Consumer trends IGNITEing growth and governance

August 2026

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Foreword

Anant Goenka
President, FICCI and Vice Chairman, RPG Group

India's consumer economy is undergoing a period of profound transformation. Rising digital adoption, changing consumer expectations, expanding commerce ecosystems and the growing influence of technology are collectively reshaping the FMCG, retail and e-commerce sectors. As consumers become more informed, connected and experience-oriented, businesses are adapting to a marketplace that is increasingly dynamic, data-driven and interconnected. At the same time, new models of commerce, evolving supply chains, sustainability considerations and the growing role of artificial intelligence are redefining how organisations create value and engage with consumers.

The pace of change across the consumer landscape is unprecedented. Digital platforms are transforming product discovery and purchasing behaviour, while quick commerce, omnichannel retail and creator-led ecosystems are changing the way consumers interact with brands. Artificial intelligence (AI) is beginning to influence decision-making across both consumer journeys and business operations, creating new opportunities to improve responsiveness, personalisation and operational effectiveness. Simultaneously, Indian consumer brands are increasingly exploring global opportunities, reflecting the growing maturity, competitiveness and ambition of the country's consumer sector.

Against this backdrop, India's regulatory landscape is undergoing a significant transformation, reflecting a broader shift towards governance frameworks that are more transparent, predictable and responsive to the evolving needs of businesses, consumers and the economy. Across the FMCG, retail and e-commerce sectors, recent reforms demonstrate a growing emphasis on strengthening consumer trust, enhancing product quality and sustainability, leveraging digital technologies for smarter compliance and creating a more streamlined and facilitative business environment. Equally important is the growing focus on regulatory coherence through harmonised frameworks, risk-based compliance, predictable implementation timelines and stronger industry-regulator engagement. These developments underscore a shared recognition that robust consumer protection and Ease of Doing Business (EoDB) are complementary objectives, both of which are essential to fostering innovation, encouraging investment and strengthening India's competitiveness in an increasingly interconnected global economy.

As India's consumer economy continues to expand, the quality of regulatory design and implementation will play an increasingly strategic role in determining business confidence and long-term growth. This report brings together perspectives on the key developments shaping India's consumer landscape and seeks to contribute to the broader dialogue on how industry and policymakers can collectively support sustainable, inclusive and innovation-led growth in the years ahead.

Foreword

Jyoti Vij
Director General, FICCI

India's consumer economy is being redefined by a combination of shifting consumer aspirations, digital acceleration, technological innovation and the emergence of new commerce ecosystems. Across FMCG, retail and e-commerce, businesses are operating in an environment where consumer expectations are evolving faster than ever before. Convenience, personalisation, transparency and seamless experiences are increasingly shaping purchasing decisions, while digital platforms, creator ecosystems and intelligent technologies are transforming how brands engage with consumers and build competitive advantage.

These changes are creating new opportunities for growth across the consumer value chain. The rapid expansion of omnichannel retail, quick commerce and AI-enabled interactions is changing traditional business models and creating a more connected marketplace. At the same time, companies are navigating increasingly complex supply chains, changing demand patterns, sustainability expectations and a global marketplace that offers new avenues for growth beyond domestic boundaries. Indian consumer businesses are therefore operating at a time when innovation, agility and resilience have become critical determinants of long-term success.

The regulatory developments examined in this report reflect a decisive shift in India's approach to governing consumer markets. Across the FMCG, retail and e-commerce sectors, regulation is evolving beyond individual compliance requirements towards more integrated, transparent and technology-enabled frameworks that strengthen consumer confidence while fostering a more predictable and enabling business environment. As a result, regulation is no longer viewed solely as a compliance function, but as a strategic business imperative that shapes product innovation, sourcing, supply chains, market access, digital transformation and consumer engagement. For businesses, regulatory preparedness is becoming a source of resilience and competitive advantage. For policymakers, continued efforts to simplify compliance, strengthen regulatory certainty and improve EoDB will be essential to encouraging innovation, investment and sustainable growth.

This report seeks to provide a forward-looking perspective on these developments by examining the emerging regulatory trends shaping India's consumer economy and their implications for businesses across the value chain. As India's markets continue to expand and evolve, sustained collaboration between government, regulators and industry will be instrumental in building a regulatory ecosystem that is transparent, proportionate, future-ready and supportive of inclusive economic growth.

We hope the insights presented in this report will serve as a valuable resource for CXOs, policy makers and stakeholders across the industry in shaping the next phase of growth for India's consumer economy.

Foreword

Kumar Venkatasubramanian
Chair, FICCI FMCG Committee,
Chief Executive Officer, P&G India

India's FMCG industry has always evolved alongside the country's consumers. Today, however, the pace and scale of change are unlike anything we have witnessed before. Consumers are redefining what value, convenience and personalisation mean, while advances in technology, AI and evolving commerce ecosystems are transforming how businesses innovate, engage and grow. Together, these shifts are creating unprecedented opportunities to unlock growth and strengthen India's position as one of the world's most dynamic consumer markets.

At the heart of this evolution is the Indian consumer. Today's consumers are more informed, more discerning and increasingly AI-assisted in how they discover, evaluate and purchase products. They seek superior products, meaningful innovation, transparency, convenience and personalised experiences, while moving seamlessly across physical retail, e-commerce, quick commerce and emerging digital touchpoints. As expectations continue to evolve, businesses must deepen consumer understanding and respond with greater speed, agility and relevance.

For the FMCG industry, this calls for reimagining how we innovate, build brands and operate. Technology, data and artificial intelligence are becoming powerful enablers across the value chain, from strengthening consumer engagement and accelerating product innovation to enhancing demand forecasting and supply chain planning. At the same time, enduring success will continue to be built on capabilities that technology cannot replace: a deep understanding of consumers, trusted brands, creativity and execution excellence. Companies that successfully combine these strengths with technology will be best positioned to build lasting competitive advantage.

The operating environment is evolving just as rapidly. Supply chain resilience has become as important as efficiency in navigating an increasingly dynamic global environment and changing consumer demand. Continued collaboration between industry and government will be equally important in fostering innovation, strengthening Ease of Doing Business and creating an enabling environment for long-term investment and growth.

India is uniquely positioned for this next chapter. A young and aspirational population, expanding digital infrastructure, growing manufacturing capabilities and a vibrant innovation ecosystem together create a powerful foundation for long-term growth. This is an opportunity not only to build stronger brands and create new categories, but also to shape the future of consumer innovation from India, for India and the world.

The theme of this year's report, **Consumer trends IGNITEing growth and governance,** aptly captures the forces shaping the industry's future. It highlights the importance of combining consumer understanding, innovation and technology with responsible business practices to create value for consumers, businesses and society.

I congratulate FICCI and Deloitte on bringing together this timely report. I hope it serves as a valuable resource for business leaders, policymakers and industry stakeholders as we work together to build a more innovative, competitive and consumer-centric FMCG industry for India.

Foreword

Jeyandran Venugopal
Chair, FICCI Retail and Internal Trade Committee
Managing Director
Reliance Retail Ltd.

India's retail and e-commerce sector is entering a defining phase of transformation. The sector is being reshaped by the convergence of changing consumer behaviour, rapid digital adoption, intelligent technologies, evolving commerce models and an expanding digital ecosystem that is fundamentally altering how consumers discover, evaluate, purchase and engage with brands. As online and offline boundaries continue to blur, retail is evolving from a channel-led business into a connected, always-on ecosystem centered around consumer convenience, personalisation and experience.

At the heart of this transformation is a new Indian consumer who is more informed, digitally connected and less loyal to brands. They are increasingly influenced by transparency, convenience, health and wellness considerations, creator communities and AI-enabled interactions. Consumer expectations around personalisation, speed and seamless experiences continue to rise, driving a shift from channel-centric purchasing to journey-centric commerce. Discovery is increasingly shaped by digital platforms, social networks, creators, communities and AI-powered recommendations, while movement between physical and digital touchpoints has become routine rather than exceptional.

These behavioural shifts are being amplified by the emergence of a new commerce ecosystem that is instant, integrated, and always-on. Quick commerce has transformed consumer expectations around fulfilment and convenience, while omnichannel retail, conversational commerce and creator-led ecosystems are reshaping how brands engage with consumers. What were once distinct channels are increasingly converging into a continuously connected commerce environment where discovery, evaluation, purchase and fulfilment are becoming part of a single seamless experience.

Technology is playing a central role in enabling this transition. AI is becoming increasingly embedded across merchandising, customer engagement, inventory management, pricing, demand forecasting and operational decision-making, while AI-assisted shopping and agentic commerce are beginning to influence how consumers identify products, compare alternatives and make purchase decisions. Alongside these developments, retailers and e-commerce platforms operate in an environment characterised by increasing demand volatility, fulfilment complexity, evolving competitive dynamics and growing expectations around sustainable and responsible business practices.

India's retail sector is entering a defining phase of transformation, driven by evolving consumer expectations, rapid digital adoption, technological innovation and an increasingly integrated regulatory landscape. As retail continues to evolve across physical stores, digital platforms and omnichannel models, regulation is playing an important role in fostering greater transparency, consumer trust and market accountability, while progressively supporting EoDB through more streamlined, predictable and technology-enabled compliance frameworks. At the same time, emerging technologies such as artificial intelligence, including agentic AI, are beginning to reshape operations. As these capabilities become more embedded within retail operations, regulatory frameworks that promote responsible innovation, data trust and consumer protection will be critical to enabling their adoption at scale.

The future of retail will be defined not simply by how businesses comply with regulation, but by how effectively they leverage it to build trust, accelerate innovation and strengthen competitiveness.

Foreword

Anand Ramanathan
Partner, Consumer Industry Leader, Deloitte India

India's consumer economy stands at a defining moment in its growth journey. While rising incomes, urbanisation and digital adoption continue to expand the consumption opportunity, the next phase of growth will be shaped by far more than demand alone. It will be defined by the convergence of changing consumer expectations, rapid technological advancement, evolving regulatory frameworks and increasingly interconnected commerce ecosystems. For businesses across FMCG, retail and e-commerce this not only presents an unprecedented opportunity but also a fundamentally more complex operating environment. Policymakers and regulators also have a role to play in facilitating Ease of Doing Business (EoDB) to help brands provide more value to consumers through enhanced choices and reduced costs.

Today's Indian consumer is more informed, digitally connected and empowered than ever before. Access to information, expanding digital ecosystems and new discovery channels have transformed how consumers evaluate brands and make purchase decisions. Increasingly, choices are influenced by transparency, convenience, health and wellness, creator communities and AI-enabled interactions. Expectations around personalisation, speed and seamless experiences continue to rise, compelling businesses to rethink not only how they engage consumers but also how they create value and build enduring relationships.

At the same time, the foundations of consumer businesses are being reshaped by growing operational uncertainty. Supply chains that were once optimised primarily for efficiency are now being challenged by geopolitical disruptions, climate-related risks, inflationary pressures, evolving trade dynamics and increasingly volatile demand patterns. In this environment resilience, agility and predictive decision-making have become strategic imperatives. Organisations are investing in AI-enabled planning, advanced forecasting, network optimization and more diversified sourcing models to build operations capable of responding to constant change.

Artificial Intelligence is emerging as one of the most transformative forces underpinning this evolution. Moving beyond isolated productivity use cases, AI is increasingly becoming an enterprise-wide capability, influencing customer engagement, product innovation, pricing, merchandising, supply chain management (SCM) and business decision-making. Simultaneously, the rapid rise of quick commerce, social commerce, conversational interfaces and creator-led ecosystems is redefining how commerce operates, making it more connected, contextual and always-on.

The regulatory landscape is also evolving rapidly. Developments across food safety, consumer protection, labelling, packaging sustainability, AI governance, data privacy, advertising and digital commerce are reinforcing expectations around transparency, accountability and responsible innovation. At the same time, addressing implementation complexities, regulatory overlaps and centre-state coordination challenges will remain critical to strengthening EoDB and enabling sustainable industry growth because speed and seamlessness are no longer differentiators, they are rather table stakes.

As India takes a leap in the Global economy, the businesses that win will be the ones that treat this complexity not as a cost of doing business, but as the new source of competitive advantage.

Leadership insights

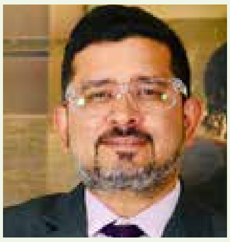
Kumar Venkatasubramanian, Chair, FICCI FMCG Committee and Chief Executive Officer, P&G India
Consumer understanding has always been at the heart of meaningful innovation. By serving unserved and underserved consumers and harnessing technology as an enabler, we can continue to create superior value for consumers.

Manish Anandani, Co-Chair, FICCI FMCG Committee and Managing Director, Kenvue
The Indian FMCG sector has remained resilient despite geopolitical uncertainties, supply chain disruptions and inflationary pressures. While consumer sentiment remains cautious, we are seeing demand shifting towards discretionary and aspiration-led categories such as personal care, beauty, skin health and wellness, across urban centres and smaller towns. Consumers are increasingly seeking science-backed, personalised, efficacious, sustainable and quality products, while e-commerce and quick commerce continue to reshape purchasing behaviour. The government has played a vital role with reforms such as GST rationalisation, infrastructure investments and Jan Vishwas framework that have improved Ease of Doing Business (EoDB) and supported consumption. To sustain growth, a more predictable and harmonised policy and regulatory environment will be needed. Reforms such as separate Cosmetics Act and Over the Counter (OTC) framework can drive innovation, however, measures such as Deposit Refund Scheme at state level could increase compliance burden. Continued focus on driving consumption and improving EoDB coupled with addressing evolving consumer needs will be crucial to unlock the full potential of India's FMCG sector.

Vipul Mathur, Co-Chair, FICCI FMCG Committee and Executive Director, Personal Care, Hindustan Unilever Limited
India is at a pivotal stage in its growth journey, driven by rising aspirations, digital adoption and a resilient consumption economy. To unlock the full potential of the FMCG sector, businesses will continue investing in science-led innovation, digital capabilities, future-ready supply chains, premiumisation and sustainable growth. Equally important is a stable and enabling regulatory environment that fosters innovation, investment and consumer trust. As new modes of consumer engagement emerge, there is a need for robust governance frameworks around influencer marketing, responsible use of data and technology and harmonised quality and safety standards aligned with global best practices, while preserving the ability of brands to communicate responsibly and compete effectively. The next decade of India's growth will be shaped by stronger collaboration between industry and policymakers to create a regulatory ecosystem that protects consumers, supports ease of doing business and encourages innovation. By combining responsible governance with technology, sustainability and consumer-centric innovation, India can further strengthen its position as one of the world's most dynamic FMCG markets and a globally competitive manufacturing and innovation hub.

Dr. Ravi Gandhi, Co-Chair, FICCI E-commerce Committee and President and Chief Public Policy & Regulatory Officer, Reliance Retail Limited
India's retail and e-commerce are no longer two stories: they are one. The line between store and screen has dissolved, and consumers now expect speed, personalisation and trust delivered seamlessly across both. The next wave of growth will come from Bharat, not just urban India, powered by AI-native commerce, creator-led discovery and a physical retail backbone that no purely digital model can replicate. For India, this is a generational opportunity: a trillion-dollar creator economy, globally competitive retail and a policy environment mature enough to unlock it.

Saugata Gupta, Chief Executive Officer and Managing Director, Marico Limited
At a time when global supply chains are being continuously tested by cost volatility, geopolitical shifts and unforeseen disruptions, resilience can no longer be an afterthought. It must be architected in the system. For FMCG companies, this calls for a structural reimagining of supply chain investments. From diversifying sourcing and regionalising networks to embedding digital intelligence and predictive capabilities across operations, all these factors will need to be in sync. The future belongs to agile, multi-nodal supply ecosystems that balance efficiency with redundancy, and scale with responsiveness. Strategic investments in local manufacturing, supplier partnerships and technology-led visibility are not just risk mitigators, they offer a competitive advantage. As an industry, we must move beyond cost optimisation, building supply chains that are not only robust in the face of shocks but are also adaptive enough to turn uncertainty into opportunity. This shift will define how sustainably and confidently we serve the evolving needs of consumers in a complex global landscape.



Rahul Shanker, Group CEO, Quest Retail
Modern consumers demand absolute convenience, flexibility and consistency. They expect to discover a product anywhere, engage across multiple touchpoints and purchase through whichever channel suits them best. This shift is fundamentally redefining retail; physical stores are evolving into experience-led destinations, while digital platforms, marketplaces and quick commerce converge to maximise accessibility. For us at The Body Shop India, omnichannel is not just a strategy; it is about delivering a seamless, unified brand experience wherever the customer meets us. Product discovery is no longer linear. It might spark from a creator's authentic recommendation, a search on a quick-commerce platform or a visit to a physical store. Quick commerce, in particular, has become a powerhouse for beauty and personal care, where immediacy drives decisions. Because of this, the creator ecosystem is maturing rapidly, shifting from superficial reach to deep relevance, credibility and shared values. To capitalise on this, brands must adopt robust measurement frameworks that track impact from initial awareness down to hard business outcomes.

Rohan Vazirall, India Head and General Manager, The Estee Lauder Companies, India
India is one of the world's most exciting beauty markets, driven by consumers who are more informed, more connected and more willing than ever to embrace innovation. At The Estée Lauder Companies, this means continually evolving our portfolio with high-performing, science-backed products that reflect changing consumer needs and aspirations. It also means rethinking how we reach consumers through seamless omnichannel experiences and deeper engagement across every touchpoint. As the industry continues to grow, a predictable and science-based regulatory environment, timely market access for innovation and progressive regulatory measures such as digital labelling will be critical to strengthening consumer trust, encouraging long-term investment and ensuring Indian consumers can benefit from the latest beauty innovations.

Saahil Goel, Chief Executive Officer and Managing Director, Shiprocket
Global demand for Indian products continues to grow, but the experience of selling across borders remains far more complex than it should be. Exporters, especially MSMEs, still navigate fragmented compliance requirements, customs processes, logistics and payment ecosystems that add cost and uncertainty. As India strengthens its position in global trade, simplifying cross-border commerce through better digital infrastructure, predictable regulations and integrated ecosystems will be critical to enabling more businesses to compete internationally.

