



August 2025

# **Festive Season 2025**

## **What to Expect? What to Action?**

EXECUTIVE REPORT

**redseer**  
Strategy Consultants

# Executive Summary

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India's festive economy in 2025 is poised for its strongest run in years. A mix of macro tailwinds—repo rate cuts, higher disposable income limits, rural affluence, and pent-up demand across appliances, fashion, and home categories, will supercharge consumption. E-commerce will lead the charge, expected to grow 20–25% YoY this festive season (~2x last year's pace), generating over ₹1.15 lakh crore GMV. Quick commerce and value commerce are expanding faster than ever, reshaping how consumers plan and purchase for festivals. While GST reforms may temporarily delay big-ticket spends, they're set to unlock sharper value realization across categories. In short, India is entering a festive season defined by resilience, digital acceleration, and consumer optimism, the strongest in the last three years.

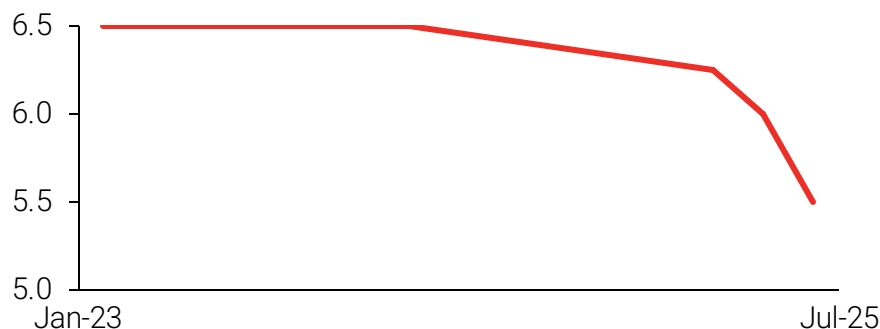
This report unpacks the category-level opportunities, shifting consumer behaviour, and structural changes that will define festive 2025, offering a roadmap for decision-makers to capture growth.

# Multiple macro and sectoral indicators point to strong pre-festive consumption momentum

## India's Macro Consumption Indicators

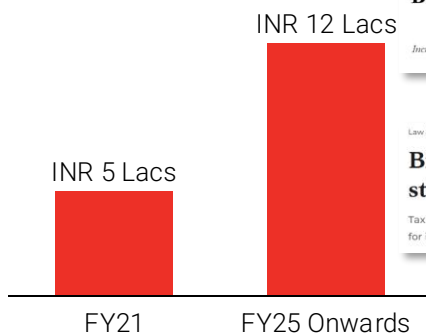
1. Repo rate decline to reduce borrowing costs and stimulate household spending

Repo Rate



2. Tax-free income limit increased by INR 7 Lacs –to boost consumption among middle class

Tax Free Income Limit



**Budget 2025's tax cuts for middle class will boost consumption many times over**

*Increased demand from urban middle class will also encourage firms to commit to new projects, crowding in private investment.*

- The Indian Express

Law & Policy - 2 Min Read

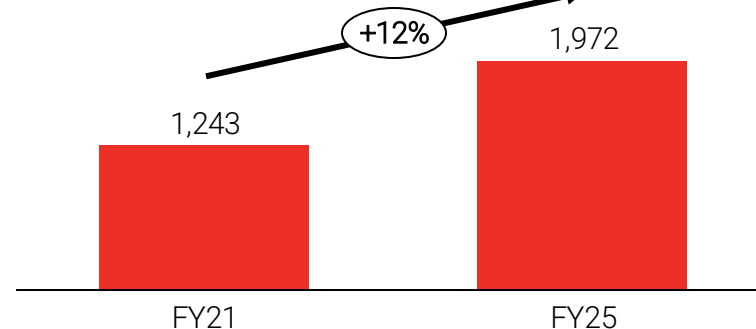
**Big tax relief to boost disposable income, stimulate consumption: Experts**

Tax experts, industry observers, and banking leaders have lauded the Union Budget 2025-26 for its focus on economic growth, tax relief, and innovation across sectors.

