the retail transaction itself and demand exists across a wider network of manufacturers, wholesalers, service businesses, and logistics providers supporting consumption in the economy.

Seasonal Consumption Effect



The festive season is thus a useful societal lens which can help us examine one of the core drivers of the economy: household consumption. The Private Final Consumption Expenditure (PFCE) has a substantial role in India's aggregate demand, as it constitutes more than half of its GDP. More than being just the final act of purchasing the product, consumption acts as a transmission channel through which household spending creates demand across various market participants. The quarterly pattern of PFCE also indicates a recurring seasonal component in household consumption. Across the years shown in Fig.1, Q3 records relatively high PFCE, with the pattern occurring each year. This offers an insightful perspective to view the festive season not just as a period of heightened purchasing, but also as a period when household consumption gains relevance for the wider economy.



Note: Q3 of each year is highlighted to illustrate the recurring seasonal pattern in household consumption.
Data Source: Quarterly Estimates of Private Final Consumption Expenditure (PFCE), 2021-25, National Account Statistics 2025, Ministry of Statistics and Programme Implementation (MoSPI).

Even though quarterly consumption is influenced by numerous factors and this pattern by itself may not necessarily signify a causal relationship with festivals, it is notable that Q3 comprises a significant portion of the Indian festive and shopping calendar. Further, this consumer spending initiates a self-reinforcing economic cycle where a higher consumer demand results in increased business production which creates more jobs and offers higher wages, eventually leading to even higher PFCE.

The Temporary Income Shock

The spending decision, for many households, is a broader intertemporal choice determining whether to save for later, consume today, or consider a purchase that had previously been deferred. Therefore, the festive period alters not only the level of expenditure but its timing too. This is where household savings and propensity to consume assume significance. Accumulated savings make room for consumers to undertake discretionary purchases even without necessarily being accompanied by a corresponding increase in current income. On the other hand, seasonal bonus, agricultural income, business receipts and other temporary increase in disposable income translates into higher consumption. This is captured by the Marginal Propensity to Consume(MPC) - the proportion of additional income allocated towards consumption. Festivals reinforce this response as consumption around these occasions is influenced

by gifting practices, traditional purchases, and social expectations just as much as by raw purchasing power.

The Festive Credit

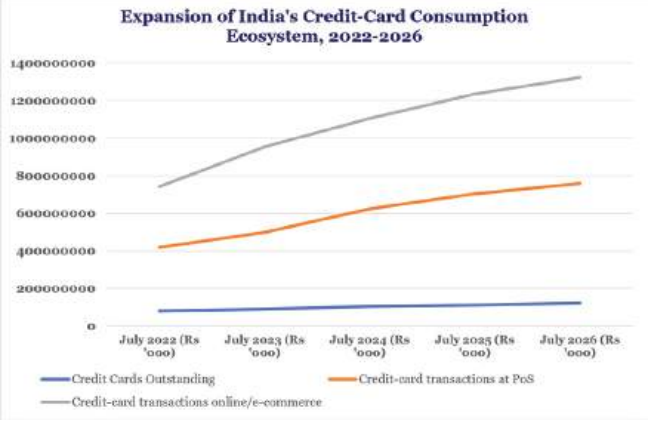


The festive consumption is increasingly being shaped by the ability to finance spending, beyond the mere desire to spend. Easy availability of and access to credit plays a significant role in amplifying consumption during the festive season.

Household buying decisions largely utilise readily available options like credit cards, consumer loans, Buy Now Pay Later (BNPL) and equated monthly instalments (EMIs). When coupled with several promotional offers, it enables consumers to pull forward consumption decisions which otherwise were postponed - particularly for high-value purchases such as appliances, consumer electronics, automobiles and other durables. While the variety of financing options help lower the upfront cost, limited-time offers and discounts create the perception of an opportune time to purchase. Thus, more than representing additional or new consumption, seamless credit availability essentially allows households to spread the cost of a purchase - marked by pull-forward demand - over time. The vast availability of formal consumer credit broadens the purchasing capacity of households thereby reducing barriers, especially for big ticket purchases.

A complementary force that cannot be ignored is that of price incentives in the form of discounts, cashback schemes, exchange offers and other financing arrangements which result in reduced final price of the product. The timing and size of payment also play a role in influencing a household's purchase decision. When paying upfront discourages a purchase, the consumer may be better off accommodating a monthly EMI on the purchase. Therefore, festive promotions work both ways: enabling discounts to influence the price of consumption and financing to influence its immediate affordability.

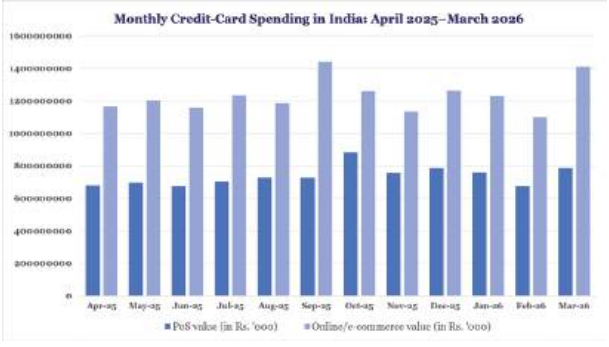
The other side of the equation is that the ability to pull consumption forward also creates a corresponding future obligation. A credit card or an EMI allows a consumer to make a purchase today while committing a part of it for future repayment. While the immediate impact may mitigate affordability constraints, the long-term outcome hinges on a household's income stability, borrowing cost and the overall capacity to pay back what they owe.
The growing use of credit in consumption can also be examined through credit card usage expansion in India. Credit cards have become an integral channel for financing and facilitating consumption both at physical points of sale (PoS) and via e-commerce. Thus, the growth in credit card usage, paired with widening credit card base, becomes a useful indicator to understand how formal credit is getting closely integrated with everyday purchasing decisions.



Data Source: Reserve Bank of India (RBI), Bank-wise ATM/POS/Card Statistics

More than a rise in the number of cards in circulation, the data points towards broader integration of formal credit into retail transactions. The increasing use of credit cards shows that consumers have the ability to undertake purchases without depending solely on available cash or savings. Besides, for retailers, the potential pool of consumers able to transact at a given point in time widens.

Along with the long-term expansion, examining credit card spending also offers insights into how consumption varies throughout the year. The monthly pattern is particularly relevant to highlight the festive period characterised by a combination of promotional pricing of retailers and financing options to stimulate purchases.



Data Source: Reserve Bank of India (RBI), Bank-wise ATM/POS/Card Statistics

A rise in credit card spending during the festive period is consistent with the role of festivals, promotional campaigns and financing offers to bring forward purchases. In parallel, online sales events, income and salary cycles and consumer sentiments also influence monthly spending.

Conclusion

At the core of the economy's retail transformation lies an evolving consumer whose buying decisions are being influenced by a combination of factors such as income, aspirations, affordability, social influences, convenience, cultural preferences and the availability of choices. The consumption story, therefore, is woven between consumers making varied choices, across several categories, and through diverse channels.

The festive season is a visible illustration of these dynamics. Festivals bring together cultural traditions, social expectations, discounts, promotions, increased willingness to spend and create a concentrated period of consumption. The growing provision of credit further facilitates affordability and timing of purchases.

Beyond the retailer and consumer, demand transmits through manufacturers, distributors, wholesalers, service providers and financial institutions. A change in what consumers buy, when they buy, and how they pay creates a ripple across the wider ecosystem. Industry and policymakers must ensure that this trajectory benefits from the support of enhanced productive capacity, efficient supply chains, and responsible and inclusive access to finance.



Everyone Wants to Sell. Who Wants to Serve?

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Comsense Technologies

Introduction:

A prospect visits your website. Within minutes, everyone wants to meet him. Marketing wants his email address. Sales wants his phone number. The advertising platform wants to follow him around the internet. The CRM wants to score him. AI wants to predict what he will buy. He leaves a product in his cart and, within an hour, someone reminds him.