Rajesh Jain, FICCI Retail and Internal Trade Committee Member, Managing Director and Chief Executive Officer, Lacoste
The industry is witnessing a fundamental shift in how sustainability is perceived. What was once viewed primarily as a regulatory or corporate responsibility requirement is increasingly becoming a consumer expectation. Customers, particularly younger generations, want to make choices that align with their values and contribute positively to the environment. This is encouraging brands to rethink how products are designed, manufactured and managed throughout their lifecycle. While sustainability may not always deliver an immediate commercial advantage, it plays a critical role in building trust, relevance and long-term brand strength

Jacques Lebel, FICCI FMCG Committee Member and Managing Director, L'Oréal India
India is rapidly emerging as one of the world's most exciting beauty markets, driven by rising consumer aspirations, scientific innovation and digital transformation. The next phase of growth will be shaped by the industry's ability to make science-backed beauty more inclusive, accessible and relevant to diverse consumer needs. Research and innovation will be critical to unlocking this opportunity. From AI-enabled beauty experiences to breakthroughs in formulation science, technology is redefining how consumers discover and experience beauty. At the same time, investing in skills and talent will be essential to building a future-ready beauty ecosystem. Continued collaboration between industry and government can further strengthen India's position as a global hub for beauty innovation, manufacturing and exports, while creating long-term value for consumers, businesses and the economy.

Sandeep Verma, FICCI FMCG Committee Member and Cluster Head of South Asia, Bayer
AI will move beyond isolated use cases to become a core enabler of how consumer goods and retail businesses operate and compete. It will power smarter decisions across the value chain, from forecasting demand and optimising investments to strengthening supply chains and delivering more personalised consumer experiences. However, realising its full potential will require more than just the deployment of tools. Organisations will need robust data foundations, integrated ways of working and leadership that embeds AI into everyday decision-making. Those that treat AI as a business capability rather than a digital initiative will be best positioned to drive sustainable growth, agility and competitive advantage.

Sai Ramana Ponugoti, FICCI FMCG Committee Member and Chief Executive Officer, Piramal Consumer Healthcare
The next decade of consumer commerce will not be defined by the channels companies sell through, but by the intelligence with which they understand and serve consumers. Consumers no longer think in channels, they simply expect brands to be relevant wherever, whenever and however they choose to shop. As AI transforms discovery, decision-making and enterprise operations, competitive advantage will increasingly come from connecting intelligent technologies with deep consumer understanding. The organisations that organise around consumer missions rather than channels, using AI to personalise experiences, accelerate innovation and deliver trust consistently across every touchpoint, will define the next era of growth.

Executive summary

India's consumer economy is being reshaped by demographic shifts, rising income, rapid urbanisation, adoption of digital tools and evolving consumer expectations. Private consumption is projected to reach nearly US$1.9 trillion by 2030,[1] supported by an expanding middle class, widespread internet penetration and one of the world's largest digital payment ecosystems. With over one billion internet subscribers[2] and 228 billion UPI transactions (worth ~US$3.6 trillion) in 2025,[3] India has become one of the most dynamic and digitally-connected consumer markets globally. Together, these developments are opening significant opportunities for businesses across FMCG, retail and e-commerce, as well as the broader consumer ecosystem. An Indian consumer is now no longer only cost-conscious but also discerning as they are evolved, anxious and vocal for choices that impact society, health and mental wellness.

To capitalise on these opportunities, businesses must effectively navigate an evolving regulatory landscape designed to support responsible and sustainable growth, while understanding the shifting consumer patterns. A single product or service may fall within multiple regulatory frameworks covering product quality and safety, labelling, consumer protection, environmental obligations, digital commerce and data governance. These frameworks seek to strengthen consumer trust, improve transparency and support market development, while requiring businesses to adapt their operating models, governance structures and compliance processes.

Over the past few years, policymakers have introduced several reforms to enhance regulatory clarity, predictability and Ease of Doing Business (EoDB), while reinforcing consumer protection. Several initiatives, including structured implementation timelines for regulatory amendments, greater harmonisation across sector-specific regulations and the increased use of guidance documents and advisories, reflect a broader effort to make compliance more predictable and transparent. Regulators are also expanding their scope to cover emerging areas, such as digital commerce, advertising and social media regulations, platform accountability, dark patterns, data privacy, sustainability and responsible use of AI.

This emphasis on predictability and structured implementation is reflected in several recent measures. For instance, the Food Safety and Standards Authority of India (FSSAI) has established an annual implementation cycle for amendments to labelling and display regulations, with 1 July as the standard compliance date.[4] Similarly, the Legal Metrology (Packaged Commodities) Amendment Rules, 2025 align legal metrology provisions with the Medical Devices Rules by consolidating labelling requirements for medical devices into a single, sector-specific framework, reducing duplication and inconsistencies across laws.[5] Such measures are intended to reduce regulatory overlap, provide greater certainty and enable businesses to effectively prepare for regulatory changes. In parallel, regulators are focusing on empowering consumers through enhanced transparency. Initiatives such as the Central Consumer Protection Authority's (CCPA) measures to identify and curb dark patterns in digital interfaces, reflect a growing focus on ensuring consumers make informed choices, free from misleading design practices.

Taken together, these measures reflect a shift from viewing regulation as a series of discrete compliance requirements to approaching it as a more integrated governance framework. As regulatory domains converge, compliance considerations are being embedded across the value chain, from product design and sourcing to manufacturing, marketing, digital engagement and supply chain management (SCM). **This shift is encouraging organisations to move beyond reactive compliance towards more integrated risk management and governance practices.**

Against this backdrop, six structural trends are shaping India's consumer sector.

First, the Indian consumer is evolving rapidly. Consumers are becoming more informed, digitally connected and value conscious. Their purchasing decisions are being increasingly influenced by convenience, personalisation, transparency and an emphasis on health and wellness. Digital platforms, creator ecosystems and AI-powered recommendations are transforming product discovery, while a seamless omnichannel retail is now an expectation and a norm uplifting the overall consumer experience rather than just being a competitive edge.

1. Deloitte and Google, The $250 Billion Commerce Frontier, 2026
2. Telecom Regulatory Authority of India (TRAI), Indian Telecom Services Performance Indicator Report, Quarter ending December 2025. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2235044
3. National Payments Corporation of India (NPCI), UPI Product Statistics, 2025. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2257087
4. https://www.fssai.gov.in/upload/uploadfiles/files/Press%20Release%20Labelling_English.pdf
5. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2183777&reg=3&lang=1

Second, supply chains are emerging as a strategic business capability. Volatile demand patterns, geopolitical developments, climate-related disruptions and changing trade dynamics are encouraging organisations to invest in more resilient, agile and technology-enabled supply chains. Increasingly, supply chains are expected to improve operational efficiency while enhancing responsiveness, supporting sustainability objectives and strengthening long-term competitiveness.

Third, AI is becoming integral to business operations. AI is moving beyond isolated automation initiatives. It is being trained to support customer engagement, demand forecasting, pricing, merchandising, product innovation and supply chain planning. Emerging forms of AI-assisted and agentic commerce are also beginning to reshape how consumers search, compare and purchase products. This is creating new opportunities while raising important questions around transparency, culture build-up, accountability, upskilling and responsible deployment.

Fourth, commerce is becoming increasingly interconnected. The convergence of omnichannel retail, quick commerce, social commerce, conversational interfaces and creator-led ecosystems is reshaping traditional retail models. Consumers expect consistent experiences, real-time engagement and faster fulfilment regardless of channel.

Fifth, sustainability is becoming more closely integrated with business strategy. Evolving environmental regulations, changing consumer preferences and investor expectations are encouraging organisations to incorporate sustainability into product development, sourcing, packaging, manufacturing and distribution. Sustainability initiatives are increasingly seen as both a compliance requirement and a source of operational resilience, resource efficiency and long-term value creation.

Finally, Indian consumer brands are expanding their global presence. Strengthened manufacturing capabilities, growing cross-border digital commerce, increasing international demand for Indian products and the influence of the Indian diaspora are enabling more businesses to participate in global markets. As organisations scale internationally, navigating diverse regulatory regimes, quality standards and sustainability expectations is becoming crucial.

Collectively, these six trends indicate the growing interdependence between commercial transformation and regulatory evolution. Realising the opportunities ahead will require coordinated action across the consumer ecosystem.

While businesses need to adopt responsible practices and strengthen internal governance, regulatory institutions continue to shape policy frameworks that balance consumer protection with innovation and EoDB. Consumers, in turn, influence market behaviour through their expectations around transparency, quality, sustainability, digital trust and value.

Therefore, sustained dialogue among these three ecosystem participants, i.e. **industry, regulators and consumers,** will be essential to building a competitive, trusted and future-ready consumer economy. By working together, these ecosystem players can **IGNITE** the flame of **I**ntelligent **G**rowth, **N**ext-**G**eneration **I**nnovation, **T**echnology and **E**xperience in India's FMCG, retail and E-commerce landscape.

This report analyses the key trends shaping India's consumer landscape, explores the evolving policy and compliance environment, and identifies practical considerations for businesses, policymakers and consumers as they navigate the next growth phase of India's booming, ever-changing consumer economy.

Key trends redefining consumer commerce in India

India's consumer commerce market is entering a defining decade of growth. Private consumption is projected to approach US$1.9 trillion by 2030,[6] driven by rising disposable incomes, rapid urbanisation, an expanding middle class, deeper internet penetration and one of the world's most advanced digital payments ecosystems. At the same time the proliferation of AI, quick commerce, social platforms, and digital-first business models is fundamentally changing how consumers discover, purchase and engage with brands. As consumer spending expands, so does the complexity of competing in this increasingly dynamic marketplace.

The opportunity is significant but so is the pace of disruption. Consumer preferences are evolving, faster than ever, supply chains are becoming more volatile, commerce channels are converging, sustainability expectations are rising, and Indian brands are increasingly looking beyond domestic markets for growth. Together these shifts are reshaping the competitive landscape and requiring organisations to rethink traditional operating models, moving from linear value chains to intelligent, connected and consumer-centric ecosystems.

Against this backdrop, six structural trends are emerging as the defining forces shaping the next phase of consumer commerce in India. The following sections examine each trend in detail.

1. The new Indian consumer: Evolving expectations and preferences

The transformation reshaping Indian commerce in 2026 is not primarily technological. It is behavioural.

For much of the past two decades, the Indian consumer was characterised by price sensitivity, brand loyalty and limited access to independent product information. Consumers are now better informed, less loyal, more channel-agnostic and increasingly AI-assisted. It is this combination that is rewriting the rules of how brands get found, evaluated and chosen. India crossed one billion internet subscribers in December 2025,[7] and UPI processed 228 billion transactions worth approximately US$3.6 trillion in 2025.[8] The infrastructure for a new kind of commerce is firmly in place. The consumer it has created is one that brands are only beginning to fully reckon with.

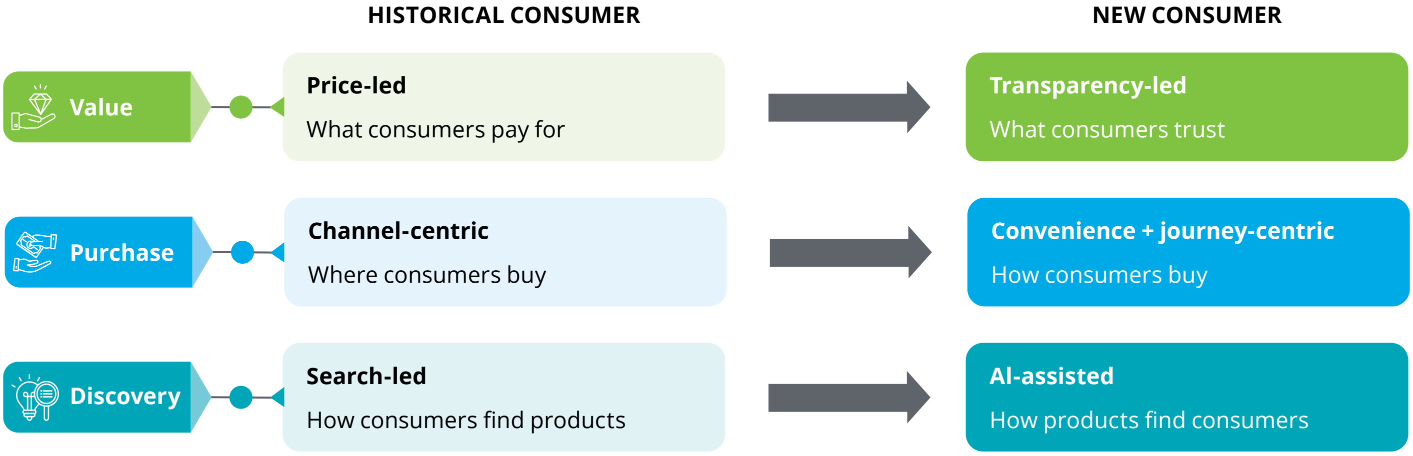
Furthermore, with Tier 2 cities and beyond accounting for over 60 percent[9] of India's online shoppers, digital commerce has decisively moved beyond its metro origins. By 2030, one in two Indian online shoppers will be from Gen Z, bringing expectations shaped entirely by digital-first environments. These are the conditions for a structural reset in how Indian consumers discover, evaluate and buy.

Mapping this reset reveals three distinct but interconnected shifts in consumer behaviour: what people value and are willing to pay for, which new categories are emerging as the primary drivers of online consumer spend, and how AI is entering and reshaping the purchase journey itself.

6. Deloitte and Google, The $250 Billion Commerce Frontier, 2026
7. Telecom Regulatory Authority of India (TRAI), Indian Telecom Services Performance Indicator Report, Quarter ending December 2025. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2235044
8. National Payments Corporation of India (NPCI), UPI Product Statistics, 2025. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2257087 USD equivalent calculated at approximately ₹84 = USD 1 (prevailing rate, 2025).
9. Deloitte and Google, The $250 Billion Commerce Frontier, 2026

How the three dimensions of consumer behaviour have structurally shifted

Figure 1: Historical versus new consumer behaviour



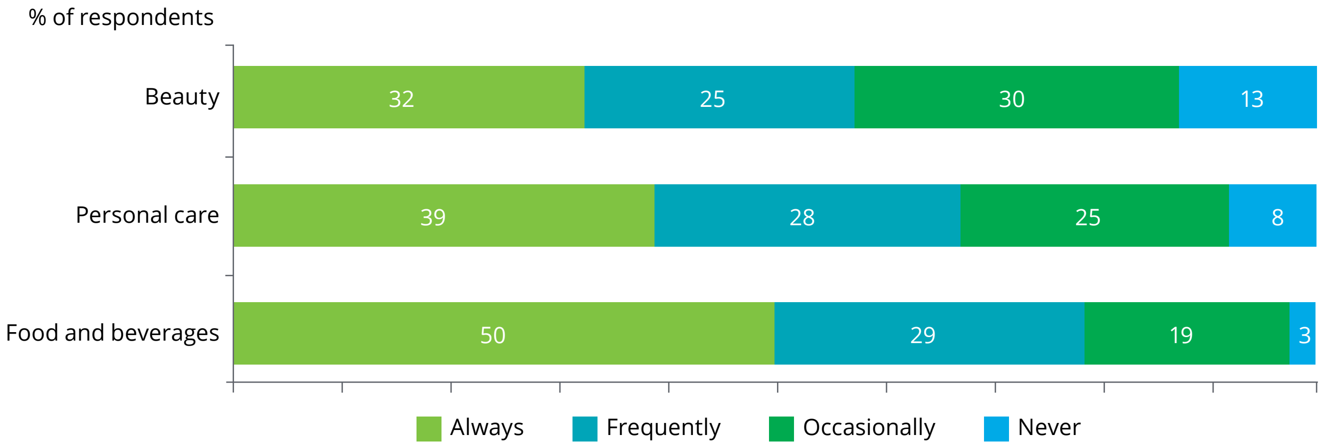
Source: Deloitte analysis

Each shift is measurable, and carries direct commercial implications for how brands compete, communicate and grow.

1. **The informed consumer's new value equation**
   Reading an ingredient label before buying a food product used to be a health enthusiast's habit. Today, nearly four in five Indian consumers do it routinely.[10] Further, 74 percent read ingredient or nutritional information before making a purchase, and the behaviour has translated into commercially significant action: nearly two-thirds have actively chosen one product over another for its ingredients or formulation, and more than half have switched away from a preferred brand on the same grounds.[11] The ingredient-conscious consumer is no longer a segment, it is the Indian consumer.

The depth of this engagement varies by category. One in two consumers "always" check labels before buying food and beverages while 79 percent[12] consumers expressed that either they were checking label "always" or "frequently". For personal care and beauty categories, this stood at 67 percent and 57 percent respectively.

