

India heads for the annual festive season—without the spirit



RUPAK DE CHOWDHURI

Shubho Mahalya!



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Indian consumers, tempered by inflation and with their hopes dashed by an erratic monsoon, may not spend heavily this coming festive season.

Some 35% of them do not plan to spend anything at all, a survey by social community platform LocalCircles has shown. Out of the remaining 65% who may, the budget was 10,000 rupees (\$122.65) —the comparable figure for 2020 was Rs15,000.

Overall festive spending in 2022 is expected to fall short of the \$37 billion spent in 2019.

“Many households, especially the middle class and lower, have been feeling the squeeze from high fuel prices, price of essentials, commodities like milk and edible oil for most of this year,” LocalCircles said.

The LocalCircles survey involved more than 58,000 responses from 362 districts of India. Of these, 33% were from tier-2 cities and

23% from tier-3 and -4 cities alongside rural districts.

Rural demand is lagging

While demand from urban Indians may ride a wave of deep retail discounts, that in rural regions is unlikely to be exciting enough. Not that existing urban demand is anything much to talk about.

In the first week of September, the urban index of consumer sentiments (ICS) compiled by the Centre for Monitoring Indian Economy, fell by 4.7% while it fell in rural areas by 1.5%.

“Demand revival has been uneven so far with high rural inflation, uneven rains and muted rural wage growth weighing on rural demand,” Rajani Sinha, chief economist of Care Ratings told Forbes India.

For many respondents in the survey, the quality of products against the money spent was key.

The hospitality industry is set to get a boost

The sentiment, according to the survey, for contact-intensive services such as travel, home repair services, restaurants or entertainment services was among the highest in 2022.

Otherwise, only around 35% of household consumers planned to spend on Diwali supplies such as lamps, candles, lighting, and flowers; 26% had festive groceries in mind.

Even worse, only 6% intended to buy white goods and electronic appliances such as televisions, air conditioners, and refrigerators. Some 4% planned to purchase jewellery, despite gold prices falling to a six-month low.

For consumer durables, demand is likely to be driven by both urban and rural segments, LocalCircles said.

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