He still does not buy, so a discount arrives. Then another reminder. Maybe a WhatsApp message. Maybe an ad for exactly the same product on another website. Everyone is looking for him. Then one day, he finally buys. Three weeks later, he has a problem. Suddenly...

"Please enter your 14-digit order number."

Welcome to modern customer experience.



So many to win you. So few to keep you.
Maybe it's time we balance the funnel.

We are excellent at spotting buying signals

Think about how sophisticated selling has become. A customer looks at a pair of shoes three times and we know there is intent. Someone spends four minutes on a pricing page and becomes a lead. Someone abandons a shopping cart and triggers an automated journey. Someone has not purchased for 90 days and gets classified as likely to churn. We can calculate propensity scores, recommend the next product and personalize an offer for one individual among millions.

There is an enormous technology industry helping companies answer one question: **What can we sell this customer next?**

Nothing wrong with that. Businesses have to sell. But there is another question that gets far less attention. **What does this customer need from us next?**

That question takes us somewhere very different.

Imagine your washing machine

You bought a washing machine 18 months ago. The manufacturer probably knows when you bought it. They know the model. They may know whether it is under warranty. The service centre knows whether you have complained before. A connected appliance may even know how much it has been used. There is plenty of information available. Now imagine two messages.

Message 1

"Upgrade your home! Get 15% off our latest range of appliances."

Message 2

"Your washing machine is approaching its recommended maintenance period. A quick check now may prevent problems later. Would you like us to arrange one?"

Which one makes you feel that the company actually knows you? Interestingly, both messages can come from customer data. The difference is what the company decided to look for. One looked for a **selling opportunity**. The other looked for a **servicing opportunity.**

We wait for customers to tell us they have a problem

This is the part I find strange. Our selling systems are increasingly predictive. Our service systems are still largely reactive. A typical service journey looks something like this:

Something goes wrong → Customer discovers it → Customer searches for help → Customer contacts company → Customer explains problem → Company investigates → Company responds

Why should the customer always be the alarm system? In many industries, the company already has signals that something may be wrong. Cars generate diagnostic information. Software companies know which features customers are struggling to use. Banks know when important financial events are approaching. Retailers know when warranties expire. Telecom companies can see usage and network patterns.

Hotels know what went wrong during a previous stay. Insurance companies know when policies need attention. The opportunity is sitting inside the data. We just need to look for it.

The best service call may be the one the customer never makes

Aircraft engines provide an extreme example. Modern aircraft engines generate large amounts of operating data. Manufacturers can use this information to monitor performance and plan maintenance. The interesting idea is not the aircraft engine. It is the sequence.

Instead of:

Problem → Customer discovers it → Customer reports it → Company responds

the sequence becomes:

Signal → Company understands it → Company acts → Problem reduced or avoided

Now bring that thinking down from a multimillion-dollar aircraft engine to ordinary life. Your water purifier knows the filter is reaching the end of its useful life. Your car knows it needs attention. Your software provider knows you have tried the same feature five times without completing the task. Your bank knows a deposit is maturing. Your retailer knows the product you purchased has a warranty

expiring soon. Your hotel knows that during your last visit you complained about being placed near the elevator.
These are not necessarily opportunities to sell. They are opportunities to be useful. And usefulness is surprisingly memorable.

Sometimes good customer experience means not selling

Suppose your broadband has been down for two days. You have already complained twice. Nothing has happened. Then your phone buzzes. Your broadband provider has remembered you! You open the message. "**Upgrade to our premium high-speed plan today!**"

Perfect targeting. Terrible timing. The marketing system knows you are a customer. The service system knows you have a problem. Unfortunately, the two have apparently never met. This happens because companies often understand customers as collections of transactions. Marketing sees a campaign audience. Sales sees an opportunity. Commerce sees an order. Service sees a ticket. The customer sees one company. That difference matters.

Perhaps we need a broader definition of service

When we hear "customer service", we usually imagine a contact centre. Someone has a problem. Someone calls. Someone resolves it. But servicing a customer can happen long before a complaint.

It could mean:

PREVENT	Stop a problem before it happens
REMIND	Tell me before I forget
EDUCATE	Help me use what I already bought
ASSIST	Make something easier
RECOGNIZE	Remember what happened before
RESOLVE	Fix something when it goes wrong
ANTICIPATE	Understand what I may need next

Look at that list again. There is plenty of commercial value hiding inside it. A customer whose problem was prevented has one more reason to stay. A customer who gets value from a product has one more reason to buy again. A customer who does not have to explain the same problem three times has one more reason to trust the company. You may not see revenue immediately. But relationships do not operate on campaign reporting cycles.

AI could make this much more interesting

There is a lot of excitement about AI in sales and marketing. AI can write the email. Choose the audience. Recommend the product. Personalize the website. Score the lead. Suggest the next offer. All useful. But imagine applying the same intelligence to a different question: Who needs our help today?

Not who wants to buy. Who needs help? Imagine an AI system looking across millions of customers every morning. It finds 1,800 customers whose warranties are approaching expiry. 620 customers are showing signs that they are struggling with a product. 340 customers who have contacted support more than once about the same issue. 90 customers are about to experience a predictable service problem. And perhaps 12,000 customers who need absolutely nothing from you today. Leave those 12,000 alone.

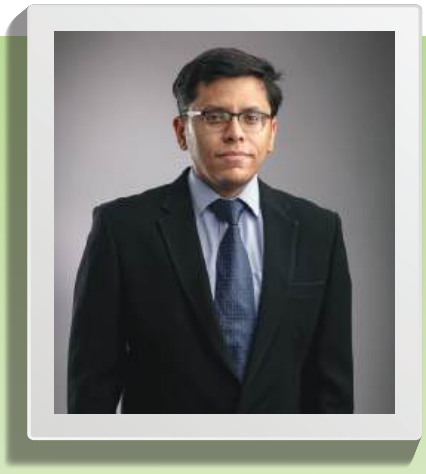
That itself might be intelligent marketing.



There is plenty of competition for the sale

This is why I find servicing so interesting. Everybody is hunting for buying intent. Your competitors are doing it. Amazon is doing it. Google is doing it. Instagram is doing it.
Every Marketing Technology platform is helping someone do it. And AI is going to make the crowd even bigger. The customer will not suffer from a shortage of personalized offers. The scarce thing may become something much simpler: A company that notices when I need help.
Imagine changing one question in your next customer meeting. Instead of starting with: "How can we use our customer data to sell more?"
Start with: "How can we use our customer data to serve better?"
See where the conversation goes. You may discover opportunities nobody has been looking for. While everyone is busy chasing the next prospect, there is already a customer waiting. And unlike the prospect, that customer has already trusted you once.





Two engines, one basket: how quick and value commerce are rewriting India's retail story

Mrigank Gutgutia
Partner, Redseer Strategy Consultants

India's online retail market is growing at its fastest pace in five years, carried by two distinct engines. Quick commerce is selling convenience to affluent metro households while value commerce is bringing Bharat online, and both are pushing Indian consumers towards smaller, more frequent and more branded purchases.

Introduction:

India's online retail market grew by about 25% in H1'26, its strongest first half in four years, and is on course to cross $90 Bn in CY26 at 22-24%, its fastest growth in five years. The more consequential change lies in where that growth originates, as quick commerce and value commerce; the second defined by low prices and regional or unbranded assortments, rose from 13% of online retail in H1'23 to 35% in H1'26 (Figure 1). One sells speed to affluent metro households and the other sells price and choice to Bharat, yet the consumer behaviour they cultivate is converging, and so is the infrastructure being built to serve it.