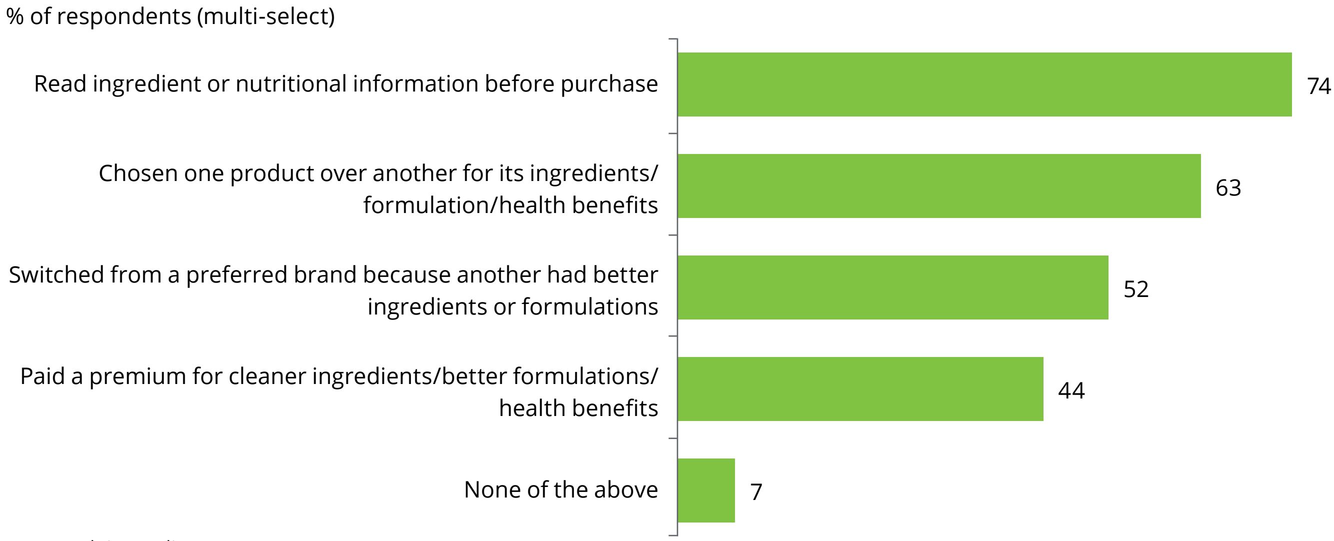
Figure 2: Ingredient label checking frequency



Source: Deloitte India Consumer Survey 2026

10. Deloitte India Consumer Survey 2026
11. Deloitte India Consumer Survey 2026
12. Deloitte India Consumer Survey 2026

Figure 3: Actions taken in the last six months when purchasing food, beverages, beauty or personal care products



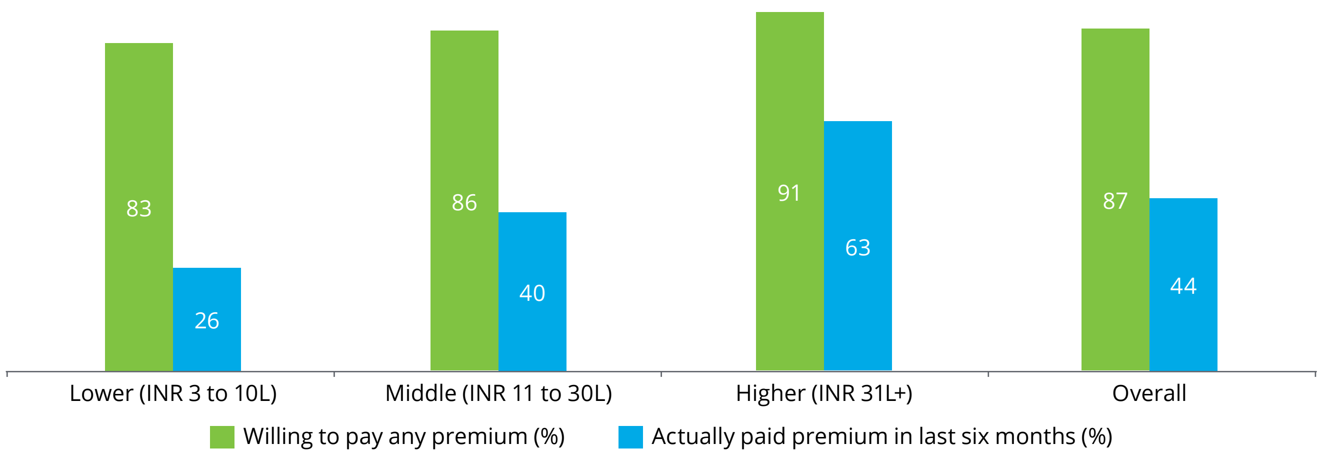
Source: Deloitte India Consumer Survey 2026

This awareness is translating into tangible changes in purchasing behaviour, with important implications for brand competition. Consumers who actively read ingredient labels are more likely to switch brands, trade up to products with better formulations and move away from products whose claims lack credibility or transparency. This naturally raises the question: how much more are consumers willing to pay for products they perceive to be healthier or of higher quality?

The answer is clear: nine in ten Indian consumers say they are willing to pay a premium for products with healthier, cleaner or more transparent formulations. However, that willingness has a ceiling. Most consumers are comfortable paying up to a 5 percent premium, while fewer than one in ten are willing to pay more than 20 percent.

The ability to translate intent into action also varies significantly by income. Among lower-income households, 83 percent express a willingness to pay a premium, yet only 26 percent have actually done so.[13] In contrast, among higher-income households, the gap is considerably narrower, with 91 percent willing to pay and 63 percent having paid a premium.[13] The findings suggest that income influences not consumers' desire for better products, but their ability to act on that preference.

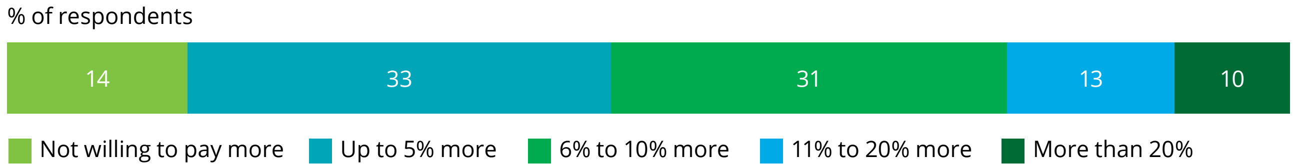
Figure 4: The aspiration-action gap: Premium intent vs. actual premium payment, by income segment



Source: Deloitte India Consumer Survey 2026

13. Deloitte consumer survey 2026

Figure 5: Willingness to pay a premium for healthier/cleaner/more transparent ingredients, by band



Source: Deloitte India Consumer Survey 2026

What these data points together reveal is the shape of the opportunity. India is becoming a mass premium market. The aspiration is real and broad, but it is bounded. The largest addressable pool of consumers wants meaningful quality at a modest price premium, not premium for its own sake.

Brands that simplify ingredient information, highlight functional benefits and communicate formulation transparency can strengthen consumer trust and improve purchase conversion, particularly among increasingly health-conscious consumers. Brands that can communicate these benefits effectively, deliver meaningful quality and limit the price premium to 5–10 percent, stand to capture the largest share of an aspiration that is near-universal but budget-conscious.

Case example:

The market has already begun to demonstrate this logic. An ingredient-transparency-led skincare brand named its products after their active formulations, making the product itself communicate the ingredient truth, and built its consumer base in times when brands relied majorly on lifestyle advertising. It scaled to significant revenue within five years of launch competing in a segment historically dominated by legacy players with multimillion-dollar investments in media.

A second D2C personal care brand took a different but structurally similar route: it became Asia's first brand to earn a globally-recognised toxin-free certification, using third party verification as a substitute for the brand heritage it did not have. It grew primarily through digital channels and performance marketing, building a consumer base through trust signals rather than shelf presence alone.

Both brands scaled in categories that are dominated by players with vastly superior distribution networks and media budgets, a direct illustration of what happens when product truth becomes more verifiable than brand narrative.

2. **The digital basket reinvented: New categories driving consumer spend**

For most of India's e-commerce history, the digital basket was defined by consumer electronics, books and fashion, categories where price comparison was easy, physical inspection was not essential and delivery could be planned ahead. Three categories long considered resistant to this logic have shifted that picture. Beauty and personal care, health and wellness and food and grocery have become the online segments with the most rapid growth.

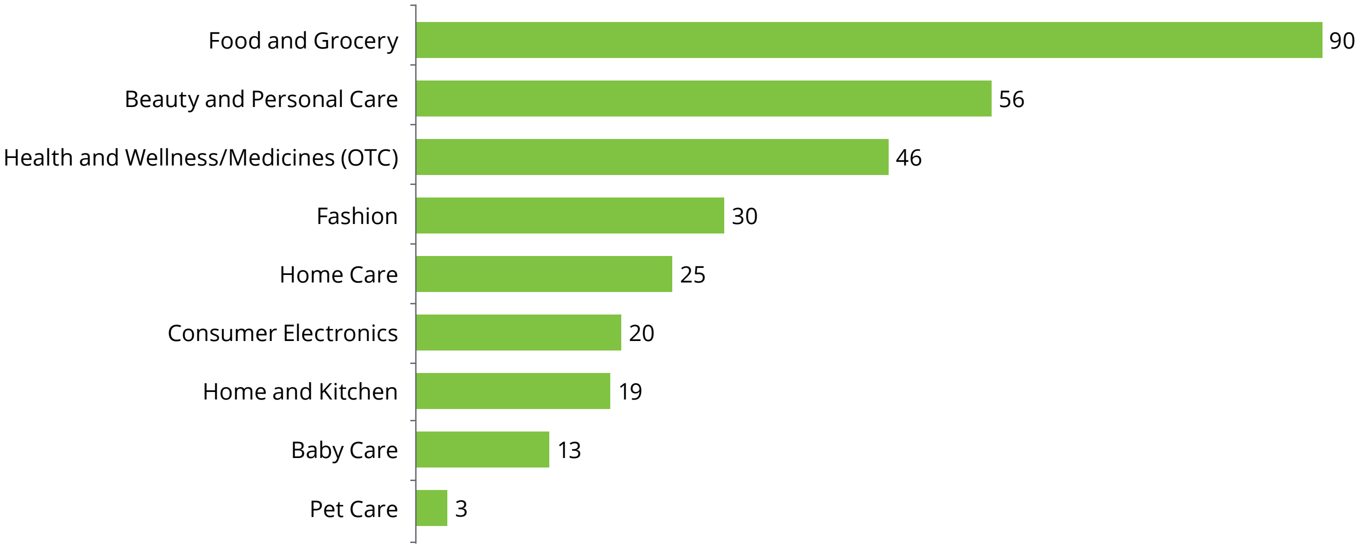
India has emerged as one of the fastest growing online markets globally for beauty products, with online sales growing 39 percent in value in the second half of 2024.[14] Similarly, India's health and wellness market, valued at approximately US$164 billion in 2025,[15] is increasingly expanding through digital channels, giving consumers access to a significantly wider range of brands and formulations than most physical retail formats can offer. In food and grocery, the transformation has perhaps been even more significant. India's online grocery market is valued at approximately US$14 billion and is growing at over 24 percent[16] annually, with quick commerce platforms now handling more than two-thirds of all e-grocery orders and serving over 33 million monthly users across more than 150 Indian cities.[16,17]

Consumers confirm this in their own purchasing behaviour. Food and grocery ranked among the top three categories showing the greatest increase in online purchases for 90 percent of respondents, Beauty and Personal Care followed at 56 percent and health and wellness at 46 percent.[18]

14. NielsenIQ, NIQ Report, The new face of Indian beauty, June 2025 https://economictimes.indiatimes.com/industry/services/retail/india-is-now-the-fastest-growing-online-market-globally-for-beauty-products-nielseniq/articleshow/118153798.cms
15. IMARC Group, India Health and Wellness Market Report, 2025. https://www.imarcgroup.com/india-health-wellness-market
16. IMARC Group, Indian Online Grocery Market Report, 2025. https://www.imarcgroup.com/indian-online-grocery-market
17. Redseer, Quick Commerce: Quicker Decisions, July 2025. https://redseer.com/articles/quick-commerce-quicker-decisions-is-your-brand-strategy-future-ready/
18. Deloitte consumer survey 2026

Figure 6: Category ranking by online purchase increase in 2026 versus three years ago

% of consumers placing category in Top 3 for online purchase increase



Source: Deloitte India Consumer Survey 2026

What explains this migration of categories long considered unsuitable for online purchase? A set of enablers that has collectively crossed a threshold:

- Quick commerce has resolved the immediacy barrier for groceries, removing the need to plan ahead
- Trust in product authenticity and the ability to research formulations digitally has made Beauty and Personal Care and Health and Wellness more navigable online than on a crowded physical shelf
- Fulfilment reliability across all three categories has reached a point where consumers feel confident making repeat purchases without the reassurance of physical inspection

For brands in these categories, the implication is significant. Online is no longer a supplementary channel. It is rapidly becoming a primary one. Brand presence, product data quality and digital shelf visibility in these categories are now as strategically important as the depth of physical distribution.

Case Example:

This shift is already being captured by brands that made online their primary channel from inception. In Health and Wellness, digital-native pharmacy and wellness platforms built consumer trust by offering doctor-verified recommendations and clinical cross-referencing at the point of digital purchase, a level of guidance that a physical pharmacy counter structurally cannot provide.

In Beauty and Personal Care, a generation of direct-to-consumer brands used the digital product page as their primary brand surface: detailed ingredient lists, formulation rationales and consumer reviews that physical packaging has neither sufficient space nor a suitable format to accommodate.

Both built meaningful category share without a physical footprint, demonstrating that in categories where consumers research before they buy, online information richness can substitute for physical trial and sometimes surpass it.

3. AI in the shopping journey: From experiment to default

64 percent of Indian consumers now use AI tools in place of traditional search engines when researching products.[19] This is not the gradual adoption of a useful feature. It is a behavioural shift in where the purchase journey begins. For a significant proportion of Indian consumers in 2026, AI is increasingly becoming the first stop.

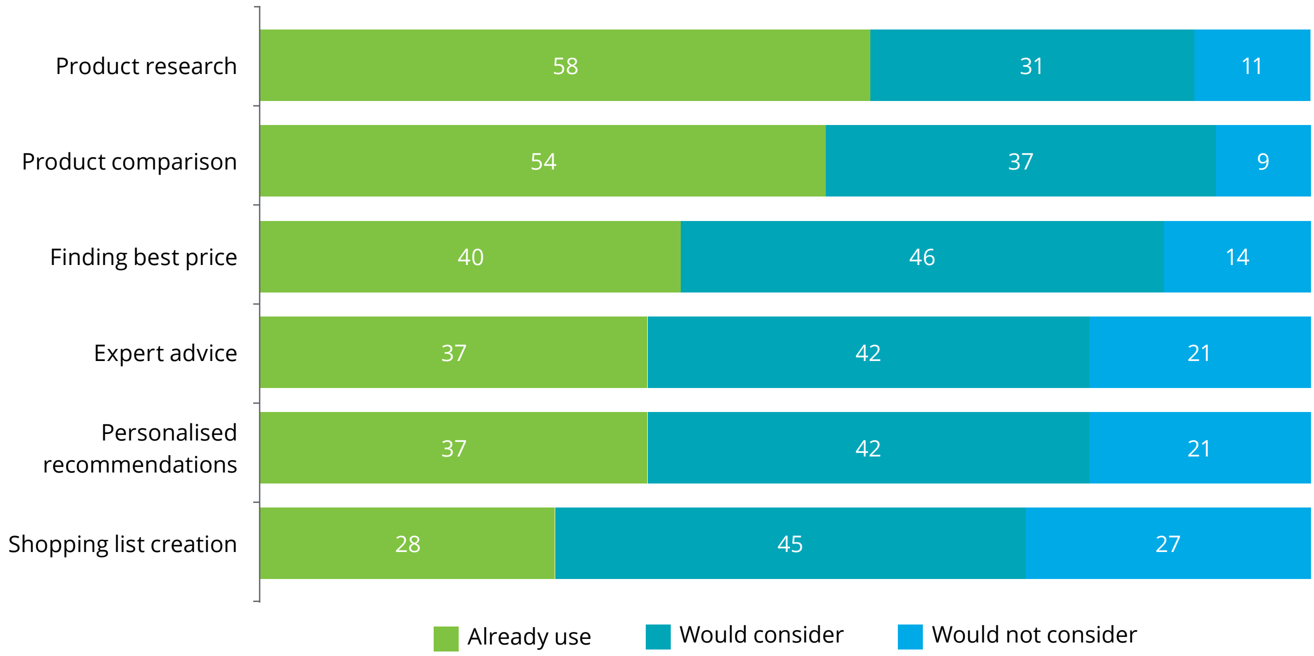
AI is now present across multiple stages of the shopping journey. Consumers are using it for product

[19] Deloitte India Consumer Survey 2026

comparison, product research, finding the best price, seeking expert advice, receiving personalised recommendations and building shopping lists. The breadth of this engagement signals that AI is not replacing a single touchpoint. It is reshaping the entire path to purchase.

For product comparison and product research, more than half of consumers are already using AI, not merely considering it. These are not aspirational responses. They reflect active and established behaviours. If we also into account people who "would consider" using AI, the intent take to adopt and use AI exceeds 85 percent. For other shopping activities such as seeking expert advice, personalised recommendations and creation of a shopping list the intent to adopt and use AI remains strong. This, accompanied by the fact that AI platforms are increasingly becoming smarter, signals that the current adoption is a floor, not a ceiling.

Figure 7: AI adoption across shopping activities: Current use and total intent
% of respondents

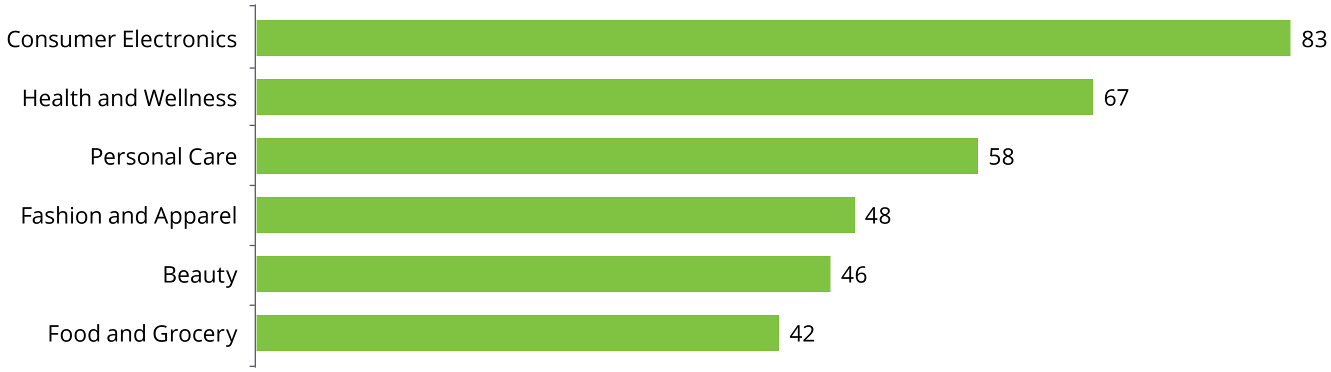


Source: Deloitte India Consumer Survey 2026

The specificity of where AI is being used most reveals its core value to the consumer. Consumer Electronics leads at 83 percent, a category where technical complexity, specification density and the volume of options make AI's ability to synthesise and simplify naturally valuable. Health and Wellness follows at 67 percent, where consumers seek personalised, evidence-based guidance. Personal Care ranks third at 58 percent, Fashion at 48 percent, Beauty at 46 percent and Food and Grocery at 42 percent. The pattern is consistent: the more information-intensive and high-involvement the category, the more readily consumers reach for AI.