- ET LegalWorld

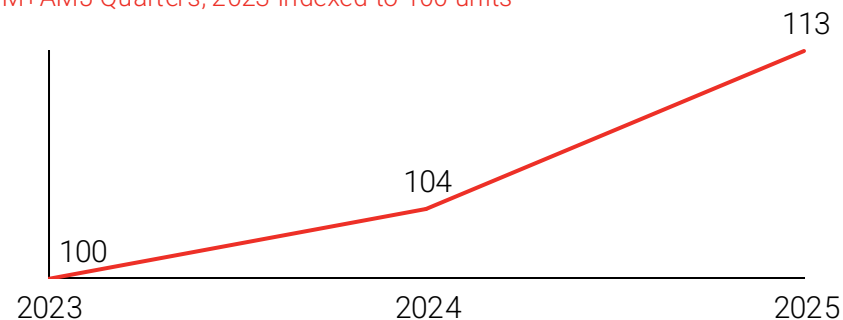
3. Significant increase in rural household incomes, supported by better agricultural yields and accelerated wage growth

Annual Rural Household Income (in USD)



4. YoY Pre-Festive Revenue Performance of Public Innerwear Companies – indicator of mass consumption trends

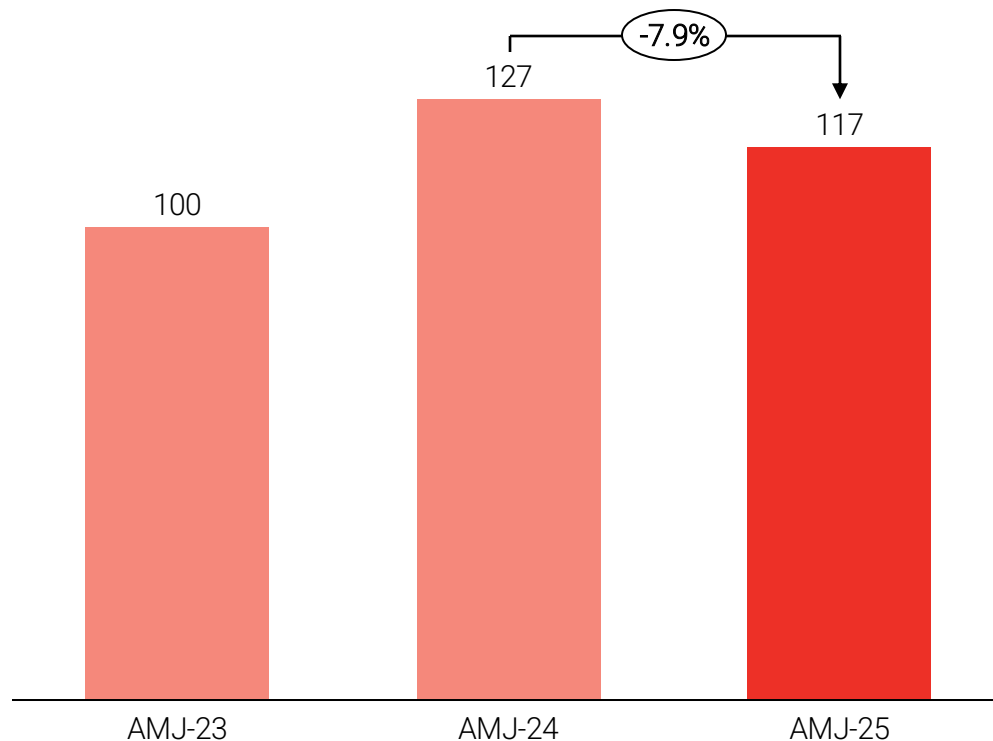
Aggregated Pre-Festive Revenue Index of Public Innerwear Companies  
JFM+AMJ Quarters, 2023 Indexed to 100 units