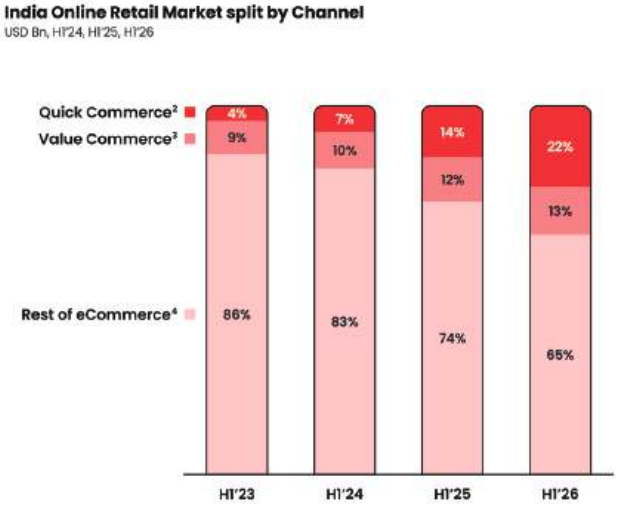


Exhibit 1: Quick and value commerce now carry more than a third of India's online retail

Quick commerce has turned urgency into a premium habit in metro India

Quick commerce has doubled in size for three consecutive years to about $9 Bn in H1'26, with more than 60 Mn monthly users, by drawing spending out of offline stores and creating occasions that barely existed online, from energy drinks and packaged coconut water to premium impulse snacks. The instinct it serves is the moment of running out, which is why it captures 28% of online oral care sales against 18% for beauty and personal care overall, while makeup, a more considered purchase, trails at 12%. Convenience has also lowered the barrier to premium, with masstige and premium products taking 59% of quick commerce spending in the category against 37% across the overall market.

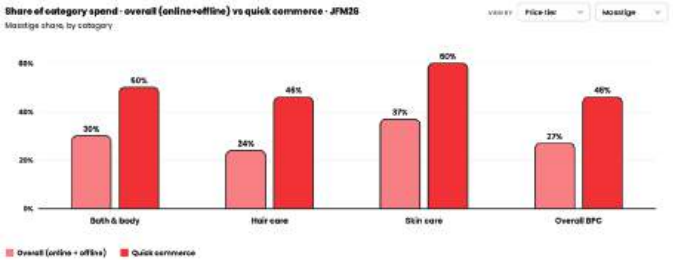


Exhibit 2: On quick commerce, shoppers pay up for premium in ten minutes

Digitally native brands have reached this shelf by building trust on their own websites, social media and marketplaces first, which is why they hold 17% of beauty and personal care overall but 37% on quick commerce. Established brands have defended their ground through innovation, as one bath and hair care brand did in capturing about 20% of the hair mask category after testing it on its existing quick commerce presence. For newer entrants, availability has proved a lever in its own right, and one home care brand lifted its quick commerce sales by 30-40% after securing deeper dark-store coverage and availability until 3-4 AM.

The channel has made the first ₹100 Cr of revenue cheaper and faster for brands to reach without easing the climb past ₹500 Cr, and investors remain wary of quick commerce look-alikes with no credible route to fivefold growth.

Value commerce is bringing Bharat's next 100 Mn shoppers online

Bharat households, the lower-middle-income segment, are expected to rise from about 31% to about 40% of Indian households and to consume more than $1 Tn of goods and services by FY30. Their move online is already visible in Tier-2+ markets, which grew fashion sales at 5% against 12% in the metros in H1'24 but outgrew them at 19% against 16% in H1'26, with beauty and personal care at 30% against 22% (Figure 3). Platforms have courted them with regional assortments, vernacular advertising and local influencers, and value platforms grew by more than 30% in lifestyle categories in H1'26 through new Tier-2+ users.

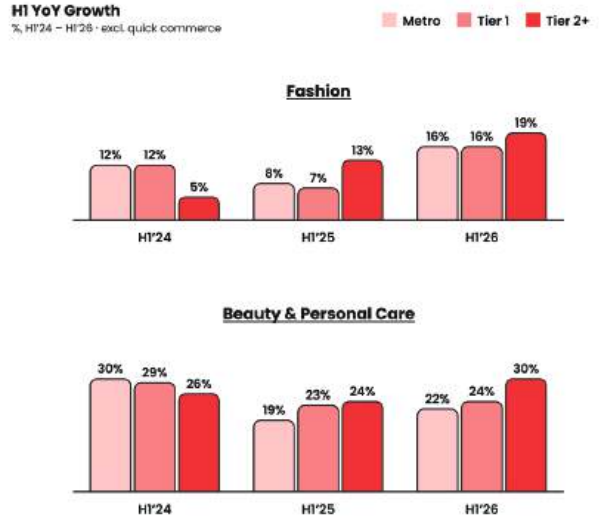


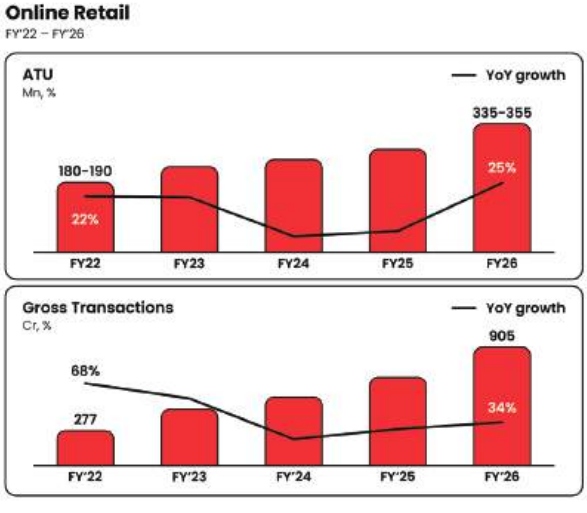
Exhibit 3: Tier-2+ India has overtaken the metros in online fashion and beauty growth

The Bharat consumer's instincts are reshaping the grocery basket above all, as nuclear families create millions of new buyers and hygiene concerns drive a durable shift from loose to branded staples, with packaged edible oil penetration at 70% and packaged atta and rice growing in the high teens. As one 35-year-old mother in a Tier 2 city put it, "Loose atta and dals always made me worry about mixing and hygiene. Now I only buy branded packets." Bharat consumers will also bear a 10-15% premium for fortified, clean-label products, and established FMCG companies have responded by cutting sugar and sodium and moving to healthier oils.
In a September 2025 analysis of a single Lucknow pin

code, one scaled value grocery player drew about 58% of its range from regional and private-label brands against 18-20% for a legacy e-commerce platform and stocked 109 small-pack dal options against 35, while its community partner-led last mile kept delivery costs at ₹50-55 per order, roughly half those of quick commerce. Platforms courting Bharat will need to lead with regional brands, private labels and small packs, aggregate orders so that small baskets stay viable and localise pricing by tier, while national brands will need small packs and fortified propositions to hold share against cheaper private labels.

Both engines are converging on grocery and on smaller, more frequent baskets

From opposite ends of the market, the two engines are converging on the same category and the same habit. Grocery is set to overtake mobiles as the second-largest online category in CY26, growing at 50-53%, and India's grocery market is projected to expand from $658 Bn in 2025 to about $992 Bn by 2030, with e-commerce's share rising from 3% to 7% while kiranas still hold 86%. Both models win this basket with small packs, one because its shoppers buy for the moment and the other because they buy to a budget, and between FY22 and FY26 the average online order fell while order frequency rose subsequently (Figure 4)



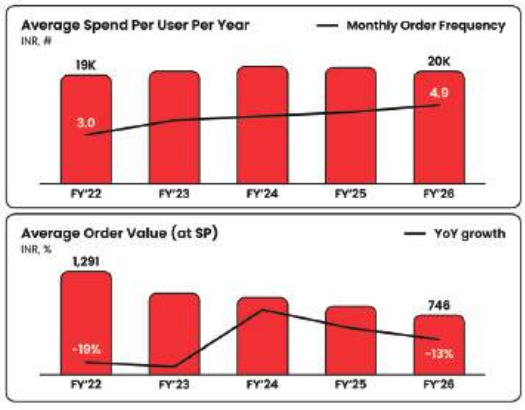


Exhibit 4: India is shopping online in smaller baskets, more often

For brands, a single national playbook no longer suffices, since the pack, price and range that win a ten-minute metro basket differ from those that win a budget-led Bharat basket. The brands scaling fastest match each channel to the purchase it serves, design packs for trial and refill and build depth in a few hero products before widening, although beyond ₹300-500 Cr in revenue it is distribution reach, readiness for general and modern trade, and working capital that separate those that graduate from those that stall.