Figure 8: Categories where AI is used more than traditional search engines for product research

% of AI-over-search respondents selecting each category

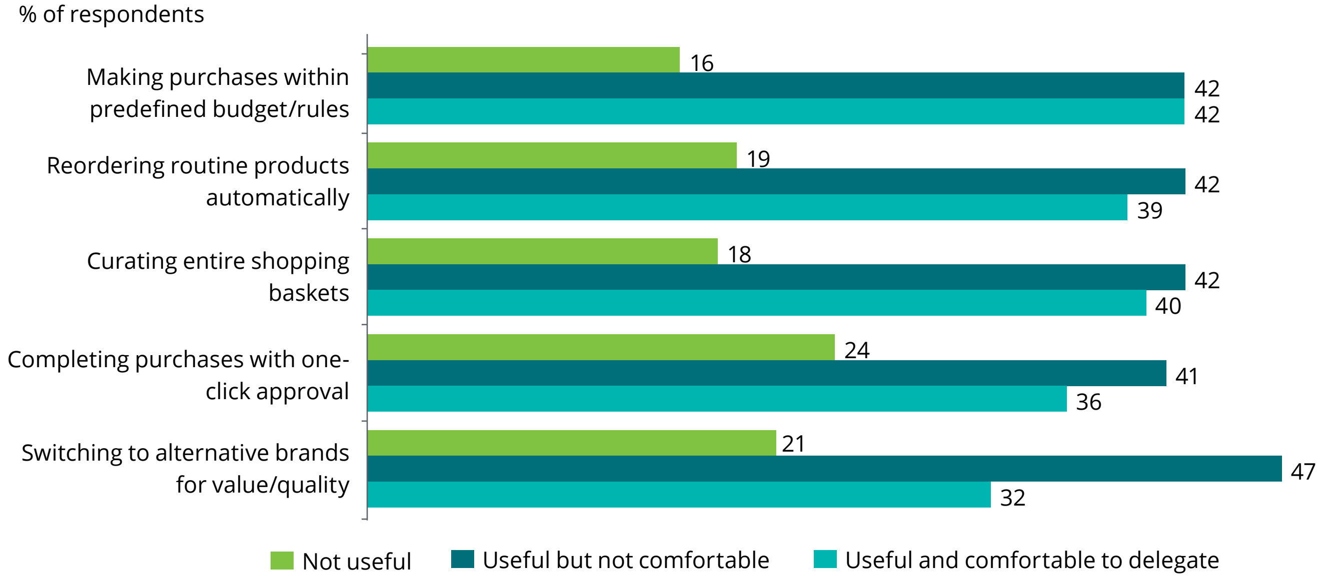


Source: Deloitte India Consumer Survey 2026

At present, AI's role as an autonomous agent in shopping remains limited. Consumers are comfortable using AI to advise, compare and research. They are considerably more cautious about AI acting on their behalf. Half are not comfortable with AI completing purchases independently. Acceptance is highest where the consumer retains control of the parameters: making purchases within a predefined budget or rule-set earns the strongest approval at 42 percent of users. As agentic AI capabilities develop, this boundary will shift, beginning with constrained, rule-governed scenarios where the consumer defines the limits of AI's authority.

Figure 9: AI-led shopping decisions: Comfort with delegation, by scenario

% of respondents



Source: Deloitte India Consumer Survey 2026

Given the growing role of AI across the shopper journey, the implication for brands is clear: they need to become recommended by AI. Achieving this will require brands to rethink how they create and distribute content across digital platforms so it can be effectively understood, interpreted and surfaced by AI assistants during consumer interactions.

This shift also changes how consumers discover brands. In traditional search, consumers are presented with a wide range of brands, retailers and results to explore. AI, however, typically responds with a small set of recommendations. As AI becomes a more common starting point for product discovery, visibility is likely to become increasingly concentrated among the brands that AI chooses to recommend. Brands that fail to appear in these recommendations risk becoming invisible at the point of consideration, regardless of how well they perform on traditional search engines. While this capability is becoming increasingly important, most Indian brands are still in the early stages of adapting their content and digital strategies for an AI-first discovery environment.

Case example:
A major e-commerce marketplace has introduced a conversational AI shopping assistant that enables shoppers to discover products, compare alternatives and receive recommendations through natural language conversations. Rather than requiring consumers to browse multiple product pages or refine search queries, the assistant provides contextual responses that simplify product discovery and decision-making.

Similarly, a leading fashion e-commerce platform has introduced an AI-powered conversational shopping assistant that enables shoppers to discover products through smart interactions while receiving personalised recommendations based on their preferences, occasions and style needs. By making product discovery more intuitive and interactive, the platform is reducing consumers' reliance on conventional keyword-based search.

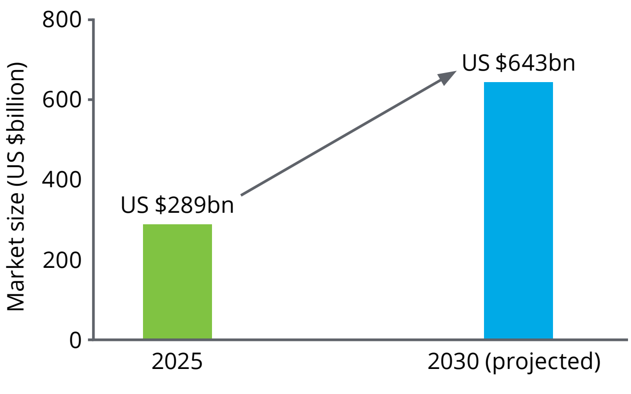
2. Supply chain volatility and impact on business operations

For India's consumer commerce businesses, supply-chain volatility has moved from an occasional disruption to a structural feature of how they operate. A sector once optimised almost entirely for cost, considering factors such as lowest landed price, lean inventory and fewest suppliers, is being re-engineered amid rising volatility to manage changing fragmented omnichannel demand, inflation-driven consumption shifts, last-mile distribution constraints, agriculture-linked input variability and the rapid expansion of hyperlocal delivery models. India's FMCG market, worth about US$289 billion in 2025 and projected to approach US$643 billion by 2030 (a ~17 percent CAGR), with rural India contributing over a third of sales, is large enough that even small shifts in input costs or service levels translate into outsized effects on margins and availability.[20]

For consumer goods companies, successful transformation is heavily dependent on building agile, responsive and data-driven supply chains that can deliver high customer service while maintaining a profitability margin. This trend traces that shift as a single story. It begins with the forces driving volatility, how these forces land differently on FMCG, modern retail and e-commerce, examines how leading companies and policymakers are responding and closes with risks and a future outlook in which AI, resilient network design and India's rise as a manufacturing and sourcing hub increasingly define competitiveness.[21]

Figure 10: India's FMCG market is scaling fast, raising the stakes on supply-chain reliability[22]

India FMCG market: Heading toward ~US $643 bn by 2030



Key drivers of supply chain volatility

Supply chain volatility is being driven by a combination of demand- and market-related and external geopolitical and macroeconomic factors. In this section we would deep-dive across some key drivers.

[20] https://www.ibef.org/industry/fmcg
[21] https://www.ibef.org/industry/fmcg
[22] https://www.ibef.org/industry/fmcg

1. Domestic demand-side and structural drivers

1.1 Rise of Quick commerce

Quick commerce is maturing into a US$50 billion powerhouse, with a shopper base projected to double to 70 million. Tier 2+ cities will drive 30 percent of the market as the model scales beyond urban hubs. Non-food categories like beauty, fashion and electronics will command 45 percent of total spend by 2030, creating a US$10 billion opportunity for vertical specialists. As consumer expects delivery time to shrink from days to hours to minutes, for manufacturers and distributors, shift has been essential from central distribution units to hyper-localised supply chains calling investments in micro fulfilment centres, with thousands of close to market dark stores. Quick commerce/E-commerce mandate minimum remaining shelf life of 70 percent , which shifts organisations' focus from traditional node-based inventory planning to segmentation and channel specific multi-echelon inventory optimisation. New markets are being created owing to local penetration and reach of quick commerce and their ability to push different products. In this rapidly evolving supply chain landscape, dark warehouses are emerging as the next stage of supply chain transformation, where operations move to fully autonomous, "lights-out" systems with minimal human involvement and 24/7 functioning. This shift is powered by advanced robotics and AI. They seamlessly manage key warehousing activities such as storage, picking, packing and shipping while evolving into intelligent ecosystems capable of real-time decision-making.[23,24]

1.2 Premiumisation and evolving consumer preferences

Consumer preferences are fundamentally reshaping India's FMCG landscape. Demand is becoming more premium, purpose driven and fragmented. A growing middle class is increasingly looking for health-conscious choices which are reshaping Food, Nutrition, Health and Wellness, and Beauty and Personal Care. As a result, companies are redefining product portfolios, pricing strategies and retail models to capture value-led growth. Private consumption is expected to reach US$5.7 trillion by 2030, including about US$2 trillion from trading up, premium segments are already contributing 27 percent of FMCG sales and 42 percent of value growth, the trend is both scalable and resilient.[25] This shift requires supply chains to become more agile and cost efficient, with greater emphasis on demand prioritisation and margin focused optimisation while generating production plans. Organisations are also relooking at the target KPIs considering profitability push instead of traditional sales volume focus.

1.3 Rural India's consumption shift

India's latest Household Consumption Expenditure Survey (HCES) data underscores a structural strengthening of rural demand, with poverty falling to 4.86 percent in recent years from 25.7 percent and the rural–urban consumption gap narrowing [Monthly per capita consumption expenditure (MPCE) differential at 69.7 percent vs. 88.2 percent].[26] This shift is increasingly driven by enabling factors such as infrastructure expansion, with over 7.8 lakh km[27] of rural roads constructed under Pradhan Mantri Gram Sadak Yojana (PMGSY) in the year 2025, significantly improving market access and connectivity. Also, the rapid expansion of digital financial inclusion driven by embedded finance, microfinance and instant credit solutions has further accelerated this shift. Access to working capital for *kirana* retailers and digital credit for rural consumers and farmers is improving purchasing power, strengthening retailer liquidity and accelerating FMCG distribution in new market. This enables organisations to expand distribution network expansion into remote geographies, onboard new distributors and retailers, focus on smaller pack sizes and develop localised product offerings.

1.4 Data-driven insights and personalised consumer experiences

The shift towards data- and AI-led growth in the 2025 marketing landscape is emerging as a key driver of supply chain volatility. 80 percent of consumers are more likely to purchase from personalised experiences. This means brands will compete with algorithmic recommendations, not just physical visibility or paid search placement. This leads them to be three times more likely to exceed revenue

23. https://www.storyboard18.com/digital/india-quick-commerce-market-to-reach-50-billion-dollars-by-2030-ws-l-94632.htm
24. https://www.deloitte.com/in/en/about/press-room/indias-e-commerce-market-set-to-reach--250-billion-by-2030.html
25. https://www.forbesindia.com/article/essec-business-school/premiumization-in-india-redefining-aspiration/96422/1
26. https://www.fortuneindia.com/macro/rising-consumption-infra-gains-drive-rural-poverty-down-sbi-research/119816
27. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2158067&reg=48&lang=2

targets and 64 percent of brands scaling AI for content and efficiency. For FMCG and retail, this transition is elevating personalisation from a front-end tactic to a core driver of demand patterns, resulting in increasingly real-time and context-driven consumption. Increasing use of AI enabled personalised recommendations, targeted promotions and push notifications demanding organisations to focus on demand sensing capabilities to get the signals and ensures production and distribution plans are agile having shorter planning cycles.

2. Global and macroeconomic drivers

2.1 Geopolitical disruptions, trade regulations and sourcing challenges

India's FMCG sector remains closely tied to ongoing geopolitical conflicts, tariffs and sanctions, changing trade policies and regional instability continue to disrupt global trade routes and sourcing networks. Conflicts in key manufacturing and shipping regions have led to increase in transportation costs and lead times for material availability, making it vulnerable to geopolitical and logistical disruptions. The Strait of Hormuz, handling nearly 50 percent[28] of India's crude imports, impacts fuel and logistics costs, while the Strait of Malacca is critical for edible oil imports, which meet ~60 percent[29] of domestic demand. Disruptions in the Red Sea have further strained supply chains, with vessel traffic declining sharply and rerouting via the Cape of Good Hope, increasing distances by up to 48 percent and delivery times by 45 percent. Together, these challenges have driven up freight, input costs and inflationary pressures for FMCG companies.[30]

Increasingly stringent regulatory requirements across export markets are adding further complexity to sourcing and supply chain operations. FMCG companies need to comply with varying product quality, safety, traceability, sustainability, packaging and ingredient standards across different regions.

2.2 Climate variability and operational risks

Climate and weather conditions have significant impact on India's farming output. India's dependence on monsoon-driven agriculture makes the availability of key raw materials highly sensitive to changing weather patterns. Events such as El Niño have been associated with crop yield declines exceeding 10 percent[31] for staples such as paddy and maize, while in 2025, over 58 percent of kharif-growing areas received excess rainfall, heightening risks to agricultural output. These fluctuations can impact the availability and pricing of critical inputs, including sugar, wheat, dairy, and edible oils, contributing to cost pressures across FMCG supply chains.[32] Managing commodity inflation and margin protection would be key focus for consumer commerce industry.

Impact on FMCG/Consumer Packaged Goods (CPG) and retail

Supply chain volatility and disruptions are significantly impacting FMCG/CPG and retail businesses across multiple dimensions such as sourcing and logistics cost, margin pressure, brand visibility and availability, inventory imbalances etc. We will talk about two to three key impacts in detail.

1. Rising input cost pressure

For consumer companies, volatility in commodity markets and exchange rates has significantly increased sourcing cost. In early-to-mid 2026, palm oil and crude-linked derivatives turned inflationary, while copra and coffee softened, creating a mixed input-cost environment that complicates pricing and production planning across edible oils, packaged foods, beverages, home care and personal care products. This exposure is amplified by India's dependence on edible-oil imports, with nearly 56 percent of domestic demand met through imports and palm oil accounting for about 57 percent of total edible-oil imports,[33] making FMCG categories highly sensitive to global commodity prices, freight costs and duty changes. Currency volatility adds further pressure as India imports a substantial share of its edible oils and other dollar-denominated inputs, increasing landed procurement costs.

28. https://www.financialexpress.com/business/news-what-tensions-around-strait-of-hormuz-mean-for-india-50-crude-imports-over-40-billion-non-oil-exports-at-risk-4157980/
29. https://www.thehindubusinessline.com/economy/agri-business/building-a-resilient-edible-oil-policy-for-india/article70228754.ece
30. https://documents1.worldbank.org/curated/en/099253002102539789/pdf/IDU10b8b59671dbc814cfc19c4a1 299ff54854ba.pdf
31. https://economictimes.indiatimes.com/news/economy/agriculture/el-nino-spells-trouble-for-kharif-harvests-across-india/articleshow/131170860.cms
32. https://www.nationalheraldindia.com/national/record-rainfall-distortions-in-2025-monsoon-affect-indias-agriculture
33. https://ddnews.gov.in/en/govt-pushes-for-edible-oil-self-reliance-under-nmeo-oil-palm-coverage-reaches-6-20-lakh-hectares/

The resulting increase in raw material, packaging, freight and logistics costs is compressing margins and forcing companies to adopt pricing interventions. Some companies are using agentic AI solutions to manage price adjustments. Management commentary reflects this trend where leading FMCG companies have highlighted increasing raw material cost pressure linked to global commodity volatility and is balancing price increases with cost control measures and selective pack-size adjustments. Projecting commodity prices and computing impact on Cost of Goods Sold (COGS) and gross margin has become important use case for organisations having higher exposure to commodities.

2. **Inventory and assortment risks**

   For organisations, demand uncertainty, supply variability and channel conflicts are making inventory planning more challenging. Maintaining the right assortment at the right location has become necessity, resulting in simultaneous stock-outs of fast-moving products and excess inventory in slower-moving categories. These imbalances often require sub-optimal material movements across depots, price discounts, liquidation and increasing operational complexity. For certain products, considering their shelf life and expiry challenges, it has become a key ask for organisations to focus on inventory optimisation across channels and measures to reduce slow and non-moving inventory.

How organisations are responding

The response is a decisive move from efficiency-only to resilient-and-efficient supply chains reflected in how Indian consumer companies are reorganising sourcing, technology, sustainability and even how policymakers use trade levers.

1. **Advanced planning capabilities: Building demand and supply planning intelligence**

   Advanced planning capabilities are emerging as critical enablers for FMCG supply chains. There are platforms which provide integrated, end-to-end visibility across demand, supply, inventory, and logistics networks, and finance allowing organisations to make faster, more informed decisions in highly dynamic environments. By using AI-driven forecasting, demand sensing along with multi-factor models and constraint-based objective functions led planning to prioritise service level, throughput or profitability, these capabilities enable organisations to anticipate fluctuations, optimise inventory levels and manage capacity constraints effectively. Their scenario planning and "what-if" simulation capabilities help businesses proactively respond to disruptions such as supply shortages/constraints (shutdowns, machine breakdown, raw material shortage) or ad hoc demand surges, minimising service impacts. Companies are also looking at end to end integrated solutions where core ERP is integrated with day-to-day planning. For example, execution systems such as warehouse, transport management and scheduling are integrated with digital AI ML layer for data analytics and Gen AI capabilities. Leading organisations are also moving towards no touch planning which would help in the right input and manual effort reductions.

2. **Network optimisation and control towers**

   Companies are investing in digital twins for providing real-time, end-to-end visibility across suppliers, manufacturing, logistics and sales channels, enabling real-time tracking, predictive insights and AI-driven decision-making. These capabilities help firms to anticipate disruptions, dynamically rebalance inventory, reroute shipments and manage exceptions based on impact, while fostering collaboration across the ecosystem. Leading FMCG companies are using AI as a core capability in transforming value chain into an integrated, data-driven ecosystem spanning demand forecasting, supply chain optimisation and operations. They also deploy AI demand forecasting models that combine weather, events, social data and sales to predict demand for many products to simulates factories and logistics networks in real time.

   Additionally, organisations are reconfiguring their supply chains by optimising its network footprint to enhance resilience and market responsiveness. By redesigning manufacturing, warehousing, distribution and transportation networks, companies are strategically positioning inventory closer to market while balancing service levels and operating costs. Network optimisation capabilities which are now performed regularly help in evaluating scenarios such as warehouse location and size rationalisation, consolidation of warehouses, regional distribution hubs, dark store placement and capacity for quick commerce. This enables organisations to optimise total cost to serve (manufacturing cost + primary logistics cost + secondary logistics cost), improve delivery speed, enhance On-Time In-Full (OTIF) and fill rate performance and also improve customer satisfaction.