# Strong pent-up demand in certain core festive categories is likely to fuel increased festive spending

## India Appliance Brands Performance

Aggregated Revenue of Top 5 Publicly Listed Appliance Brands (by Market Cap), AMJ-23 indexed at 100 units



### 1. Strong Pent-up Demand

- Indicated by the subdued summer cycle in appliances
- Likely to be unlocked through attractive prices during festive period

### 2. Elevated Brand Inventories

- Likely to be cleared during the year-end through promotional intensity during the festive period

NOTE: Illustrated for appliances

# Expected GST simplification reforms are set to provide massive festive boost

## GST Rationalisation – Market drivers and impact

### GST Simplification Reforms

- Government is simplifying GST by merging slabs to just two: 5% and 18%
- The 12% and 28% slabs will largely merge into the new structure, simplifying compliance and making goods more affordable
- Implementation likely to happen by Diwali

**By Diwali, GST will be simpler, new tax era for India: PM Modi**

ET Online | 23 Aug 2025, 10:02 PM IST

- *Economic Times*

**India proposes next-gen GST reforms with simplified two-rate structure, new 40% slab for sin goods**

- *CNBC*

### Expected Impact

#### GST Rate Cuts Expected: Cement, 2-Wheeler, FMCG & Consumer Durable Stocks That Could Gain from New Tax Reforms

Written by: [Team Angel One](#) • Updated on: 18 Aug 2025, 10:24 am IST

*Upcoming GST reforms by Diwali may lower rates on cement, two-wheelers, ACs & more; consumer-driven stocks may benefit significantly.*

- *Angel One*

**Daily Voice: GST reform could boost demand by Rs 2 trillion; Nifty may hit new highs by year-end, says HDFC Securities**

*Varun Lohchab of HDFC Securities believes that market valuations are currently fair and expects the Nifty to rise by approximately 10% from current levels.*

- *Moneycontrol*

**GST reform to cut appliance, FMCG costs by Diwali, set to boost festive demand**

- *Fortune India*

While the uncertainty around reforms might delay the consumer spending, the overall effect on festive / year-end consumption is expected to be positive.

# This festive optimization is also echoed by multiple brands and analysts

## Brand & Analyst Perspective

### Brands

“ With the **festive season** arriving early, we are **confident of capturing demand** through compelling product stories, enhanced retail experiences, and an expanded omni-channel presence. **For this festive period, we plan to step up our spends** slightly to maximize the opportunity.  
- Leading Fashion and Retail Brand ”

“ The performance dip in Q1 FY2026 is temporary. Inventory normalization, tactical cost control, and a demand rebound during the **upcoming festive period are expected to support sequential recovery**.  
- Leading Consumer Electronics Brand ”

“ The potential reduction in GST would mean more purchasing power in the hands of consumers, and moreover, **during festive season, consumers usually increase their discretionary spending**, so a more affordable price point would drive higher offtake and also lead to new trials, **driving volume growth**.  
- Consumer Good Company ”