Every additional order is creating work behind the basket

Growth led by transactions places more work on every rupee of sales, since each order must be picked, packed, sorted and delivered, and the value grocery cost structure alone shows three layers of that work, costing ₹20, ₹11 and ₹22 an order across the first, middle and last mile.

India's gig internet workforce across delivery, ride-hailing and home services is projected to grow from about 6 Mn monthly active workers in 2025 to 17-21 Mn by 2030, with delivery, which spans quick commerce, food delivery and e-commerce logistics, rising from about 2.4 Mn to 5-7 Mn, and these estimates exclude warehouse and dark-store roles altogether.

About 54% of surveyed gig workers were not in paid work before their current role, and platforms are now extending into emerging consumption centres

beyond the metros, following value commerce into Bharat. Against the Government of India's estimate that about 8 Mn non-farm jobs will be needed each year by 2030, gig internet platforms could meet about 70% of the requirement.

"I am able to earn a decent amount which covers my expenses and helps me send money back home to support my family." - Alok, 28, migrant delivery worker from Darbhanga

One basked, Two Playbooks

Convenience and value are therefore two routes to the same destination, a more branded, more frequent and more digital Indian basket, and brands and platforms that treat India as a single market risk losing ground in at least one of its halves.

The less visible consequence lies behind the basket, because growth driven by transactions places more work on every rupee of sales as each order is picked, packed, sorted and delivered. The value grocery cost structure alone shows three layers of that work, from first-mile processing to a last mile, while festive peaks, with quick commerce expected to grow by 110-120% this season, deepen the requirement further.

Exhibits and References

1. Exhibit 1: Share of India's online retail by channel, H1'23 to H1'26 (quick commerce, value commerce, rest of e-commerce). Source: Redseer, India Online Retail 2026.
2. Exhibit 2: Masstige and premium share of beauty and personal care spending, quick commerce vs overall market, JFM 2026. Source: Redseer, The Redseer Brand Index.
3. Exhibit 3: H1 year-on-year growth in fashion and in beauty and personal care, metro vs Tier 1 vs Tier-2+, H1'24 to H1'26 (excluding quick commerce). Source: Redseer, India Online Retail 2026.
4. Exhibit 4: Online retail average order value, monthly order frequency and gross transactions, FY22 to FY26. Source: Redseer, Value Grocery: The Bharat Unlock.

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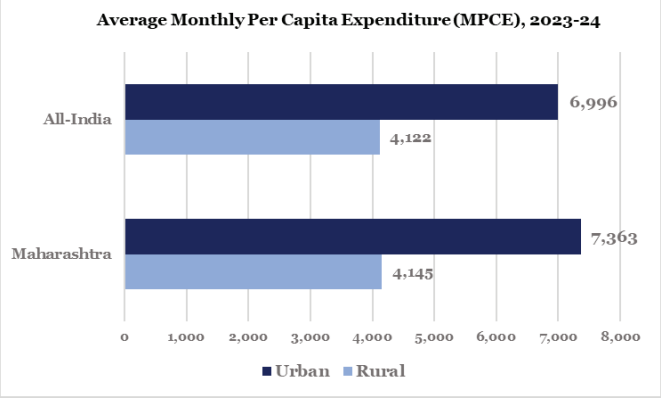


Maharashtra's Retail and Consumption Snapshot

By : Tanvi Abhyankar | Research Associate, Maharashtra Economic Development

The Macro Picture and Consumption Drivers

Maharashtra has India's most dynamic and fast paced consumer market reflected by its economic data, massive infrastructure investments and rapid shifts in its retail activity. It is driven by Projected Nominal Gross State Domestic Product (GSDP) of ₹51,00,597 crore and a real growth rate of 7.9 percent for FY26. The data suggests fast market conversion conveying how fast consumer demand converts into actual business revenue.



MoSPI HCES 2023-24 at Current Prices

The headline growth does not convey the entire story. It is important to consider the latest expenditure data which reveals a structural confluence between urban and rural spending patterns explained by the shrinking consumption gap.

For Maharashtra, urban MPCE exceeds rural MPCE by approximately 77.6 percent. However, compared to the 2011-12 figures, when average MPCE for rural region was ₹1,430 and that of urban region was ₹2,630, the difference as % of Rural MPCE has fallen (from 83.9 percent).

Sectoral Expenditure

The Household Consumption Expenditure Survey (HCES) 2023-24 offers a clear picture of how the relative share of spendings on basic food grains declines and gives way to processed foods, transport, durables and services, as household incomes rise.

HOUSEHOLD EXPENDITURE BASKET (MAHARASHTRA ESTIMATES)
(% share of consumption expenditure)

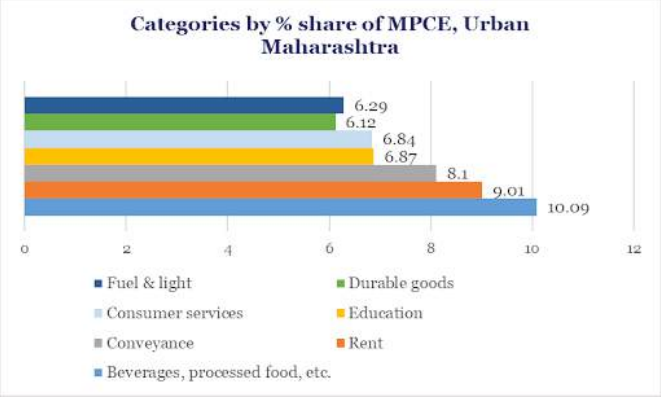
Rural households		Urban households	
Food Items	~ 44.08 %	Food Items	~ 36.54 %
Non-food items	~ 55.92 %	Non-food items	~ 63.46 %

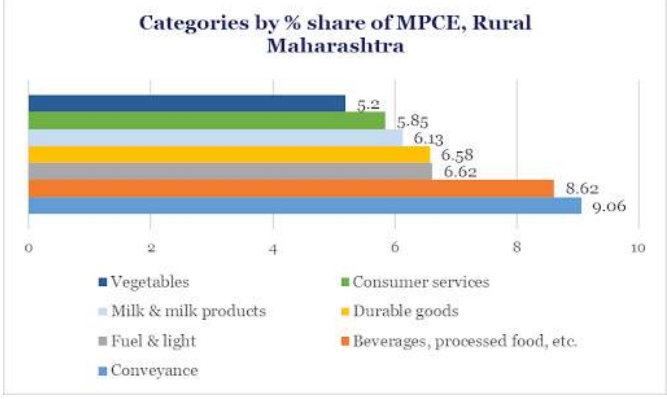
MoSPI Household Consumption Expenditure Survey (HCES) 2023–24

Food basket modernisation: Within food expenditure, the Beverages & Processed Foods and Milk & Milk Products dominate the share in both rural and urban categories.

Non-food leaders: The biggest non-food spending drivers in urban Maharashtra are Conveyance, Rent, and Consumer Services.