   Organisations are increasingly integrating sustainability into logistics decision making by optimizing transportation network to reduce both costs and carbon emission. The adoption of electric and alternative-fuel fleets, along with improved vehicle utilization, route optimisation and shipment consolidation, is helping organisations lower logistics emissions without compromising service level. Looking ahead, carbon intensity per shipment is emerging as an important logistics KPI alongside cost, OTIF and fill rate, enabling organisations to balance operational efficiency with environmental performance.

3. **Supplier diversification and sourcing resilience**
   Organisations are actively diversifying their supplier and sourcing bases to manage rising risks from geopolitical uncertainty, raw material constraints, trade policies and over-reliance on specific regions. Companies are adopting multi-sourcing models, building regional supplier ecosystems and onboarding alternative vendors for critical raw materials. This enables supply continuity along with flexibility, improves negotiation power and helps with quicker responses to market disruptions.

Case 1: Leading CPG companies focusing on enhancing planning capabilities

Organisations struggling to accurately forecast demand and balancing supply across nodes are resulting in higher sales loss and sub optimum inventory levels and low OTIF and fill rate. To address these issues, companies are investing in advanced planning capabilities including AI led forecasting models, optimisation engine and scenario planning to generate production plans and redesigning inventory policy and replenishment logic. This would help in higher stock availability and optimised working capital leading to higher sales and margin realisation.

Case 2: Driving stability and predictability in margins through volume prediction and bottom-up COGS calculation

Leading FMCG companies have established a structured gross margin assurance capability to improve visibility and control over margin performance amid rising volatility in commodity prices and demand pattern. Companies have implemented bottom-up COGS modelling and dynamic forecasting to provide two to four quarter visibility of future gross margin. By leveraging cloud-based platforms and automation of inputs in should-cost models from multiple sources, it has resulted in reduced human intervention and reduced forecasting errors. It helps organisations with better inventory planning, commodity hedging and product pricing decisions. Additionally strong focus on variance analysis between projected and actual gross margin supported by detailed loss tree analysis helped in identifying value leakage and measures for improvement.

Case 3: Operational transformation and innovation through dark store-driven fulfilment

Some of the leading quick commerce companies are using dark stores models to transform and innovate their supply chain network by building dense networks of hyperlocal fulfilment centers near to the demand centers. Instead of relying on large, centralised warehouses, they operate thousands of small dark stores located close to customers, focusing on fast-moving products. This network setup helps in reducing delivery distances and enabling faster, more reliable service. At the same time, improved store-level productivity equipped with warehouse level automation and higher throughput has helped to optimise cost and strengthen unit economics.

Risks, challenges and outlook

Risks and challenges

1. **Demand volatility and planning complexity**
   Rapidly changing consumer preferences, service level expectations, compressed fulfilment timelines and the proliferation of sales channels and Stock Keeping Unit (SKUs) are making forecasting, inventory management and replenishment planning increasingly complex. Balancing service levels, product availability and cost efficiency remains a key challenge for consumer companies.

2. **Technology obsolescence**
   Rapid advancement in agentic AI, automation and digital platforms may create risk of technology obsolescence where current investments may become outdated without recovering ROI.

3. **Workforce disruption**
   Rise of agentic AI is expected to disrupt traditional workforce by shifting roles from manual, repetitive and non-value adding to strategic thinking and human-centric oversight. This may create risk of capability gap and workforce displacement.

Outlook

1. **Omnichannel, Quick commerce and D2C expansion**
   Consumer demand for speed and convenience will continue to accelerate the growth of quick commerce and omnichannel retail. Companies will need to redesign distribution networks, strengthen last-mile capabilities and enable seamless inventory visibility across physical and digital channels. As digital adoption deepens, D2C channels will become increasingly important for customer acquisition, brand

building and innovation. Traditional FMCG players are expected to further integrate D2C capabilities into their omnichannel strategies to strengthen consumer engagement and accelerate market responsiveness.[34]

2. **AI-enabled and predictive supply chains**
   In the next few years, Gen AI-led agentic solutions and advanced planning capabilities would make autonomous supply chains where agents helping systems to enable demand sensing, inventory optimisation, supplier-risk management and scenario planning with minimum human intervention. Generative AI applications in segmentation of inventory, deciding channel specific inventory norms, suggesting system-based input being a better value add than human consensus would help in driving no touch planning. As organisations move from reactive planning to predictive and increasingly autonomous operations, AI will become a core enabler of resilient and adaptive supply chains.

3. **Resilience and sustainability as strategic priorities**
   Green logistics would emerge as strategic importance for enhancing both resilience and sustainability within new supply chain. Organisations are increasingly prioritising environmentally responsible practices such as adopting low electric vehicles for last mile delivery and integrating renewable energy into logistics and warehousing operations. This initiative would help in reducing carbon footprints and strengthening operational resilience by lowering dependency on fossil fuels.

   Overall, the next phase of consumer commerce will favour companies that combine speed, visibility, flexibility and resilience with disciplined planning and execution. Organisations that invest early in digital supply chain capabilities and adaptive operating models will be best positioned to capture future demand and protect profitability.

3. AI is gradually becoming the core business operations layer

3.1 AI is becoming the intelligence layer powering consumer businesses, enabling decisions across consumer engagement, product innovation, demand planning and supply chain operations

AI is rapidly evolving from a tool to enhance productivity into an intelligence layer that underpins how consumer goods companies, retailers and e-commerce platforms operate. It is enabling businesses to interpret vast volumes of consumer and market data and convert them into real-time decisions. As AI capabilities mature, intelligence becomes embedded across the value chain, flowing from consumer discovery and demand forecasting to product innovation, SCM and customer engagement.

[34] https://partner2b.com/post/deloitte-on-2025-marketing-trends-personalization-ai-and-growth-through-resilience

AI as an intelligence layer across the value chain

Sourcing and procurement	Manufacturing and quality control	Supply chain and logistics	Merchandising, assortment and NPD	Store operations	Marketing and branding
• Supplier risk monitoring • Spend analytics and classification • Invoice processing automation • Price variance and anomaly alerts • Tail-spend identification	• Predictive maintenance • Visual defect detection • Downtime and yield analytics • Production run scheduling • Batch quality traceability	• Demand forecasting • Automated replenishment triggers • Route and load optimisation • Predictive and self optimising supply chains • Supplier lead time prediction	• Localised assortment planning • Planogram compliance monitoring • SKU rationalisation • Social listening and trend detection • Sales velocity forecasting for new launches	• Shelf out-of-stock detection • Staff scheduling optimisation • Footfall and conversion analytics • Markdown and clearance automation • Loss prevention and shrink analytics	• Content generation and localisation • Campaign performance optimisation • Consumer sentiment monitoring • Personalised content and targeting strategy • Conversational commerce interface and automated chats
Manufacturing and SCM			Product and inventory	Customer-facing and sales	

Source: Deloitte analysis

AI's impact across the value chain[35]

8–10%	5–10%	5–6%	8–10%
Savings on plan/buy/make and overall product development	Increase in supply chain efficiency through optimised forecasting and procurement	Savings for in store operations and sales conversations	Savings in marketing and branding

Overall, AI is enhancing individual functions and integrating the entire value chain, enabling faster, data-driven decisions while delivering tangible benefits in the form of cost savings and efficiency gains.

3.1.1 Planning cycles, manufacturing and supply chains are becoming predictive and self-optimising (Manufacturing and SCM)

Supply chains have traditionally relied on historical sales data, periodic forecasting cycles and manual planning interventions. AI is enabling organisations to move towards demand-sensing and predictive operating models across a manufacturing and supply chain that can respond to market signals in near real time. Consumer goods companies are increasingly integrating point-of-sale data, social media trends, search behaviour and external market indicators into forecasting models. Retailers are using AI to optimise replenishment, inventory allocation and assortment decisions. Over time, planning systems are expected to become increasingly autonomous, continuously adjusting inventory, sourcing and replenishment decisions based on changing market conditions.

35. Deloitte internal analysis

3.1.2 Product innovation is becoming consumer-led and data-driven (Product and inventory)

AI is changing not only how products are marketed and sold, but also how they are developed. Today, AI enables companies to analyse millions of consumer interactions, reviews, search queries and purchase behaviors to identify unmet needs and emerging trends. This is accelerating innovation cycles and new product development, enabling companies to respond faster to innovation. Brands can increasingly identify emerging flavor preferences, ingredient trends, packaging requirements and regional consumption patterns earlier than before, allowing product pipelines to become more responsive and demand driven. Additionally, content generation, including marketing and campaigns, is being built at speed, shortening the entire cycle of ideation to development.

3.1.3 Consumer engagement is becoming AI-native (Customer-facing and sales)

One of the most prevalent trends that AI in consumer industries is observing is the growing ability to personalise engagement at scale. AI enables a transition towards real-time, individual-level engagement by continuously analyzing browsing behavior, transaction history, location, preferences and contextual signals. Recommendation engines, dynamic content generation, personalised promotions and conversational commerce interfaces are becoming increasingly common across retail and e-commerce. Over time, consumers are likely to interact less with static digital interfaces and more with intelligent systems that curate products, answer questions and facilitate purchases on their behalf. This represents a shift from digital commerce to intelligent commerce.

AI features consumers are using or consider using in future[36]

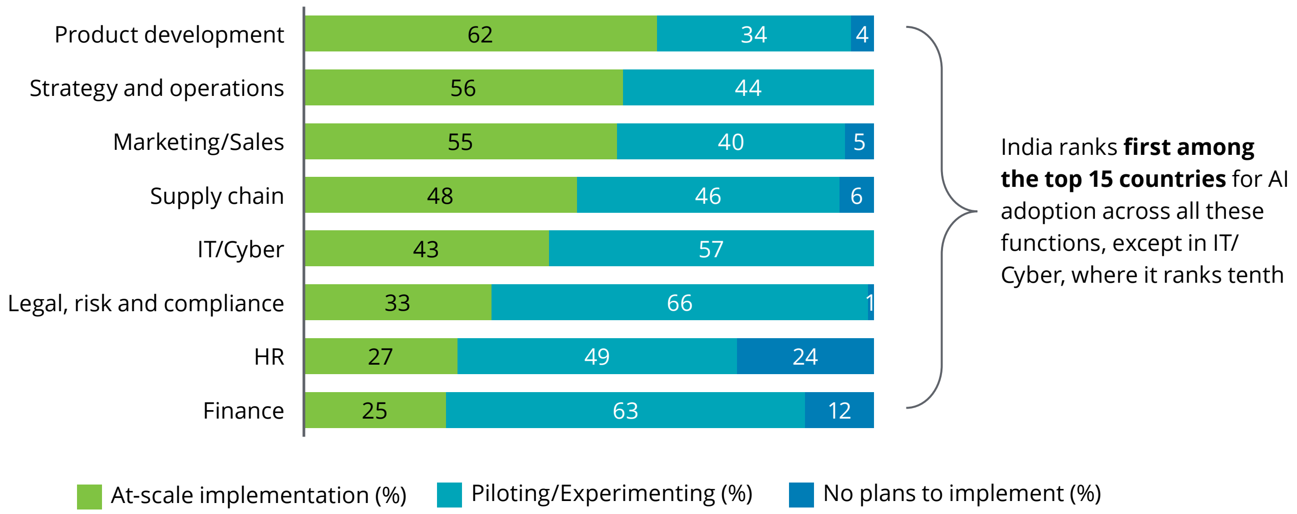
>50% of consumers are already using AI to know more about a product or compare products to find the best fit

~50% of consumers would want to use AI for more advanced uses such as finding best deals/price or curating personalised shopping wishlists

3.2 Key drivers and adoption trends

Companies are accelerating AI adoption across business functions, with several use cases now moving from experimentation to at-scale implementation. While adoption remains uneven across functions, strategic and customer-facing areas are leading the way, with support functions following closely.

Figure 11: AI adoption in India is scaling across strategic and support functions[37]



36. Insights from Deloitte consumer survey 2026, on FMCG retail and ecommerce
37. State of AI in the enterprise: India insights, Deloitte, April 2026

Key drivers

Driver	Description	
Rising consumer expectations are outpacing human-led operations	Consumers increasingly expect personalised recommendations, instant responses, dynamic offers and seamless experiences across channels. Meeting these expectations at scale is becoming operationally impossible through traditional rule-based systems and manual decision-making, making AI a necessity rather than an enhancement.	Consumer driven
Too many choices are increasing cognitive overload	As product assortments continue to expand across channels, consumers are increasingly faced with choice overload, making it difficult to identify the most relevant options and leading to decision fatigue, delayed purchases and cart abandonment. Even for routine or repeat purchases, shoppers must often navigate multiple products, compare alternatives, review ratings and manually rebuild baskets, creating unnecessary friction.	Consumer driven
Businesses are sitting on vast untapped data assets	Consumer goods and retail companies generate enormous volumes of transaction, inventory, loyalty, search and consumer interaction data, much of which remains underutilised. AI is enabling organisations to convert these fragmented data pools into actionable intelligence and real-time decisions.	Business driven
Margin pressures are forcing a new productivity paradigm	With rising input costs, increasing channel complexity and slowing productivity gains from traditional levers, businesses are under pressure to do more with fewer resources. AI offers a structural opportunity to improve decision quality, reduce manual effort and unlock productivity across the value chain.	Business driven
AI has become operationally deployable	The emergence of GenAI, multimodal AI and AI agents has dramatically expanded the range of business problems AI can address. What was previously limited to analytics teams can now be embedded directly into everyday workflows across marketing, planning, procurement, customer service and merchandising.	Business driven

Impact on FMCG, retail and E-commerce business operations

1. **AI Is exposing the need for more connected data and technology foundations**

   As organisations deploy AI across marketing, supply chain and commercial functions, many are discovering that existing data and technology environments operate in silos and fragmented ends. In many cases, functions continue to build separate data pipelines, models and technology stacks around individual use cases, leading to duplication, integration challenges and rising implementation costs. As a result, organisations are increasingly directing investments towards improving data quality, connecting systems and modernising technology infrastructure to support broader AI adoption across the enterprise.

2. **Workforce models are being reassessed in an AI-enabled environment**

   As AI increasingly automates routine analytical, reporting, content creation and execution-oriented activities, organisations are re-evaluating workforce structures and capability requirements across functions. While AI copilots are improving productivity and enabling employees to focus on higher-value activities, they are also creating uncertainty around the long-term role of tasks centred on information gathering, data processing and routine analysis. As a result, many organisations are simultaneously investing in AI skills and workforce transformation while reassessing how teams should be structured, managed and scaled in an increasingly AI-enabled operating environment.

Areas where companies are investing in for AI talent and preparedness[38]

59% are using incentives to drive AI adoption in roles and workflow	**61%** are building upskilling/reskilling programmes to broaden capability	**50%** are educating broader workforce to raise overall AI fluency

3. **Structured data is becoming critical to commercial performance**

   As AI increasingly influences product discovery, recommendations, forecasting and consumer engagement, the quality and consistency of underlying data is becoming a direct driver of business outcomes. Many organisations are investing in richer product attributes, standardised catalogues, cleaner consumer records and unified data models to improve discoverability, recommendation accuracy and decision quality. Increasingly, the ability of products to be accurately interpreted, recommended and prioritised by AI systems is becoming as important as their visibility on physical shelves or digital storefronts.

4. **FMCG and retail companies are pioneering the GCC space with more capability centres in India**

   Consumer goods and retail companies have pioneered the expansion of Global Capability Centres (GCCs) in India, increasingly positioning them as strategic hubs for AI, digital and analytics capabilities. What began as centres focused on IT and shared services is evolving into enterprise innovation hubs that develop AI solutions, digital products, advanced analytics and intelligent automation for global operations. This expansion is not only accelerating enterprise-wide AI adoption but is also driving demand for high-skilled talent across data science, AI engineering, product development and digital operations, reinforcing India's role as a global capability and innovation destination. These centres are evolving from traditional support hubs into strategic innovation hubs that develop AI solutions, digital platforms and enterprise-wide intelligence capabilities for global operations. There are 70 retail/ CPG GCCs with 85,000 professionals in India and around 25 retailers expected to set up GCCs in next two years.[39]

   Key activities increasingly being led from India's GCCs include the following:

   - Assortment and pricing analytics to analyse sales, promotion effectiveness and inventory data
   - Demand and consumer insights, using advanced analytics models
   - GCC-anchored control towers orchestrating end-to-end supply chain decisions globally
   - End-to-end marketing execution (content, campaigns, digital ops) centralised at scale
   - Computer vision and Augmented Reality systems ensuring on-shelf availability and execution accuracy

5. **Organisational responses and market case studies**

   AI adoption across FMCG, retail and e-commerce is extending well beyond consumer-facing applications into core business operations. Companies are increasingly deploying AI across demand forecasting, inventory optimisation, supply chain planning, manufacturing quality control, pricing, merchandising, customer service and personalised marketing. While adoption maturity varies across organisations, early deployments have reported benefits including improved forecasting accuracy, faster decision-making, enhanced operational efficiency, reduced manual effort and stronger consumer engagement. The following case studies illustrate how leading organisations are beginning to generate measurable business value from AI across both front-end and back-end operations.

38. State of AI in the enterprise: India insights, Deloitte, April 2026
39. Why Global Retailers Are Setting Up GCCs in India Before Opening Stores, Economic times, June 2026

Front end

Use case	What has been done?	Impact
AI-enabled process automation across dealer and supplier network	A home and household company deployed an AI-based computer vision solution for automated paint defect detection. The system uses machine learning and image recognition to identify defects based on texture, colour, position and surface characteristics, replacing manual inspection processes. Additionally, deployed AI- and automation-enabled decision systems for automated GST reconciliation, invoice validation and exception management processes.	The company achieved 93 percent defect detection accuracy. Automated identification of 150+ paint-related defect types across 15 categories.
AI-driven demand forecasting and supply chain optimisation	An FMCG player has embedded AI across demand forecasting, supply chain planning and operational decision-making, using large-scale data inputs to improve forecasting accuracy, replenishment and inventory management. AI is integrated into the company's consumer, customer and operational ecosystems to support end-to-end planning and execution.	The company reports measurable improvements in planning responsiveness, operational efficiency and decision-making speed through AI-enabled forecasting and supply chain optimisation.
AI-powered discovery and personalisation	A beauty retailer uses AI across product recommendations, personalised storefronts, and beauty diagnostics to tailor the shopping experience based on individual consumer behaviour and preferences. The platform uses AI to improve product discovery, search relevance, customer acquisition and engagement, enabling more contextual and personalised consumer journeys at scale.	AI-led personalisation delivered a ~45 percent uplift in clicks and over 50 percent higher customer acquisitions, demonstrating the commercial impact of personalised commerce at scale.
AI-driven vernacular search and precision discovery	An ecommerce player has built an AI model that analyses over 400 trillion input signals across 100+ AI ranking models to serve a hyper-personalised, infinitely scrolling product feed to each user in real time. It interprets behavioural, transactional and contextual signals, including regional and vernacular patterns via its Large Language Model-powered discovery to surface products before the consumer forms a search query.	Over 75 percent of all orders now originate from AI-driven personalised feeds powered by the AI model and not keyword search, across a platform serving ~250 million annual transacting users.