### Analysts

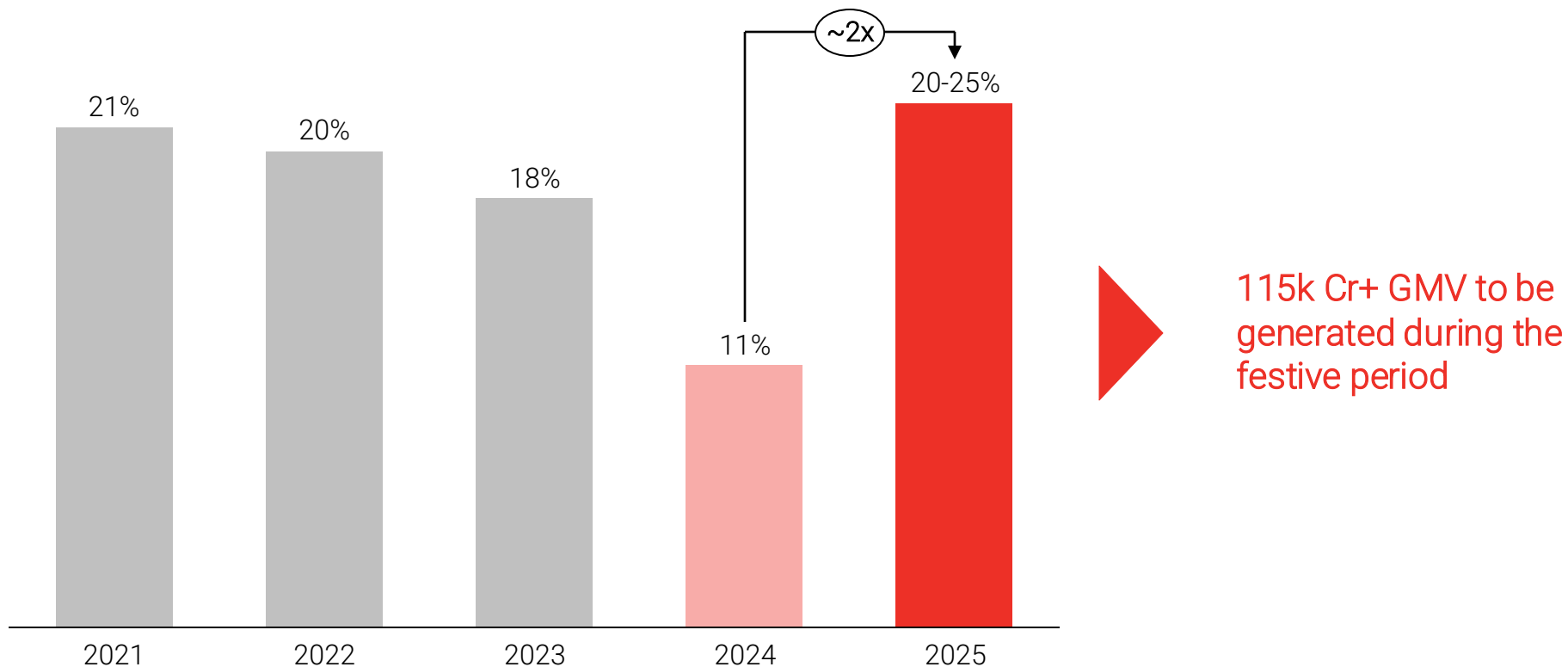
“ Hon'ble PM's GST bonanza has given a positive cheer to the market. The **GST cuts** are expected to spark around \$13 billion in consumption, providing a strong tailwind to the FMCG sector. The move ahead of **the festive season** is crucial and is likely to **translate into stronger volumes, better consumption, and overall positive sentiment**.  
- Market Analyst ”

“ With favorable monsoons boosting rural incomes, rate cuts easing financing, and GST reductions lowering prices, **consumer sentiment is poised for a strong revival**. Together, these factors are set to drive higher spending, making this festive season significantly stronger than last year's.  
- Equity Research Analyst ”

“ **Festive hiring** is set to rise **20–25% this year** led by consumer goods, retail, e-commerce and logistics, as companies work **to recoup a softer summer sales** period. The early arrival of key festivals has prompted firms to advance workforce planning, scaling up manpower well ahead of traditional timelines.  
- Market Analyst ”

E-commerce is likely to be a key beneficiary and grow at ~2x of last year's pace in this festive season...

E-commerce Festive Growth<sup>1</sup>  
% YoY Growth



2025 has potential to be the best festive year for e-commerce in the last ~5 years

Note(s): 1. The festive period considered here spans from 30-35 days prior to Diwali to for year-on-year growth.