Macro Metric	Maharashtra	All-India	Takeaway
Nominal GDP/GSDP	₹51.0 lakh crore	₹346.36 lakh crore	Maharashtra accounts for roughly 14 percent of national GDP, driving high volume of consumer goods distribution
Real GDP/GSDP growth rate	7.9 percent (FY26 estimate)	7.4 percent (FY26 estimate)	The state outpaces national growth. Services and manufacturing drive the industrial earnings
Per capita income	₹3,47,903	₹2,19,575	The shift in consumption towards high-end goods within the state's Tier-1 and Tier-2 is closely linked with elevated disposable income



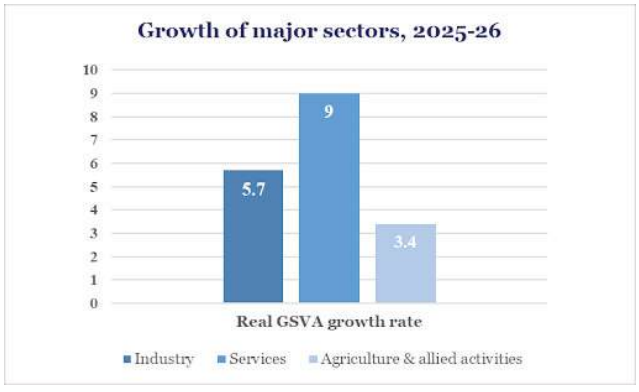


Survey on Household Consumption Expenditure : 2023-24
(% share of consumption expenditure)

Urban Monthly Per Capita Expenditure (MPCE) growth is relatively faster which, when coupled with a larger share of non-food expenditure in urban consumption, signals the importance of Maharashtra's cities and urban centres for shaping the state's changing consumption landscape. The scale of rural consumption indicates that the state's consumer cannot be viewed through a single urban lens. Rural households form an important market with its distinct expenditure priorities.

From consumption to retail

Maharashtra's consumption story unfolds within a robust services sector. Under this, the broader Trade, Repair, Hotels & Restaurants, Transport, Storage, Communication & Services related to Broadcasting grew at 8.3 percent.



Economic Survey of Maharashtra 2025-26
(% share of consumption expenditure)

Together, these indicators position household consumption within a broader economy which is increasingly being driven by services, mobility, trade and urban activity.

It is imperative to understand Maharashtra's consumption story in terms of wider shifts beyond simply what consumers buy to understand how the structure of household demand is evolving throughout the state. For businesses (and policymakers), consideration of the rural-urban divide, growing weight of non-food consumption and the widening role of services as important dimensions of an evolving consumer economy is deemed crucial.

Success Story

From Selling Bel Patra to Building Enterprises: My Journey from the Grassroots to Global Ambition



Ravikant Varpe
Chairman, Aarushka Naturals

My first lessons in business did not come from a classroom, a case study, or a balance sheet. They came from a village street in Maharashtra.

As a boy, during the holy month of Shravan, I would sell 'Bel Patra' - the sacred leaves offered to Lord Mahadev - on Mondays, a day considered especially auspicious for His worship. To most people, those leaves were a small part of a religious ritual. To me, they represented something more: an opportunity.

I learned that something readily available in one place could have value somewhere else. I learned to understand what people needed, to be at the right place at the right time, to communicate with strangers, and to turn a modest resource into income. More importantly, I learned the dignity of enterprise. I did not know the vocabulary then. I knew nothing about demand forecasting, customer segmentation, supply chains or unit economics. But unknowingly, I was receiving my first education in all of them.

That village boy remains an important part of the entrepreneur I am today. My journey since then has taken me through education, journalism and communication, social innovation, entrepreneurship, community work and public leadership. I hold a Master's degree in Political Science and a bachelor's degree in Mass Communication and Journalism, and I am currently pursuing an online MBA in International Business. Yet the most enduring part of my education has come from attempting to solve problems in environments where resources were limited but human aspirations were not.

Turning a Simple Technology into Social Innovation

A defining moment arrived in 2007, when I founded SMS One, a Local SMS Community Newsletter initiative. India was very different digitally then. Internet penetration was limited, smartphones had not yet transformed everyday life, and access to timely, locally relevant information remained uneven. Instead of beginning with the newest technology, I started with the technology ordinary people already had in their hands: the mobile phone and the SMS.

SMS One sought to make useful local information accessible while simultaneously creating opportunities for self-employment. It taught me a principle that has guided my entrepreneurial thinking ever since: innovation is not necessarily about deploying the most sophisticated technology; it is about making technology useful, affordable and accessible to the people whose problems we seek to solve.

What began as an attempt to address a grassroots problem eventually received recognition far beyond the environment in which it was conceived. SMS One's work received recognition associated with the Clinton Global Initiative, the YES Fund Award and the NASSCOM Social Innovation Honor Award. It was recognised among the top 15 ideas at the N2Y4 Mobile Innovation Challenge in California in 2009 and subsequently received the Vodafone Mobile for Good Award in 2011. My work also attracted attention from publications and platforms including The Washington Post, Forbes India, TechCrunch and Fast Company.

For me, however, the recognition was less important than what it represented. An idea born from understanding ordinary people's needs in India could have global relevance.

From an Entrepreneur to an Institution Builder

Today, my challenge is fundamentally different from the one I faced in 2007.

I now lead the Aarushka & Tanishka Group, a business ecosystem with interests spanning agriculture and natural products, technology and digital services, logistics and supply chains, strategic growth advisory, and health and wellness. These businesses include Aarushka Agro and Products, Aarushka Naturals, Country Crops Agrotech, Aarushka and Tanishka Infotech, Aarushka and Tanishka Logistics, Aarushka and Tanishka Growth Advisors and Sudarshan Fitness.

My ambition is not simply to own several companies. I want to build institutions. I want to understand how agriculture, technology and logistics can work together to give smaller producers more reliable access to markets; how digital tools can improve demand forecasting and traceability; how better logistics can reduce wastage; and how commercially viable enterprises can simultaneously generate employment and strengthen livelihoods. These are areas I intend to approach through focused pilots and measurable outcomes rather than assumptions.

This distinction - between starting businesses and building enduring institutions - is precisely why I now seek a world-class business education.

Success Has Taught Me Why I Need to Learn Again

Entrepreneurship teaches confidence. Experience teaches something equally valuable: the limits of confidence. I have learned to recognise that conviction can start an enterprise, but conviction alone cannot scale one responsibly.

As the number and complexity of my businesses have increased, the questions confronting me have become more difficult. How should capital be allocated among competing opportunities? When does diversification create genuine synergy, and when does it merely increase complexity? How should a founder delegate authority without losing accountability? How do organisations challenge the assumptions of their leaders? And how does an Indian enterprise build governance, management systems and organisational culture capable of surviving beyond its founder?

I have become particularly conscious of the danger of becoming emotionally attached to one's own ideas. The leadership capability I most want to strengthen is therefore disciplined decision-making: creating systems in which evidence can challenge instinct, colleagues can challenge the founder, and an attractive opportunity can still be rejected when the economics do not support it.

I am not seeking business school because my journey has failed. I am seeking it because my journey has brought me to questions that experience alone can no longer answer adequately.



Bringing the Grassroots into the Global Classroom

My life outside business has also shaped the leader I am becoming. Through the Atulya Foundation, I have remained engaged with community empowerment and sustainable development. My broader public responsibilities have brought me into close contact with questions involving employment, agriculture, education, youth aspirations and social opportunity.

These experiences have convinced me that markets cannot be understood only through spreadsheets. Behind every supply chain are producers; behind employment statistics are families; behind technology adoption are questions of affordability and trust. That is also what I hope to contribute to a global business school classroom. I would arrive not only with entrepreneurial successes, but with questions, mistakes, experiments and lessons gathered from the grassroots of India. I can contribute the perspective of someone who has experienced enterprise at dramatically different scales - from selling leaves as a village boy, to creating a technology-enabled community-information model, to managing businesses across multiple sectors. And I would arrive prepared to have my assumptions challenged.