Key risks in AI adoption and outlook

Key risks

1. While AI promises productivity and efficiency gains, the total cost of ownership, including data modernisation, cloud infrastructure, model licensing, talent, governance and ongoing maintenance, can be substantial. For many organisations, the challenge is shifting from experimentation to generating measurable business returns at scale.

2. As AI becomes increasingly embedded across consumer engagement, planning and decision-making, organisations are becoming more dependent on high-quality and trusted data. Fragmented systems, inconsistent data and growing concerns around privacy and cybersecurity can limit AI effectiveness while increasing operational, reputational and regulatory risks.

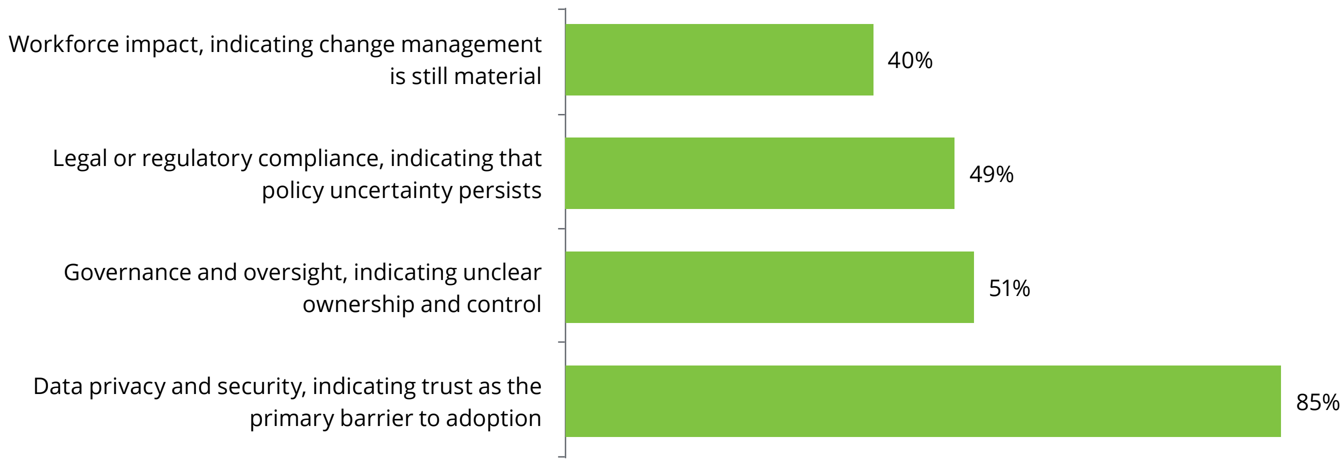
3. Many organisations are deploying AI faster than governance structures can adapt. Questions around ownership of AI-driven decisions, model accountability, human oversight and risk management remain unresolved, particularly as AI becomes more deeply embedded within core commercial and operational processes.

4. As AI becomes embedded across commercial and operational processes, they are grappling with data privacy and security concerns, alongside unresolved questions around ownership of AI-driven decisions, model accountability, human oversight and risk management.

5. AI is beginning to automate activities and decision support, creating uncertainty around the workforce around job threat. While organisations are investing in reskilling and AI enablement, the pace and extent of workforce transformation remain difficult to predict.

6. The rapid adoption of AI is outpacing the development of regulatory frameworks in many markets. As governments introduce new requirements around transparency, data usage, consumer protection and AI governance, companies may face increasing compliance scrutiny and implementation complexity.

Figure 12: Biggest AI risks cited by companies[40]



40. State of AI in the enterprise: India insights, Deloitte, April 2026

Outlook

1. **AI will become embedded across the value chain**
   Brands and retailers will increasingly integrate AI across product innovation, demand planning, pricing, promotions, supply chain operations, merchandising and consumer engagement. Rather than being deployed through isolated use cases, AI will become a foundational capability that supports decision-making and execution across the entire business value chain.

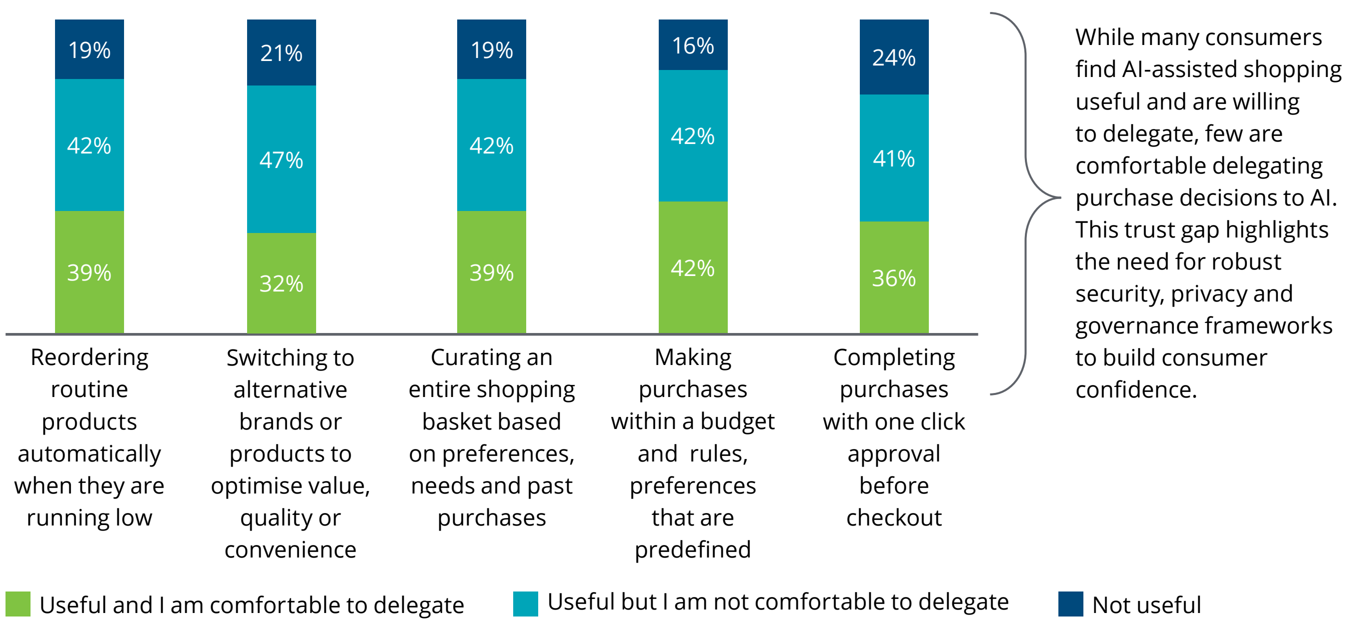
2. **Routine decisions will become increasingly automated**
   Many routine commercial and operational decisions, including inventory allocation, replenishment, pricing, promotions and media optimisation will increasingly be executed autonomously within defined guardrails. Human intervention will shift towards oversight, exception management and strategic decision-making rather than day-to-day execution.

3. **Planning and resource allocation will become more dynamic**
   The traditional cadence of annual plans, monthly reviews and periodic forecasting cycles is likely to lead to more adaptive planning models. Inventory deployment, promotional investments and assortment decisions will increasingly be adjusted in response to evolving consumer and market signals. Additionally, AI-led dynamic planning and execution will optimise and shorten planning and execution cycles.

4. **AI copilots will become a key interface for business decisions**
   Over the next few years, employees across commercial, supply chain and customer-facing functions are likely to increasingly interact with AI copilots as part of their daily workflows. These systems will help analyse data, generate recommendations, simulate scenarios and support decision-making, reducing time spent on manual analysis and enabling faster execution. With this, workforce roles will shift towards higher-value activities.

5. **Businesses will design for autonomous consumption models**
   As AI assistants increasingly participate in purchase decisions and routine transactions, organisations will prepare for AI systems where consumers delegate portions of discovery, comparison and purchasing to intelligent agents. This will require investments in structured product data, interoperable commerce systems and governance mechanisms that ensure autonomous interactions remain transparent, secure and aligned with consumer preferences and regulatory expectations. As consumers increasingly look to delegate shopping decisions to AI, companies will build the data, technology and commerce infrastructure needed to support AI-led discovery and purchasing.

Figure 13: Consumers' preference towards autonomous AI led shopping decisions[41]

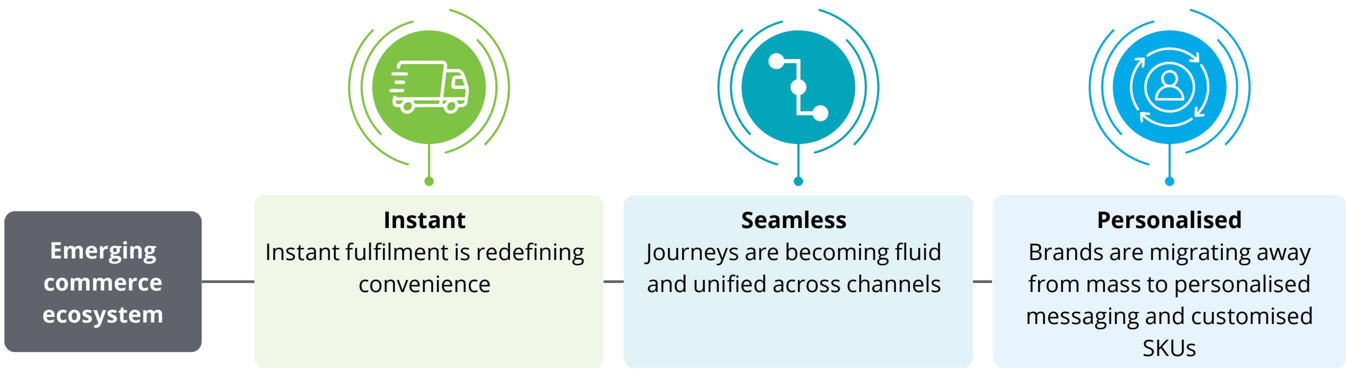


41. Insights from Deloitte consumer survey 2026, on FMCG retail and ecommerce

4. Rise of the new commerce ecosystem- Instant, seamless and personalised

4.1 Businesses are responding to consumers' preference to move fluidly across physical and digital touchpoints, creating a much faster, personalised and more connected commerce ecosystem

A traditional purchase funnel which is linear, sequential and channel-specific, is giving way to a commerce model defined by three converging shifts: instant fulfilment as a base consumer expectation, the integration of physical and digital touchpoints into a single purchase journey and the migration of brand messaging from mass-media platforms to trust-based networks. Consumers no longer think in terms of channels. They think in terms of needs and outcomes. They expect products to be discoverable wherever they spend their time, purchasable through whichever touchpoint is most convenient in the moment and delivered within increasingly compressed timelines. Collectively, these are redefining the operating context for all players in the FMCG, retail and e-commerce space.



4.1.1 Instant fulfilment is redefining convenience (Instant commerce)

Growing from US$8 billion in 2025 to US$50 billion in 2030, quick commerce Gross Merchandise Value (GMV) is expected to surge by six times over the next five years,[42] driven by increasing preference for convenience and instant delivery. This growth mirrors the shift in how consumers shop for instant gratification, changing both demand and supply dynamics. Several trends are reshaping the evolution of instant commerce, expanding its role beyond convenience-led grocery fulfilment.

Category expansion from grocery to non-grocery and services

Quick commerce originated as a grocery replenishment channel, but that characterisation has now moved beyond the basics. Non-grocery categories are growing 1.6 times faster than grocery on quick commerce platforms.[43] Fashion and BPC have seen >100 percent YoY growth, both contributing 3 percent to 5 percent each to the total non-food GMV for quick commerce.[44] Additionally, service platforms have also started to deliver instant services, including salon services, instant home help, grooming services, among others. What began as a solution for forgotten grocery is now positioned as an everything in minutes retail model.

Planned stock-up witnessing migration to quick commerce

Planned monthly household stocking is migrating from traditional kirana stores to quick commerce platforms. Many consumers are buying groceries based on immediate needs rather than stocking up in advance. Average order values on quick commerce have increased from INR250 to INR 650 –700, while monthly order frequency per user has also almost doubled.[45] To support this shift, platforms are deploying larger "megapod" dark stores with broader SKU assortments designed for stock-up missions. Indians now purchase FMCG products 156 times a year, up from 80–90 occasions around five years ago,[46] reflecting a clear move

42. The $250 Billion Commerce Frontier, Google-Deloitte, April 2026
43. How the Expansion of Dark Stores Is Fueling Quick Commerce Growth in India, Shadowfax, June 2026
44. Demystifying the Quick Commerce Landscape in India, Eximius Ventures, June 2025
45. Insights from Inc42 Media, April 2026
46. Fewer top-ups mark FMCG buying shift, Kantar via economic times, May 2026

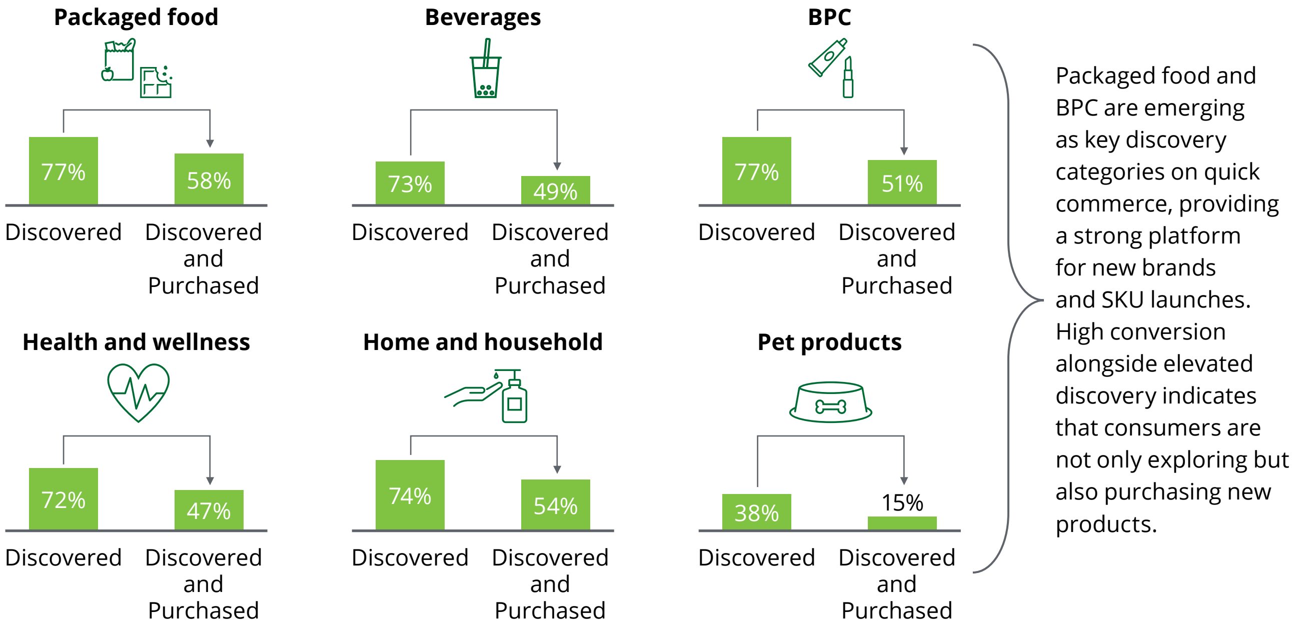
towards more frequent, need-based purchasing enabled by instant commerce.

Quick commerce platforms evolving as new launchpads

For emerging digital first brands, quick commerce has fundamentally altered the economics of market entry. These brands now contribute over 30 percent of total quick commerce sales, with smaller cities outperforming metros by achieving 2–3 times higher sales growth,[47] reflecting the channel's role in democratising brand access beyond metro strongholds. The combination of urban reach, real-time sell-out data and impulse-driven discovery makes quick commerce the most capital-efficient trial and scale-up route available to new-to-market brands today.

Specific brand trajectories illustrate the scale of opportunity. A gourmet snack brand generates 87 percent of its total sales through quick commerce at a 45 percent y-o-y growth rate. A D2C BPC brand grew monthly sales from US$6,000 to US$180,000 within 18 months of listing on quick commerce.