Source(s): Redseer Research & Analysis

# ...supported by positive pre-festive trends and strong momentum for new e-commerce models

GST impact on annual sector performance remains positive

## Key Trends Driving India E-commerce Growth

### 1. Optimistic Pre-festive Trends

- E-commerce platforms have recorded **significant uptick during the mini-festive sale periods this year**, signaling stronger consumer willingness to spend if products are available at attractive prices / offers.
- **Consumer traffic across the platforms** has been on the rise, indicating greater anticipation for upcoming festive period, with consumer increasingly displaying **interest towards festive-related products & deals**.

### 2. Rapid pre-festive momentum for new e-commerce models

- **Value commerce** is scaling rapidly (**30-35% YoY growth this year pre-festive**) by offering a wide assortment at affordable prices, attracting deeper consumer classes to participate on e-commerce.
- Quick commerce is expanding swiftly (**~150% YoY growth this year pre-festive**) at the other end of the spectrum on the back of strong consumer habit formation towards impulse-driven purchases and instant gratification, enabled by ultra-fast delivery.

### 3. GST uncertainty could delay core festive period demand

- **GST simplification reforms**, which will reduce the end-user price across the product categories, is confirmed for this year's festive period, but the **exact timelines remain uncertain**.
- This may **drive customers to delay certain large-ticket purchases beyond the core festive period** (e.g. Flipkart's Big Billion Days sale, Amazon's Great Indian Festive sale) which happens pre-Diwali.
- However, the **overall annual impact is expected to be positive** (as reduced rates should stimulate year-end demand).