Completing the Circle

There is a thread connecting the boy selling 'Bel Patra' during Shravan and the entrepreneur I aspire to become. It is the belief that value can be created by seeing possibility where others see something ordinary. The scale has changed. The questions have changed. My responsibilities have changed. But the instinct has not.

My next ambition is to transform entrepreneurial energy into institutional capability - to build professionally governed Indian enterprises that can compete internationally while widening opportunity at home. My goal is not merely to create businesses that become larger, but organisations that become better: better governed, more innovative, more accountable and more consequential to the communities around them. That ambition is consistent with the long-term vision set out in my application materials.

I know that I will bring an unconventional story to business school. I also know that I have much to learn. Perhaps that is precisely why I belong there.

I began my entrepreneurial education with a handful of 'Bel Patra', no capital of consequence and no knowledge of management theory. What I possessed was curiosity, necessity, persistence and the willingness to engage with people. Those qualities carried me from a village marketplace to entrepreneurship and social innovation.

I now seek a world-class business education not to leave that beginning behind, but to acquire the knowledge, discipline and global perspective to take everything it taught me much further.



The AI Economy



The New Retail Shelf Is AI: How intelligent recommendations are changing retail discovery and brand loyalty

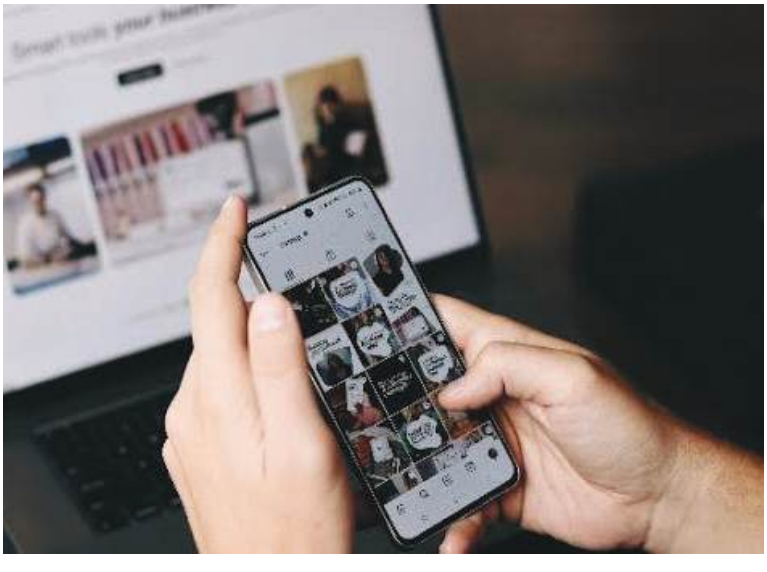
Sagar Babar
President and Chief AI Officer,
Comsense Technologies

For decades, retail has revolved around one question: how do you get consumers to notice your product? First, it was shelf space. Then came advertising, search rankings, marketplaces and social media. Each shift changed who controlled consumer attention. Artificial intelligence may be creating the next one.
Consumers may no longer begin with a shelf, search bar or marketplace. They might simply ask AI: "Which phone should I buy under ₹30,000?" or "Which washing machine is best for a large family?" The answer may not be hundreds of products, but three recommendations. That could fundamentally change how retail competes.

From Searching to Asking

Indian consumers are already comfortable with digital discovery. They compare prices, read reviews, watch product videos and seek recommendations before purchasing. AI can compress this process into a conversation. Instead of searching across multiple websites, consumers can ask AI to interpret information for them.

Search helps consumers find options; AI can help them make sense of those options. But it also introduces a new intermediary between brands and consumers. Being present online may no longer be enough. Brands will need to be understandable, comparable and recommendable to AI systems.



The End of the Shelf?

The physical shelf once determined which products consumers were likely to notice. Digital commerce changed that equation. Marketplaces could display thousands of products, while search algorithms determined which ones appeared first. AI introduces another layer: consumers may never see the entire digital shelf. The AI may decide which part is relevant. Consider someone looking for running shoes. Today, they might search for "best running shoes," compare dozens of products and read reviews. Tomorrow, they could ask: "I run five kilometres every morning. I want something durable, comfortable and under ₹8,000. What should I buy?" The AI does not simply display the shelf. It interprets the consumer's requirements and narrows it.

Visibility could therefore become less about being seen and more about being selected. A product that is available online but consistently absent from AI-generated recommendations could have a visibility problem that traditional advertising metrics do not capture.

For large brands, this creates a new challenge. For smaller businesses, it creates both an opportunity and a risk. An excellent local brand could become discoverable without a national competitor's advertising budget. But businesses with better digital infrastructure could also become disproportionately visible. The digital shelf may become more intelligent, but not necessarily more equal.

When the Consumer Stops Searching

This shift could also change brand loyalty. For years, retailers have optimised for clicks, impressions, rankings and conversions. AI-mediated shopping could move attention away from individual product pages. Consumers may increasingly trust an answer rather than conduct the entire research process themselves.

Traditional brand loyalty is built through familiarity, experience, trust and repeated interaction. If consumers repeatedly receive useful recommendations from an AI system, trust may gradually shift towards the recommendation itself. A consumer may still buy a familiar brand, but the reason could increasingly be: "Because the AI recommended it for my needs."



This does not make brands irrelevant. Brand trust could become even more important. But its role may change. Companies may need to ensure their products consistently earn recommendation when compared with alternatives. The question becomes: "Why would an intelligent system recommend us?"

What This Means for MSMEs

For India's MSMEs, this transition deserves attention. Competing in an AI-mediated market does not require matching large enterprises' technology budgets. It requires becoming easier to understand and trust.

The first step is to treat product information as a business asset. An MSME selling furniture, for example, should provide clear information on dimensions, materials, use, customisation, delivery, warranty, pricing and customer feedback. Accurate information makes it easier for consumers and AI systems to understand the business.

The second is to compete through specificity rather than scale. A smaller business is unlikely to win by appearing as broad as a national brand. It can instead make its strengths explicit. A local furniture manufacturer might specialise in space-saving furniture for compact homes, while a regional food brand might focus on traditional products made with particular ingredients. Clear positioning gives AI a stronger basis for matching the product to a specific consumer need.

Third, they need stronger trust signals. Reviews, verified customer experiences, transparent pricing, clear return policies and consistent service become increasingly important as consumers delegate research to AI. Credibility becomes part of discoverability.

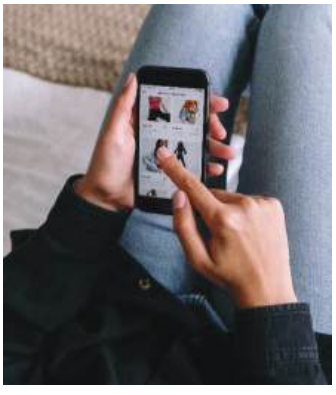
MSMEs should also avoid becoming dependent on AI-driven discovery. Customer databases, loyalty programmes, communities and direct communication channels can help businesses maintain their own relationships with customers. The goal is to use AI to acquire customers without allowing it to own the entire relationship.

Finally, MSMEs can use AI themselves without building proprietary systems. AI tools can help create multilingual product descriptions, analyse customer feedback, forecast demand and personalise communication. This can help smaller businesses compete on responsiveness even when they cannot match large brands on advertising expenditure.

The New Loyalty Equation

AI recommendations could make consumers more willing to switch brands. If an AI assistant can quickly identify that another product offers better value, familiarity alone may provide less protection.

Brands that consistently deliver good experiences could benefit from something stronger than awareness: earned trust. Consumers may remain loyal because the brand repeatedly proves worthy of recommendation.