Figure 14: Consumers who discovered and purchased new brands on quick commerce[48]



Note: The graph denotes percentage of respondents who discovered a new brand on this channel, and out of those respondents, how many of them purchased the new brand

4.1.2 Brands are focusing on providing fluid and unified journeys across channels (seamless commerce)

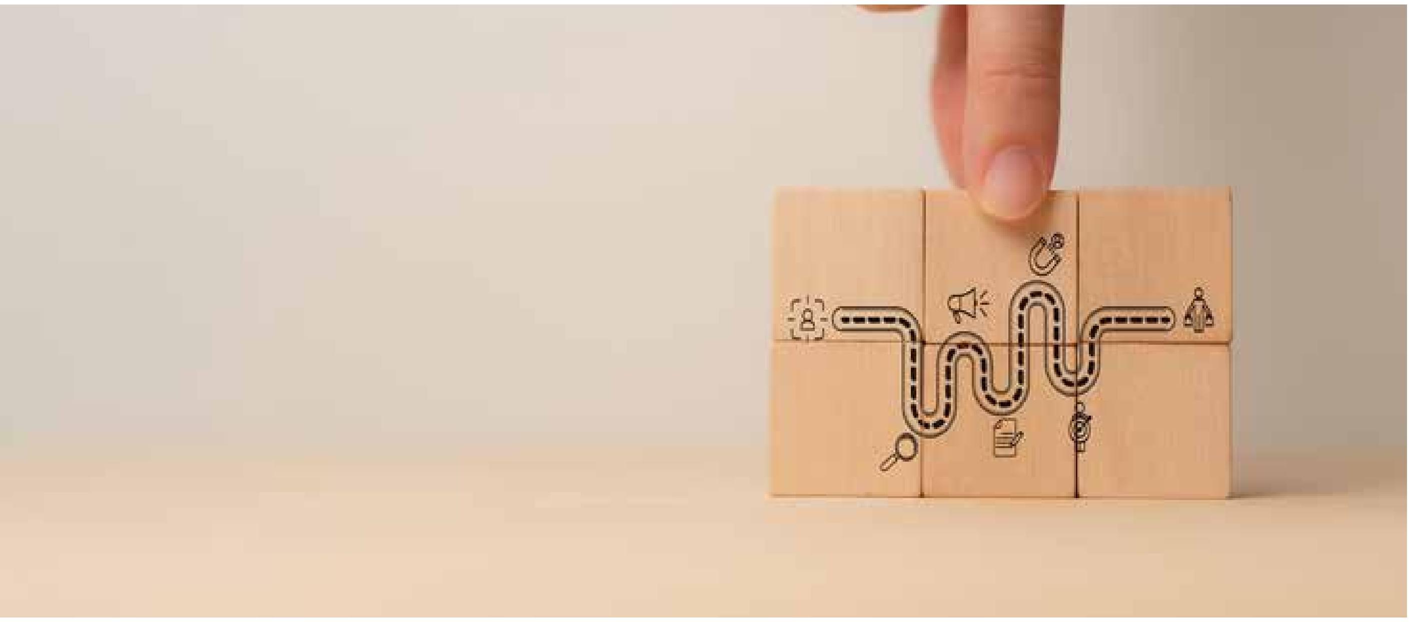
Indian consumers are demonstrating a cross-channel purchase behaviour, using digital and physical touchpoints in combination rather than in sequence. Research conducted online before an in-store purchase, physical trial followed by an online transaction, real-time stock-checking before visiting a store and price-parity verification across platforms are all now routine behaviours for consumers.

Formats such as Research Online, Purchase Offline (ROPO) and reverse ROPO are gaining prevalence

Consumers increasingly move between digital and physical channels before making a purchase. Many

[47] Quick Commerce Booms In India: Growth Expected To Hit 75-100 Per Cent YoY, Far Outpacing Traditional Retail, Bernstein report, February 2025

[48] Insights from Deloitte consumer survey 2026, on FMCG retail and ecommerce



research products online, comparing specifications, reviews and prices before purchasing in-store, while others experience products in-store and complete the transaction online, attracted by discounts, loyalty benefits or delivery convenience. This reverse ROPO behavior is particularly prevalent in categories such as electronics, home furnishings and premium personal care, where stores serve as experience and validation touchpoints. As a result, even digitally native brands are investing in physical retail, recognising that offline interactions can significantly improve online conversion. In Beauty and Personal Care, nearly one in four consumers research in-store but complete the purchase online. Across categories, consumers increasingly prioritise value over channel loyalty, comparing prices across online and offline touchpoints before purchasing.

Figure 15: The following visual shows how consumers are adopting different omnichannel behaviors[49]

	Researched online, purchased offline	Explored the store, purchased online later	Ordered online, collected in-store	Compared prices online and offline, and purchased from the best-priced source
FMCG	**22%**	14%	8%	41%
BPC	17%	**23%**	8%	38%
Fashion	22%	21%	9%	36%
Electronics	24%	19%	8%	**43%**
Home and household	**23%**	15%	10%	**41%**

% denote % respondents who adopted this behaviour in last one year. Percentages for each category do not add up to 100 since the remaining respondents did not opt for any of these four shopping behaviours.

49. Insights from Deloitte consumer survey 2026, on FMCG retail and ecommerce

Conversational purchase journeys to make shopping more simplified

Another emerging dimension is the rise of conversational commerce through messaging and social platforms. Consumers are increasingly discovering products, seeking recommendations, engaging with brands and completing transactions within a single interface, reducing the need to switch across multiple channels. This blurs the boundaries between marketing, engagement and transactions, requiring brands to create more seamless, integrated purchase journeys.

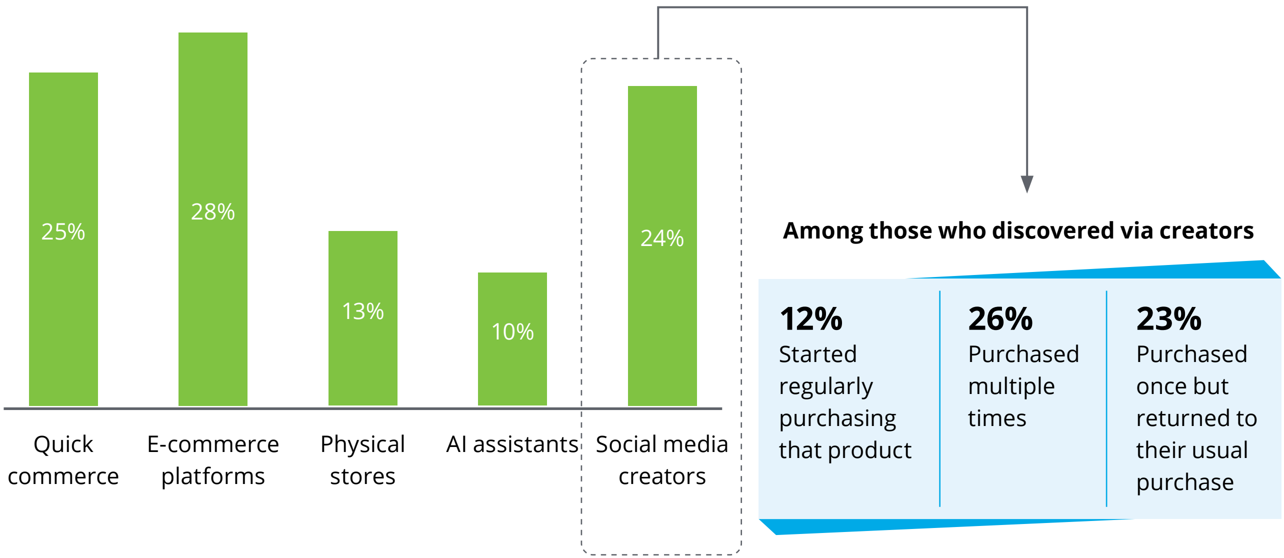
4.1.3 Engagement is shifting from mass to personalized, spanning product recommendations, marketing interactions and product offerings (personalised commerce)

Consumers are increasingly discovering, evaluating and validating products through social media, influencers, communities and peer networks that they perceive as more authentic and relevant than traditional advertising. As mass-market communication gives way to personalised engagement, the shift is reshaping how brands communicate, recommend and even design products.

Creator-led commerce: From broadcast advertising to trust-based discovery

The most visible dimension of the shift from mass to personalized marketing is the growth of creator-led commerce. Influencers play a critical role in this ecosystem by delivering more relevant and authentic shopping recommendations. Reflecting on this shift, India's influencer marketing industry was valued at INR3,000–3,500 crore in 2025 and is projected to reach INR4,500–5,000 crore by 2027, growing at a 22 percent CAGR.[50] The underlying mechanism is a trust premium. 89 percent shoppers believe social media could become their primary shopping channel by 2030.[51] Moreover, 80 percent of buyers cite trust in nano-influencers as a key purchase trigger and 52 percent of marketers prioritise micro-influencers over macro-celebrities for hyperlocal campaigns.[52] Micro-influencers operate within specific communities, specified by geography, lifestyle, language or interest category, and their product endorsements are perceived by followers as peer recommendations rather than paid promotions.

Figure 16: Prominent channels for discovering new products[53]



50. Decoding Influence: Annual Research Report 2026, Kofluence, 2026
51. DHL 2025 E-commerce Report
52. Decoding Influence: 2025 Influencer Marketing Report, Kofluence
53. Insights from Deloitte consumer survey 2026, on FMCG retail and ecommerce

Algorithm and data backed personalised recommendations

Beyond creator commerce, brands are personalising marketing communication, visibility and offers at an individual level, a capability that mass media advertising was architecturally incapable of delivering. Dynamic Creative Optimisation (DCO) platforms enable brands to tailor ad creatives in real time based on user intent, location and past behavior, with a strong positive correlation documented between personalisation sophistication and marketing ROI in the consumer sector.

Personalised products: From mass SKUs to customised curations

The personalisation imperative is increasingly extending beyond marketing into product development itself. Brands are leveraging consumer data and predictive analytics to better understand individual preferences, lifestyles and consumption patterns, enabling them to deliver more tailored product experiences. Rather than relying solely on standardised mass-market SKUs, companies are introducing personalised regimens, curated assortments, configurable products and preference-based subscriptions that adapt to specific consumer needs. This shift is transforming product innovation from a one-size-fits-all approach to a more data-led and consumer-centric model, allowing brands to improve relevance and strengthen engagement.

Key drivers behind this trend

Instant retail

Drivers

Driver	Description
Time poverty as the new urban consumer condition	Rising dual-income households and compressed discretionary time have made speed a utility,
Platform habituation and the erosion of patience	Each quick commerce transaction raises the consumer's delivery expectation floor, making slower alternatives structurally less acceptable over time.
Infrastructure and fulfilment network scaling at pace	Rapid hyperlocal fulfilment infrastructure has made instant delivery physically viable at scale, creating demand that justifies further investment.

Unified and seamless retail

Drivers

Driver	Description
Growing need for convenience and uniformity	Consumers increasingly expect the benefits of every channel simultaneously, such as digital discovery, physical validation, transparent pricing and flexible fulfilment.
Mobile as the Commerce Control Tower	Smartphones now orchestrate discovery, comparison, payment and fulfilment across channels.
Retail infrastructure convergence	Real-time inventory, unified loyalty, click-and-collect and endless aisle capabilities are connecting retail touchpoints.

Personalised and contextual retail

Drivers

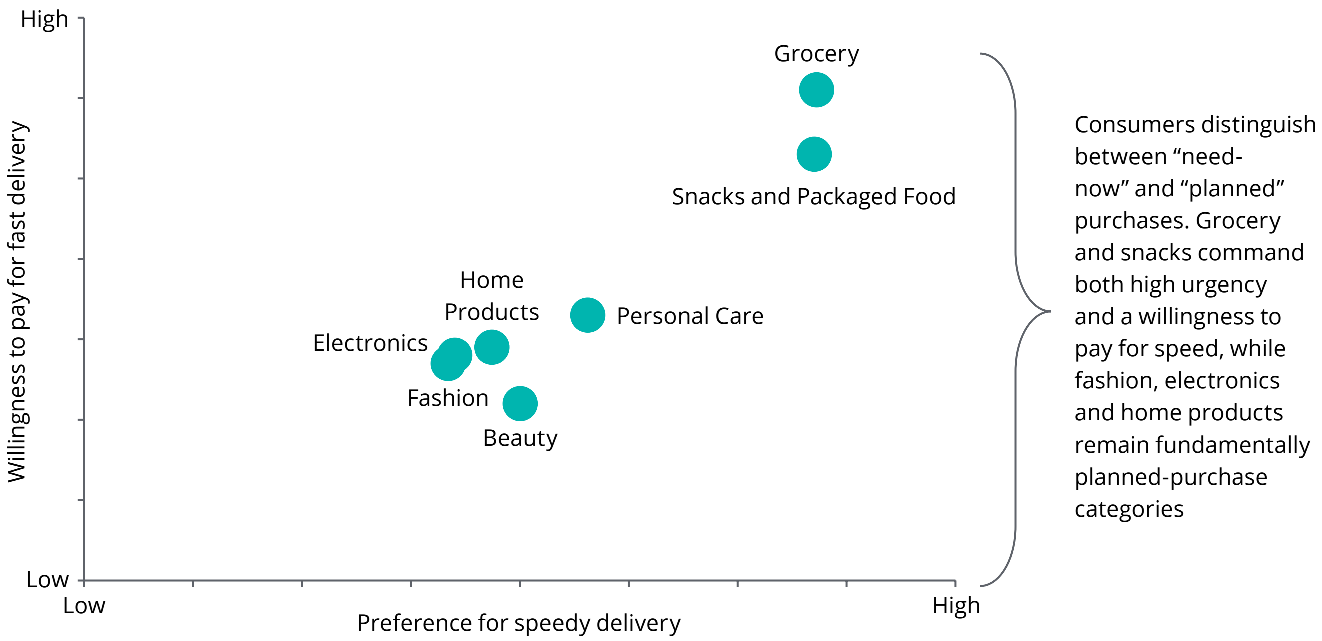
Driver	Description
Rise of peer-validated purchase intent	Mass advertising has lost credibility with a cohort algorithmically trained to identify paid promotion.
Identity-expressive consumption	A new cohort views product choices as identity statements, creating demand for specificity that mass-market SKUs cannot meet.
First-party data infrastructure	Convergence of consumer data platforms, UPI transaction history and AI engines has made individual-level personalisation commercially viable.

Impact on FMCG, retail and E-commerce business operations

1. **Fulfilment models are being rebalanced between speed and economics**

   The rise of instant commerce is compelling companies to rethink how products are fulfilled across categories, channels and consumption occasions. While consumers increasingly expect rapid delivery, the willingness to pay for speed varies significantly by category and mission. As a result, businesses are operating multiple fulfilment models simultaneously, prioritising immediacy for urgent and convenience-led purchases while leveraging more cost-efficient fulfilment networks for planned and less time-sensitive purchases. This is making fulfilment strategy a key determinant of both customer experience and profitability.

Figure 17: Consumer preference towards fast delivery across categories[54]



Case example: An online grocery retailer has moved beyond a single fulfilment model by offering instant, scheduled and early-morning delivery options for different purchase occasions. While instant delivery typically carries a delivery fee or minimum order threshold to offset higher fulfilment costs, scheduled and early-morning deliveries are offered at lower or no delivery charges for planned purchases. This enables the retailer to better align service levels and pricing with consumer urgency while improving fulfilment economics across basket types.

2. **Product development is shifting from periodic innovation to a continuous cycle**

   Traditional innovation models relied on periodic planning cycles, large-scale product launches and extensive pre-launch consumer testing. The emergence of digital commerce, creator ecosystems and continuous consumer feedback is fundamentally changing this approach. Businesses now have access to real-time data on search behavior, consumer preferences, purchase patterns and product reviews, enabling much faster review of emerging opportunities. Consequently, product development is becoming more iterative and data-led, with companies increasingly adopting test and learn approaches, limited-market launches and rapid portfolio adjustments. Product portfolios are also becoming more fragmented, with channel-specific packs, exclusive assortments and niche propositions.

[54] Insights from Deloitte consumer survey 2026, on FMCG retail and ecommerce

3. **Marketing is being rebuilt around consumer intelligence**

   The traditional marketing model was largely centered on campaign planning, media buying and creative development. As commerce becomes increasingly personalised, the role of marketing is expanding beyond communication into consumer intelligence. Companies are investing in first-party data ecosystems, customer data platforms and retail media capabilities to better understand and influence consumer behavior. They are working alongside technology, analytics and commerce functions to deliver personalised experiences across the consumer journey. This is also changing budget allocation patterns, with a growing share of investment moving towards performance measurement, consumer analytics, creator ecosystems and retail media platforms.

4. **Consumer journeys are becoming increasingly synced**

   As consumers move fluidly across various online and offline touchpoints, companies are investing in capabilities that enable them to deliver a consistent and connected experience across touchpoints. This is leading to greater integration of consumer data, marketing, commerce and fulfilment functions, allowing businesses to engage consumers more contextually and influence purchase decisions across the entire journey rather than within individual channels. Many companies have already deployed omnichannel capabilities, enabling consumers to start a purchase on one channel and complete it on another.

Organisational responses and market case studies

Leading companies are already translating the shift towards instant, connected and personalized commerce into measurable business outcomes. From creator-led discovery and expanded quick commerce propositions to seamless online-offline journeys, businesses are building new growth engines that drive consumer engagement, conversion and revenue growth. Across the industry, companies are already adapting their strategies and operating models to align with the emerging commerce ecosystem.

Use case	What has been done?	Impact
Turning shoppers into creators: Social commerce as a measurable revenue engine	An online retailer launched a creator program, scaling to 3.5 million shopper-creators. Rather than relying on paid celebrity influencers, it built a peer-led content engine where everyday shoppers create and publish fashion content directly on the app. The live platform extends this into shoppable livestreams, with traffic growing five times and engagement doubling since launch. Later, it deepened the model further with a shoppable OTT-style content destination featuring 500+ hours of content across 4,000+ episodes.	Social commerce now contributes over 10 percent of the total platform revenue - a 50 percent increase in contribution over just four months, with one in five users engaging with creator content.
Redefining instant commerce beyond grocery	A quick commerce player expanded the 10-minute delivery promise beyond FMCG grocery into electronics, toys and general merchandise. Non-grocery categories accounted for approximately 25 percent of GMV after pilots delivering non-grocery items in 10 minutes, with category expansion in electronics, beauty, pet care, and toys directly driving AOV growth.	Average order value (AOV) rose, directly attributable to the higher-value non-grocery category mix.
Connected offline and online journey for seamless commerce	An eyewear brand lets shoppers discover frames through an AI-powered 3D virtual try-on app, home eye tests, and geo-personalised recommendations, then convert either in-store or online. Over 45 percent of the brand's sales in India are digitally influenced and the mobile app drives high-intent purchases through AI virtual try-on, geo-analytics and retail analytics.	The company recorded 38.6 million virtual try-ons in FY25 alone. More than 500 stores now run AI-enabled remote eye-testing, addressing a structural shortage of optometrists while extending reach into tier-2 and 3 cities.

Use case	What has been done?	Impact
Creating conversational, multilingual journeys	A food delivery platform has introduced multilingual voice-led shopping across its food delivery and dine-out services. This allows users to place orders by speaking in their preferred language and navigate through the entire purchase journey through voice led conversation. The feature is designed to handle the entire process, starting from discovery to checkout, through a conversational interface.	The integration supports voice interactions across 11 languages, and the system enables users to order food, shop for groceries or book dining options without relying on traditional app navigation.

Risks, challenges and outlook

Risks and challenges

While the rise of the new commerce ecosystem presents significant opportunities, it also introduces a new set of challenges that companies must navigate carefully.

01

The convenience ask is increasing pressure on fulfilment economics, as rising expectations around speed, assortment and service levels add complexity across supply chains and fulfilment networks, potentially outpacing profitability gains in certain categories and channels.