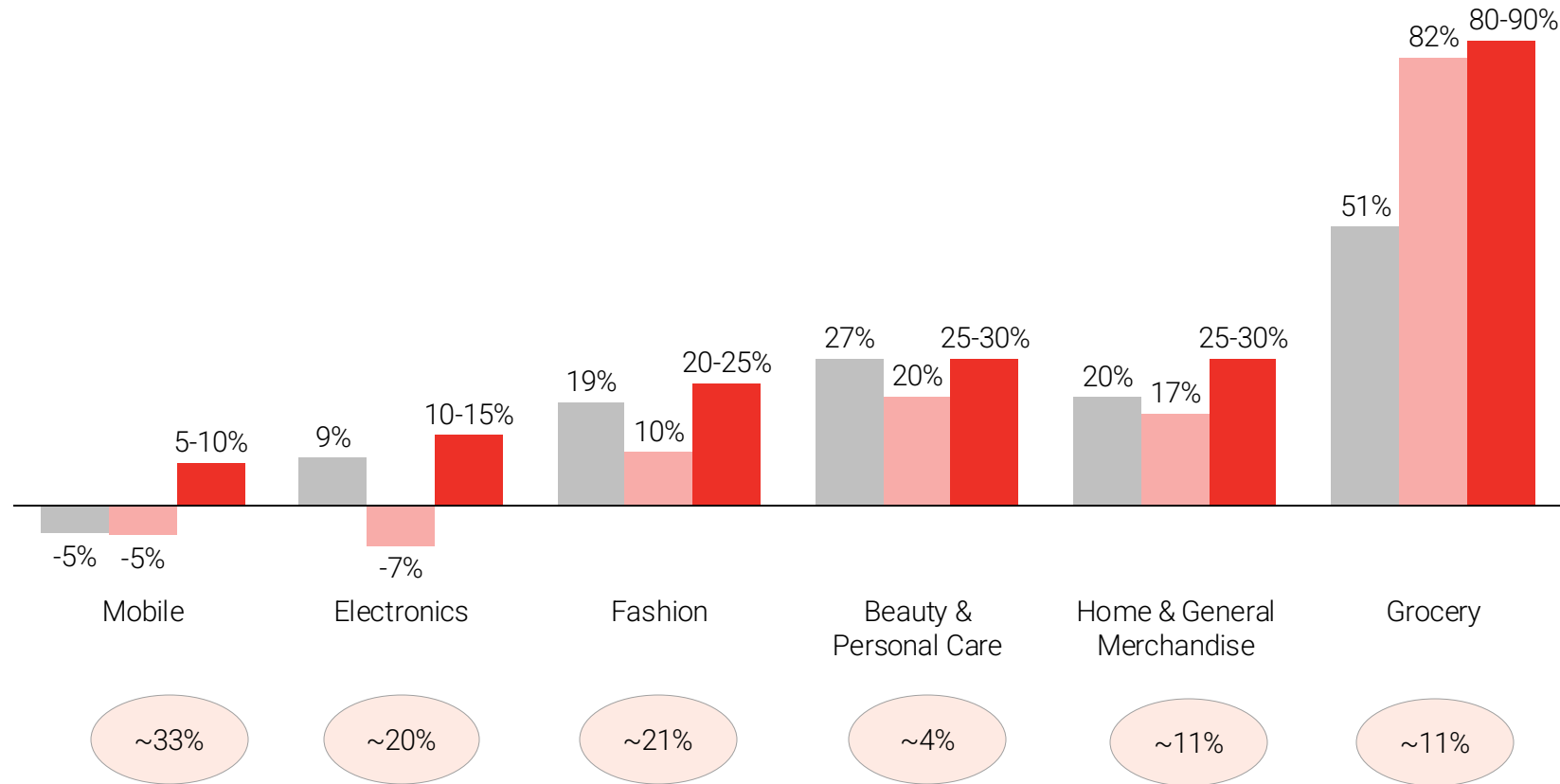


# Fashion, BPC & Home to sustain 20%+ growth; Mobiles & Electronics to see festive spike; Grocery to outperform via quick-commerce