This could move Indian retail towards more evidence-driven competition, where price, quality, reviews, service and value become easier to compare. The challenge is ensuring that comparison remains fair.

The Policy Question

If AI increasingly influences what consumers discover and buy, transparency around recommendations becomes important. Consumers should know when commercial relationships influence recommendations. MSMEs also need digital infrastructure to participate fairly in AI-mediated commerce, alongside more reliable and accessible product information.

MSME support programmes could increasingly include digital product cataloguing, multilingual commerce, responsible customer-data practices and AI literacy. Making an MSME "AI-ready" should mean ensuring that a good product is digitally visible, understandable and competitive.

India has an opportunity to shape this transition while its digital consumer economy continues to expand. The objective should not be to prevent AI from influencing retail, but to ensure that it makes retail more competitive, transparent and consumer-centric.

The next retail battle may not be for the consumer's attention. It may be for the recommendation. The brands that win may not simply be those consumers recognise, but those intelligent systems can understand, trust and confidently recommend.

For MSMEs, the message is not to compete with AI, but to prepare for a market in which AI increasingly influences who gets considered. Businesses with a clear proposition, credible information, strong customer experience and direct customer relationships will be better positioned when the digital shelf becomes intelligent.

AUTOMOTIVE NEWS

Auto industry, a key growth driver for India's economy



The Society of Indian Automobile Manufacturers (SIAM) said that the automotive industry continues to serve as a crucial driver of India's economic growth. The sector has made significant strides by aligning with national and global priorities regarding sustainability, decarbonisation and safety. In FY2025-26, it also achieved record domestic sales across various segments. Contributing about 15 percent to the country's GST collections, its overall share in the Indian economy has exceeded ₹22.75 lakh crore. The SIAM President stated that the industry provides direct and indirect employment to more than 30 million people, with substantial multiplier effect across related sectors to support a vast supply chain network. During FY2025-26, the passenger vehicle segment recorded its highest sales of 4.6 million units, along with highest-ever exports at 0.91 million units.

Innovation and faster clean mobility transition for Viksit Bharat

The Prime Minister urged the automotive industry to innovate and pursue excellence to carve a bold pathway towards Viksit Bharat vision 2047. He also said that the free trade agreements are facilitating greater access to international markets, strengthening the automotive sector's position to expand its global presence. For a growing economy, the demand for mobility also increases. Additionally, the PM's Advisor stressed the need for urgent transition towards cleaner mobility. Heavy vehicles pose a major challenge in transition to electric mobility, and continued dependence on diesel strains India's energy security. The advisor further advised making electric vehicles more affordable through lowering manufacturing costs, exploring financing models, battery swapping and better charging infrastructure along the highways. The government is working on measures to aid domestic manufacture to take off gradually and also examining possible taxation measures related to battery imports and domestic manufacturing.



Electronics to account for over half of car costs by 2030

A BCG-ACMA study revealed that electronics could make up 50-55 percent of a car's costs by 2030, a rise from about 30-33 percent in 2020. This could create huge opportunities for Indian auto component makers. The report also highlighted that vehicles, whether ICE or electric, are becoming increasingly electronic- from being powered by internal combustion engines or electricity to deploying features like advanced driver assistance systems (ADAS), infotainment, sensors and connectivity. The rise in electronics share is viewed as one of the structural changes reshaping the auto component industry. The report has identified that as new component value pools get created, opportunities exist across sensors, power electronics, electronic control units (ECUs), ADAS, connectivity and battery management systems (BMS). In FY25, India's electricals and electronics segment accounted for only 12 percent of component supply. This leaves significant scope for domestic suppliers to build capabilities here and generates a key localisation opportunity for India. Indian suppliers could benefit by capturing a larger share of the value created by this shift towards more electronic vehicles.

Alternative fuels surpass petrol in car sales

For the first time, the share of alternative fuels, including CNG, EV and hybrid vehicles, overtook that of petrol last month. Amid high fuel prices, customers continued to opt for engines offering lower running costs. Even though petrol remains the single largest individual fuel, according to the data by the Federation of Automobile Dealers Association (FADA), the combined share of CNG, Hybrid and EV touched 41.95 percent, surpassing petrol's at 40.85 percent. The dealers attribute this shift to running-cost economics and persistent consumer hesitation around E20 transition which has nudged buyers towards EV, CNG and hybrids. A comprehensive view shows an 18 percent year-on-year (YoY) increase in vehicle registrations in August, said to have been supported by rural markets, across two-wheelers, three-wheelers, passenger and commercial vehicles. Total EV retails across categories too reached its highest level last month- up by 52 percent YoY. The festive season demand is already getting stirred up, maintaining a cautiously optimistic outlook.

Auto component industry holds significant inventory

A recent report by the Vector Consulting Group revealed that the automotive component industry possesses about ₹98,000 crore locked in inventory. Better inventory management could potentially release ₹29,000-39,000 crore. The MSMEs comprise 80 percent of the auto component manufacturers' segment and hence, ₹4,000-5,600 crore could be distributed within these enterprises through such a release. Many MSMEs need to invest more in future growth capabilities. The gains from the working capital release could help create a self-reinforcing investment cycle. Unlocking cash, improving the business economics and investing the surplus into enhancing capabilities will drive future supplier growth. The strength of the country's automotive supplier base is crucial for industry's competitive-ness as automotive value concentrates in batteries, power electronics, embedded software and integrated electronic systems.

2.5 lakh Indian cars allowed duty-free in EU

2.5 lakh Indian-made passenger vehicles will be allowed into the European Union annually at a concessional duty of 8 percent under India-EU bilateral free trade agreement. Under this ten-year transition timeline, the quota would increase to 4 lakh cars. The quota-based concessional duty will gradually be brought down to 6 percent in the second year of implementation of India-UK FTA, followed by 4 percent in the third year, 2 percent in the fourth and then zero in year 5. These concessions cover Indian-origin internal combustion engine (ICE) passenger cars and hybrid electric vehicles (HEVs) priced up to €50,000 on a CIF (cost, insurance, freight) basis. Separate tariff rate quota (TRQ) is set for battery electric vehicles (BEV) and plug-in hybrid electric vehicles (PHEV). This signals massive export growth, improving quality standards and a push for green tech.



BANKING & FINANCIAL NEWS

Why too much money in the banking system is a problem for the RBI

The RBI's special US dollar-rupee forex swap facility drew foreign-exchange inflows of $136.377 billion through August 31, which contained mainly FCNR(B) deposits, valued at $127.226 billion. These dollars, when converted, released rupees into the system, and the exemption of these deposits from CRR and SLR Foreign-currency inflows through the recent RBI's special US dollar-rupee forex swap facility, have multiplied the banking-system liquidity to a four-year high of about Rs 10.3 lakh crore on September 3, since May 2022. However, some impact could be offset by seasonal currency demand, and the maturity of the RBI's short positions in the forward market could reduce liquidity by Rs 3 lakh crore, with about $22 billion of the short-forward book maturing within three months. CRR accretion arising from deposit growth should further reduce core liquidity by Rs 70,000 crore. If the central bank gradually sells dollars in the spot market, while allowing the forward-book shorts to mature, this will reduce excess liquidity by late FY27.

RBI approves ICICI Prudential AMC's proposal up to 9.95% stake buy in AU Small Finance Bank

The Reserve Bank of India approved ICICI Prudential Asset Management Company's proposal of the aggregate holding up to 9.95% of the paid-up share capital or voting rights of the AU Small Finance Bank, on September 8, 2026. This decision is subject to compliance with all relevant banking and financial regulations. The approval covers ICICI Prudential Asset Management Company, along with schemes of ICICI Prudential Mutual Fund, funds under alternative investment funds managed by the asset manager and clients of its portfolio management services. The RBI approval is subject to compliance with the applicable provisions of the Banking Regulation Act, 1949, RBI directions, the Foreign Exchange Management Act, 1999, Securities and Exchange Board of India regulations and other applicable statutes and guidelines.

IDFC FIRST Bank to become a Global Bank in India

IDFC FIRST Bank is awarded a BBB- Long-Term and A-3 Short-Term credit rating, underscoring its strong capital position, operational expertise and asset quality. It enhances the bank's access to international funding, global financial institutions and markets. The stability of its retail deposit base enhances future growth. It will solidify the bank's foreign currency funding capabilities and deepen cross-border trade finance. The assessment expects IDFC FIRST Bank's risk-adjusted capital to remain at approximately 10–10.5% over the next 18–24 months due to the bank's Stable Outlook. S&P believes that the bank is enhancing its operating efficiency and expects its cost-to-income ratio to improve to 65–70% over the next two years, compared with 75% in fiscal 2026, as the bank scales up, due to the moderate growth in operating expenses as major investments in technology and branches taper off. Its loan-to-deposit ratio has improved to approximately 95%, which supports its vision of building a truly global bank in India.



BRICS finance ministers discuss possibility of efficient cross-border payment mechanisms

BRICS finance ministers and central bank governors (FMCBG) stated in a joint statement that they are exploring faster, cheaper and transparent cross-border payment systems, in local currencies for trade and investment, and a greater representation at the IMF and World Bank, ahead of the New Delhi summit. They insisted that the representation of emerging markets and developing economies (EMDEs) in the Bretton Woods Institutions (BWI) must reflect their relative position in the global economy. The BPTF (BRICS Payments Task Force) is asked to respect national priorities. The joint statement encouraged the New Development Bank (NDB), to mobilize resources, expand local currency financing, foster innovation, and support high-impact projects that contribute to inclusive and sustainable growth in member countries. FMCBG welcomed the BRICS Multilateral Guarantees (BMG) initiative, supporting sustainable development and resilient infrastructure projects. They are determined to strengthen the BRICS Tax Cooperation, curbing tax-related illicit financial flows and engaging in the United Nations Framework Convention on International Tax Cooperation.

SBI developing a solution to use UPI data for checking creditworthiness of small business

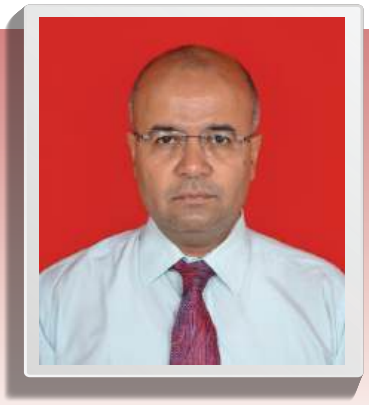


Managing Director Ashwini Kumar Tewari of the State Bank of India said at the annual Global Fintech Fest, “The bank is developing a UPI data solution for small businesses by considering their UPI transactions as a proxy for sales data in loan assessments to assess creditworthiness without requiring their GST registration; and to provide digital loans within a single day for eligible borrowers to bring them into the formal finance sector. The bank can now solve lending challenges for the businesses registered with GST and can lend within ten minutes. Over the last 18 months, it has written loans of Rs 1 lakh crore using GST and PAN data,” Explaining "frictions" on the UPI payments front, he said, “Though the receiver bank and third-party payments app facilitating the transaction have the data, the lender bank does not know where the money is going. Using customer consent, it can establish creditworthiness, by looking for UPI payments and the data from telecom companies.”

RBI Intervention to Support the Rupee

The Indian rupee recently weakened to around ₹95.79 against the U.S. dollar, putting pressure on India’s import costs and broader economic outlook. The decline has been attributed partly to rising crude-oil prices and expectations of higher U.S. interest rates, which can strengthen the dollar and encourage global investors to move funds away from emerging markets. In response, the Reserve Bank of India (RBI) reportedly intervened in the foreign-exchange market through state-run banks and dollar-rupee swaps. The objective is not necessarily to maintain a particular exchange rate, but to prevent excessive volatility and ensure orderly market conditions. A sustained depreciation of the rupee could make imported goods, particularly crude oil, more expensive and increase inflationary pressures. For India, where oil imports represent a significant external expenditure, currency weakness can also affect the current account and corporate costs. Going forward, the rupee will remain sensitive to global oil prices, U.S. monetary policy, foreign capital flows, and RBI intervention.





Consumption Patterns in India

Dr. Dhananjay A Samant
Chief Economic Advisor, MEDC

Over the coming decade, consumption in a fast-growth market such as India will be reshaped by the Fourth Industrial Revolution. Driven by the blending of the physical, digital and biological worlds surrounding us today, this revolution constitutes a major shift in how we work and live. India continues to have a unique demographic composition, and that provides fertile ground for laying the foundations of a wide and complex range of consumption patterns.

The Indian consumer is now richer and more willing to spend on aspirational goods and services. That is a huge break from the past and provides the retail sector with a unique opportunity to market and sell a diversity of products. Aspirations are also converging across urban and rural India, and better online access will help to transform the intent to spend into actual expenditure at the ground level. Rising comfort with technology-enabled transactions is also a key factor contributing to this revolution.

Apart from "keeping up with the Joneses", an increasing exposure to overseas lifestyles through friends and family have changed the mindsets of the younger generation. This is especially visible in their shifting consumption patterns. Many young Indians today are highly discerning about what they consider "best in class" offerings in almost every consumption category, from apparel to electronics. The domestic retail sector is having many richer and more willing buyers, but they are now a highly informed community and will not be taken for a ride by anyone.

Digitally influenced consumption is gradually becoming the new normal. Income and age were the traditional determinants of consumption preferences in India, but in future they will be driven largely by the degree of online savviness of the consumer. Such a business environment is now just around the corner, and it provides strong incentives for the retail sector to improve the quality and quantity of their offerings within a price-competitive framework.

Given the economic realities within the country, affordable options continue to remain important. But within those constraints, an innovative approach can unlock massive incremental spending and establish new variants of consumption in many different categories. This trend is now catching on, and the retail sector is capitalizing on it in terms of the diversity of their offerings. Digital platforms are doing particularly well, especially in areas like healthcare and continuing education.

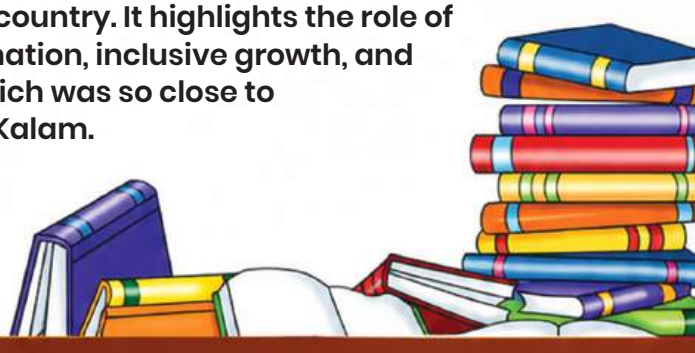
The next phase of India's consumption growth story offers the retail sector the chance to shape a path of responsible and equitable development, from which other emerging markets have something to learn.

(The author can be contacted at economist@medcindia.com, and would appreciate receiving feedback and/or constructive criticism from readers).



World Students' Day

is celebrated on October 15 every year. It honours the birth anniversary of India's 11th President, late Dr. A P J Abdul Kalam. With a focus on education, innovation and youth empowerment, it remains perpetually relevant at a local, national and global level. All professionals are students till the end of their lives, not just in India but worldwide. Even though the event is not officially celebrated outside India, it is an occasion to do some serious reflection on the development of our human capital. India currently ranks 130th out of 193 countries on the Human Development Index, and that calls for the urgent empowerment of students as agents of innovation and change throughout the country. It highlights the role of students in socioeconomic transformation, inclusive growth, and character development, which was so close to the heart of Dr. Kalam.



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