## E-commerce Festive Growth – by category

% YoY Growth, Festive '23 vs BAU '24 vs Festive '24P

■ Festive '24 ■ BAU '25 ■ Festive '25P

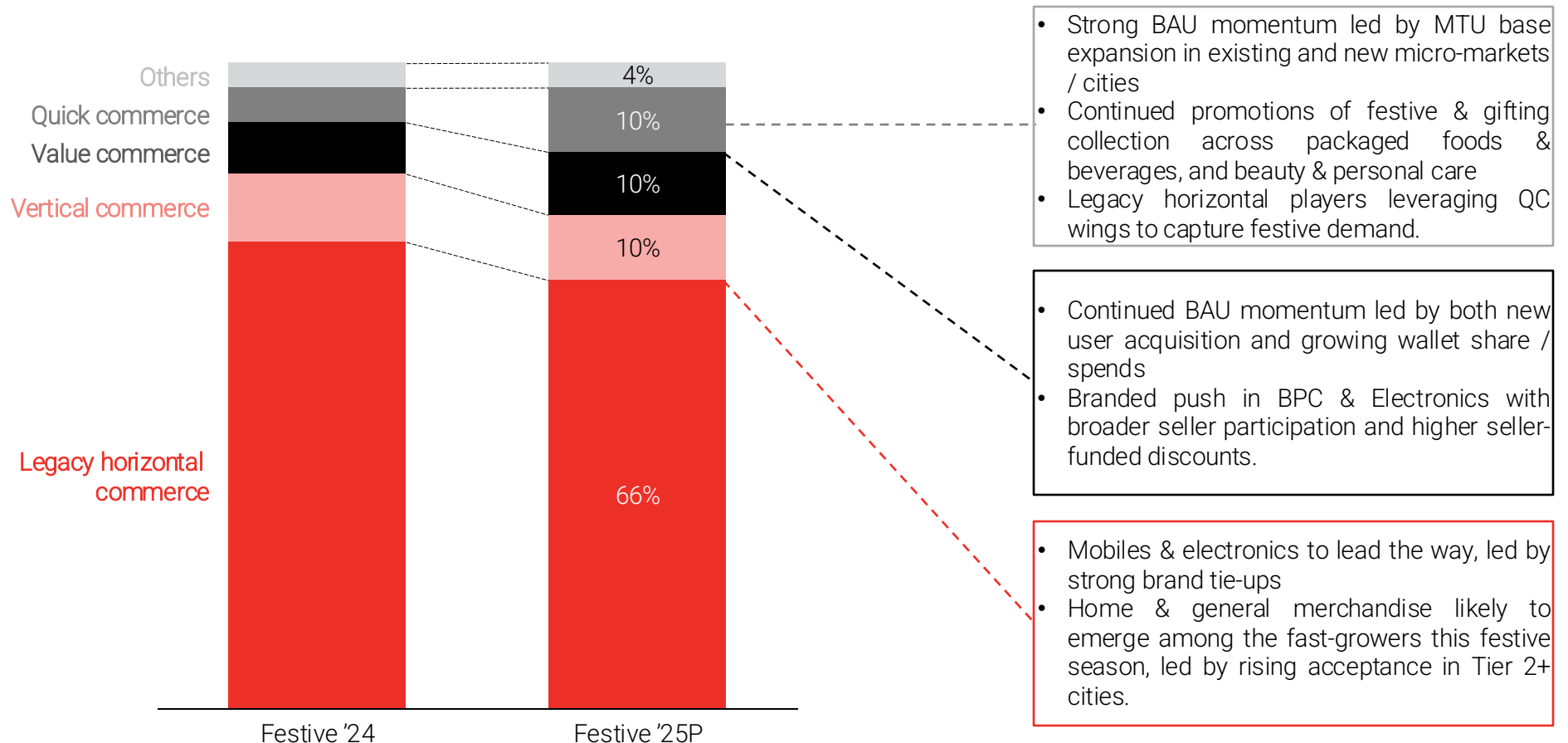


Note(s): 1. The festive period considered here spans from 30-35 days prior to Diwali to for year-on-year growth; 2. Home & general merchandise includes home decor & furnishing, furniture, babycare, pet care, books, health and wellness and other general merchandise; 3. Electronics includes Includes electronics devices like Laptops & Desktops, Tablets, Camera, Audio devices etc, Electronic non-devices like IT peripherals & accessories, Mobile protection & accessories, Gaming, IOT and Home automation devices and Large & Small appliances including Television, Refrigerator, Washing Machine, Air conditioner, Kitchen appliances and Home appliances

Source(s): Redseer Research & Analysis

# Horizontals to drive ~2/3<sup>rd</sup> of the festive sales, while quick-commerce and value-commerce sustain their rapid BAU growth momentum

## E-commerce Model Performance During Festive % YoY Growth

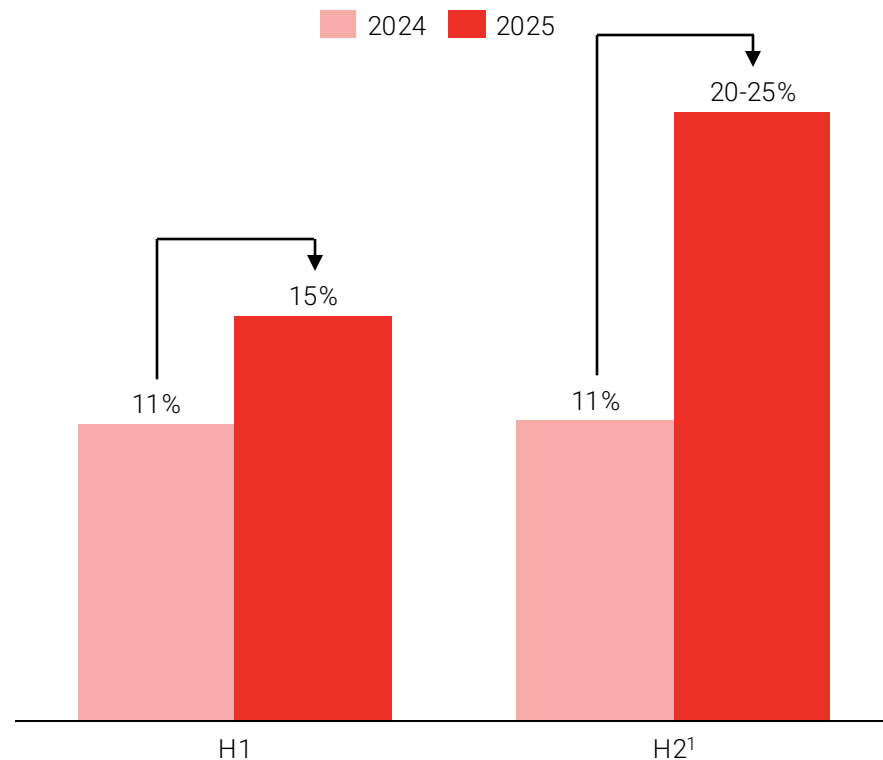


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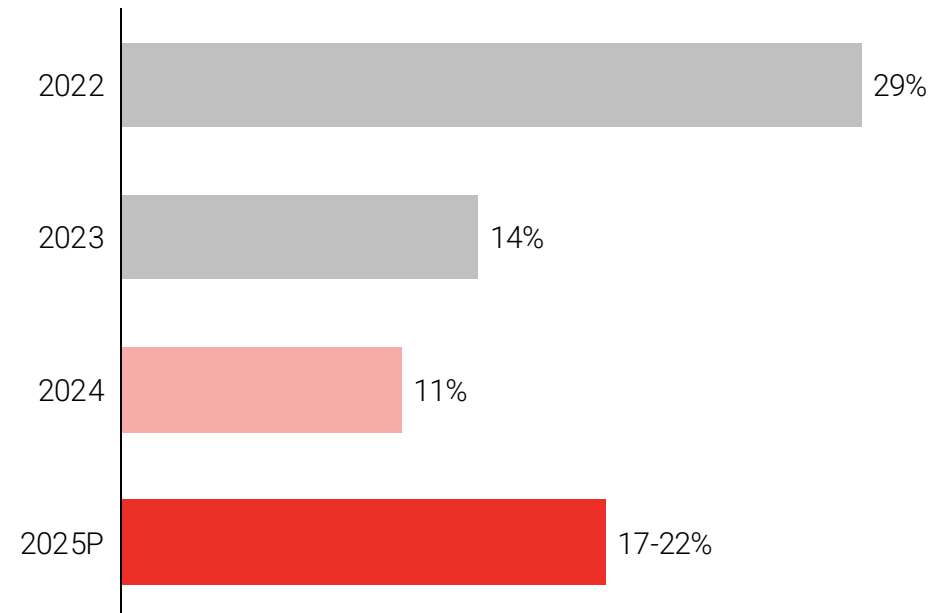
Source(s): Redseer Research & Analysis

# With the help of the festive momentum, e-commerce is projected to close CY2025 at 17-22% YoY growth: Strongest in 3 years

E-commerce Quarterly Growth  
% YoY Growth, 2024-2025



E-commerce Growth – Last 4 Years  
% YoY Growth



Note(s): 1. H2 2025 growth rate is projected

Source(s): Redseer Research & Analysis

## What brands, platforms, and investors should focus on:

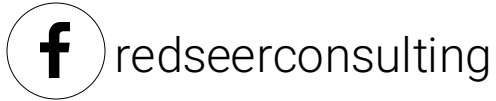
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- **Plan for Dual Peaks:** With GST simplification potentially shifting some big-ticket purchases post-Diwali, brands must prepare for two demand waves: festive and year-end.
- **Double Down on Quick & Value Commerce:** Quick commerce (150% YoY pre-festive growth) and value commerce (30–35% YoY growth) are now indispensable channels. Brands must integrate tailored SKUs, price points, and promotional strategies for these models.
- **Investor Watch:** Strong festive-led topline momentum will boost valuations in consumer-tech and D2C plays, but sustained profitability will depend on how well companies balance aggressive festive discounting with structural efficiency.

**Speak to the Experts >>**



# Thank You!



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