02

Control over consumer intelligence is becoming increasingly concentrated within platforms and ecosystems, as discovery shifts towards creators, marketplaces and AI-powered recommendation engines. This risks reducing the influence brands have over consumer access, engagement and demand generation.

03

Demand patterns are becoming more fragmented and difficult to predict, driven by algorithmic recommendations, creator-led influence and viral consumption trends. This can create greater volatility in forecasting, inventory planning and resource allocation.

04

Personalisation is increasing operational complexity across the value chain, as expanding assortments, targeted promotions, channel-specific offerings and micro-segmentation create pressure on portfolio management, supply chains and commercial execution.

05

Commerce models built for metro markets may face scalability challenges in Tier 2+ markets, where different consumer priorities, fulfilment economics and digital behaviours can reduce the effectiveness of existing customer acquisition, engagement and delivery models

Outlook

Commerce becomes embedded in everyday life

Commerce will increasingly be embedded across content, communities, social platforms and everyday digital interactions, making discovery and purchasing a seamless part of consumers' daily lives. As AI and algorithms shape these journeys, brands will need to compete for relevance within the ecosystems that influence consumer decisions.

Attention will become the scarcest resource

As creators and AI-generated content proliferate, consumer attention will become harder to earn and retain, making credibility, community and relevance more important than reach alone.

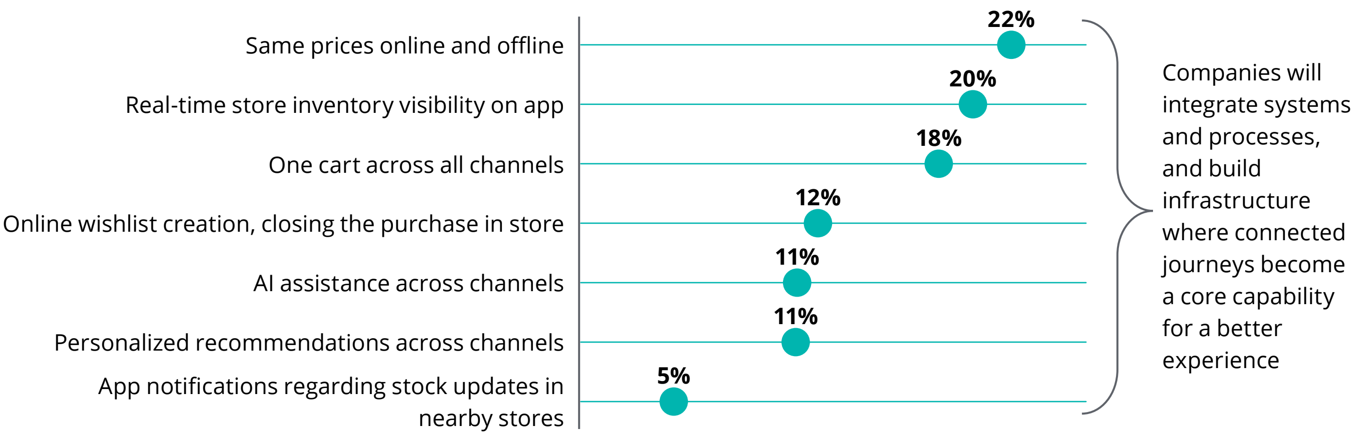
Retailers will become demand shapers

With growing access to consumer data and recommendation engines, retailers and platforms will increasingly influence discovery and purchase decisions, strengthening their role beyond fulfilment and distribution.

Investing in unified capabilities will become prevalent

As channels, fulfilment models and personalisation capabilities multiply, leading businesses will differentiate through simpler, more integrated operating models rather than adding more capabilities. Companies will create core capabilities around consumers' preference towards having more seamless and connected journeys.

Figure 18: Features which consumers are increasingly looking for unified retail journeys[55]



5. Sustainability emerging as a competitive advantage

Over the past few years, sustainability has evolved from a peripheral corporate responsibility initiative to a core strategic priority across the FMCG, retail and e-commerce sectors. Historically associated with philanthropy, reputation management and compliance, sustainability is now increasingly influencing core business decisions, from product design and operations to SCM and long-term value creation.

In India, this shift has been reinforced by regulatory developments such as the Securities and Exchange Board of India's (SEBI) Business Responsibility and Sustainability Reporting (BRSR) framework which has encouraged greater integration of sustainability considerations into governance, risk management and strategic decision-making. As sustainability reporting practices become more standardised and transparent, organisations are increasingly adopting a more structured and measurable approach to managing sustainability-related impacts and risks.

At the same time, organisations are facing growing pressure from resource constraints, climate-related disruptions, evolving consumer expectations and increasing stakeholder scrutiny. Challenges such as water stress, packaging waste, supply chain disruptions and rising resource costs highlight the need for more sustainable and resource-efficient business models.

55. Insights from Deloitte consumer survey 2026, on FMCG retail and ecommerce

In response, sustainability considerations are increasingly embedded across the value chain, influencing how organisations source raw materials, manufacture products, manage logistics, design packaging and engage with consumers. As a result, sustainability is emerging as an important factor shaping long-term business resilience, operational efficiency and competitiveness across FMCG, retail and e-commerce sectors.

How sustainability is taking shape across business operations

Sustainability is no longer an afterthought for the FMCG, retail and e-commerce companies. From sourcing and manufacturing to packaging, logistics and store operations, sustainability is increasingly being embedded at various stages of the value chain. For these sectors, some of the most material sustainability priorities include responsible agricultural sourcing, packaging circularity, water stewardship, Scope 3 emissions management and building resilient, responsible supply chains. Companies are adopting different approaches depending on the maturity of their sustainability journey. While the approach may differ across organisations, sustainability is increasingly being integrated across key business functions. The following areas highlight how companies are embedding sustainability across the value chain.

1. **Sustainable sourcing and procurement**

   One of the most visible outcomes of sustainability is evident in how sourcing and procurement are carried out. Many organisations are taking sustainability into account when selecting suppliers and procuring resources to achieve traceability and address environmental risks associated with their operations.

   How businesses are responding: Leading organisations are strengthening responsible sourcing practices by improving supplier engagement and traceability across their value chains. For instance, one of the major FMCG companies reports that over 97 percent of its key agricultural raw materials are sustainably sourced through responsible farming and traceability programmes.[56]

2. **Supply chain transparency and traceability**

   Improving visibility across supply chains is becoming an increasingly important sustainability priority. Organisations are strengthening supplier engagement programmes, enhancing traceability systems and improving data collection processes to better understand the environmental and social impacts associated with sourcing activities.

   How businesses are responding: FMCG and retail organisations are investing in supplier engagement, traceability platforms and data-driven monitoring systems to improve visibility across their supply chains. These efforts are helping organisations identify risks, strengthen supplier accountability and respond to growing stakeholder expectations around responsible sourcing. Further, leading FMCG companies are now taking more initiatives beyond just traceability and investing in regenerative agriculture, biodiversity protection, climate-resilient sourcing and initiatives that support farmers' livelihoods, an indicative of a paradigm shift from viewing sustainable sourcing merely as a tool to increase visibility within the supply chain to one that creates long-term value for the business.

3. **Manufacturing and resource efficiency**

   Manufacturers are reducing resource intensity through energy-efficient technologies, water conservation and renewable energy adoption. The focus is on the efficient use of resources and minimising waste, along with dependence on traditional energy sources.

   How businesses are responding: Organisations are focusing on adapting energy-efficient technologies, water conservation methods along with renewable energy in their manufacturing processes. In fact, leading FMCG organisations have started to shift from just water conservation at facility level to water stewardship, which includes watershed restoration, replenishment of groundwater and making communities more resilient to water challenges, particularly in water stressed areas. According to the International Energy Agency's Energy Efficiency 2024 report,[57] energy efficiency is the most cost-effective way for companies to cut costs and remain competitive. Apart from that, such measures are also enhancing company performance in terms of cost reduction and risk management.

4. **Packaging transformation**

   Packaging has come under increasing scrutiny as businesses, consumers and regulators look for ways to reduce waste and improve resource efficiency. In India, 72 percent of consumers are concerned about single-use plastic, while 39 percent expect brands to reduce the amount of plastic used in packaging.[58]

   How businesses are responding: Companies are adopting sustainable packaging methods by using recycled materials and exploring substitutes for virgin

56. https://www.hul.co.in/sustainability/improving-livelihoods/
57. https://www.iea.org/reports/energy-efficiency-2024
58. https://www.mintel.com/press-centre/72-of-indians-are-aware-of-and-concerned-about-the-issue-of-single-use-plastic/

plastic. For instance, a leading FMCG company has scaled up the use of post-consumer recycled plastic across its packaging portfolio. The company reported that it collected and responsibly processed more plastic waste than it placed on the market through its packaging.[59] Sustainable packaging is increasingly becoming a key area not only because of regulatory requirements and consumer expectations, but also to promote circular economy and reduce dependence on virgin materials. Beyond making packaging recyclable, organisations are exploring models such as refill and reusability, material innovation, reverse logistics and partnerships across the recycling value chain to keep materials in circulation for longer and reduce packaging waste.

5. **Sustainable logistics and supply chains:** The logistics function has become an increasingly critical one for many organisations as they strive to minimise their emissions and become more efficient. In the e-commerce sector, several organisations have increased their efforts towards using electric vehicles, optimise routes and implement more environmentally friendly logistics.

   How businesses are responding: One of the leading e-commerce players has expanded the deployment of electric vehicles for last-mile deliveries as part of its broader sustainability commitments.[60] Meanwhile another significant company continues to invest in Electric Vehicle (EV)-based logistics and sustainable supply chain initiatives.[61] These investments support long-term operational efficiency while helping organisations prepare for evolving regulatory requirements. Further, they are also contributing to broader decarbonisation efforts by reducing transport-related emissions and supporting the management of Scope 3 emissions across the value chain.

6. **Retail operations and infrastructure**
   It is becoming more common for retailers to invest in areas such as solar energy, energy-efficient lighting, water conservation, and sustainable building technologies.

   How businesses are responding: A major retail chain corporation has implemented several sustainable projects in its stores, such as solar photovoltaic installations, LED lighting, efficient HVAC systems and water conservation measures. Several of their stores have achieved green building certifications.[62] These investments are helping organisations reduce resource consumption, improve operational efficiency and lower long-term operating costs while supporting sustainability commitments.

7. **Product innovation and consumer engagement**
   Consumer expectations and sustainability pledges are becoming the main drivers of product innovation. Companies are now reconsidering how their products are designed, packaged and delivered, focusing on minimising environmental impact and maximising resource efficiency. Industry research indicates that product redesign, material innovation and circular economy approaches are among the major contributors to sustainable growth.[63]

59. https://hul-performance-highlights.hul.co.in/performance-highlights-fy-2024-2025/sustainability.html
60. https://www.aboutamazon.in/news/sustainability
61. https://www.flipkartstories.com/sustainability/
62. https://www.dmartindia.com/pdf/DMart_BRSR_FY2023-24.pdf
63. https://ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview

How businesses are responding: Organisations are redesigning products, adopting alternative materials and integrating sustainability considerations into portfolio strategies, material selection and ingredient sourcing. At the same time, they are seeking to balance environmental performance with affordability, quality and convenience to meet evolving consumer expectations.

Together, these areas illustrate how organisations are embedding sustainability across their operations and value chains. As businesses continue to strengthen their sustainability capabilities, these levers will play an increasingly important role in improving resilience, enhancing operational efficiency and supporting long-term competitiveness.

Key drivers of the sustainability agenda

The growing importance of sustainability across FMCG, retail and e-commerce sectors, is being driven by a combination of market expectations, regulatory developments, investor priorities and operational risks. Together, these factors are reshaping how organisations manage resources, engage with suppliers, develop products and create long-term business value.

1. **Rising consumer awareness and demand**
   A major factor is the rising environmental consciousness among consumers. Sustainability considerations are important aspects of the buying process, particularly in areas such as packaging and waste reduction. The findings from the consumer survey conducted as part of this study reinforce this trend. Of the 879 valid responses received, 67 percent of respondents indicated that sustainability either plays a primary role in their purchase decisions or is an important consideration. The same survey, however, points to an important nuance that should temper how this demand is characterised. Sustainability is the primary driver for only 21 percent of respondents, and willingness to pay for it is limited: only around 23 percent would accept a price premium above 10 percent, and just 24 percent list paying a higher price as a trade-off they would make. The trade-offs consumers accept most readily are the cost-free ones - switching brands (57 percent) and returning or recycling packaging (47 percent). Sustainability has therefore become a mainstream consideration across FMCG, retail and e-commerce categories, but its influence on actual purchasing is concentrated among higher-income and older consumers and remains conditional on not requiring a meaningful price premium.

Sustainability is not limited to younger consumers.

- 69 percent of respondents aged 18–28 consider sustainability in purchase decisions
- 66 percent of respondents aged 29–44 consider sustainability in purchase decisions
- 67 percent of respondents aged 45–60 consider sustainability in purchase decisions

Key takeaway: Sustainability is considered across all age groups, but the willingness to act on it is not uniform. The share of consumers who have actually paid a premium rise with age, from 38 percent (18–28) to 53 percent (45–60), and willingness to pay a premium above 10 percent climbs from 17 percent of the lowest income band to 42 percent of the highest. The opportunity to monetise sustainability is therefore concentrated among older, higher-income consumers.

2. **Regulatory acceleration**
   Policy frameworks are playing a critical role in driving adoption. Regulations such as SEBI's BRSR framework has strengthened sustainability disclosures among listed companies,[64] while the EPR Guidelines issued by the Central Pollution Control Board (CPCB) for plastic packaging have made entities more responsible for managing their plastic waste.[65] These developments are encouraging organisations to integrate sustainability considerations into governance, risk management and operational decision-making.

3. **Investor and market pressure**
   Sustainability considerations are increasingly influencing capital allocation decisions. As per the Principles for Responsible Investment (PRI), investors are increasingly considering ESG factors in their decision-making, encouraging companies to improve their sustainability performance and risk management.[66]

64. https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html
65. https://cpcb.nic.in/uploads/plasticwaste/Guidelines_on_EPR_Plastic_Packaging_2022.pdf
66. https://www.unpri.org/about-us/about-the-pri

4. **Supply chain and customer expectations**
   Sustainability considerations are increasingly influencing value chain relationships across FMCG, retail and e-commerce sectors. Large organisations are placing greater emphasis on responsible sourcing, supplier engagement and supply chain transparency to manage sustainability-related risks and meet evolving stakeholder expectations. In response, suppliers are increasingly required to demonstrate compliance with sustainability standards, improve traceability and provide greater visibility into environmental and social impacts across their operations. As sustainability becomes more deeply embedded within procurement and sourcing decisions, value chain expectations are emerging as an important driver of sustainability adoption.

5. **Climate risks and resource constraints**
   Climate-related disruptions and resource constraints are increasingly emerging as material business risks across FMCG, retail and e-commerce sectors. Water stress, extreme heat, flooding and supply chain disruptions can affect sourcing, manufacturing operations, logistics networks and product availability. As these risks become more frequent and severe, organisations are increasingly investing in resource efficiency, renewable energy, sustainable sourcing and supply chain resilience measures. According to the Composite Water Management Index prepared by NITI Aayog, water stress remains a serious challenge in India.[67] Also, research by the Council on Energy, Environment and Water highlights how climate-related events such as floods, droughts and extreme heat are increasingly affecting industrial operations and supply chains.[68]

6. **Emergence of circular and low-carbon business models**
   As organisations seek to reduce resource dependence, improve operational efficiency and respond to evolving stakeholder expectations, circular and low-carbon business models are gaining traction across FMCG, retail and e-commerce sectors. Companies are increasingly investing in recyclable packaging, recycled materials,[69] renewable energy, resource-efficient operations and low-emission logistics solutions. Retailers are expanding the use of renewable energy and green building practices[70] across stores and distribution centres, while e-commerce companies are accelerating the deployment of electric vehicles and sustainable packaging solutions. These approaches are increasingly viewed not only as sustainability initiatives, but also as opportunities to improve efficiency, manage risks and strengthen long-term competitiveness.

   Taken together, these drivers indicate that sustainability is no longer being shaped by a single stakeholder group or regulatory requirement. Instead, organisations are responding to a convergence of consumer expectations, investor priorities, regulatory developments and operational risks. This shift is accelerating the integration of sustainability into business strategy and laying the foundation for broader transformation across FMCG, retail and e-commerce value chains.

Navigating challenges and preparing for what comes next

Although sustainability is expected to gain momentum in the coming years, several challenges may influence the pace and scale of its adoption across FMCG, retail and e-commerce sectors.

One of the key challenges is balancing sustainability ambitions with business growth objectives. While sustainability awareness is increasing, purchasing decisions continue to be influenced by factors such as price, convenience and product quality. Organisations therefore need to balance investments in sustainable materials, packaging and technologies with affordability and customer expectations.

Another challenge relates to data collection, measurement and traceability. Effective sustainability management and reporting require organisations to gather accurate and consistent environmental and social data across their operations and value chains. This challenge is particularly pronounced across complex supply chains where sustainability-related information often resides with multiple suppliers and third-party partners. Limited data availability, inconsistent reporting practices and varying levels of supplier maturity can make it difficult for organisations to measure, monitor and disclose sustainability performance consistently. Obtaining reliable data from smaller suppliers that may lack adequate systems, resources or technical capabilities remains a significant challenge.

Integrating sustainability considerations across the value chain also remains complex. While many organisations

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67. https://www.niti.gov.in/sites/default/files/2023-05/Composite-Water-Management-Index.pdf
68. https://www.ceew.in/publications/towards-climate-resilient-indian-industries
69. https://www.hul.co.in/sustainability/plastics/).
70. https://www.dmartindia.com/pdf/DMart_BRSR_FY2023-24.pdf

have established sustainability commitments and targets, translating these ambitions into operational actions across sourcing, manufacturing, logistics and product development often requires significant coordination across suppliers, distributors, customers and other ecosystem partners. Achieving meaningful progress therefore depends not only on internal initiatives but also on collaboration across the broader value chain.

The capabilities gap among suppliers is an important issue, particularly for smaller suppliers who may lack the skills, finances and other resources needed to meet evolving sustainability expectations. Further, globally, organisations are facing increasing expectations around responsible sourcing, human rights due diligence and biodiversity-related risks across their value chains. Resolving these issues will require stronger supplier engagement, capability-building programmes and closer collaboration across the value chain to improve compliance, resilience and long-term sustainability performance. In addition, increasing scrutiny from regulators, investors and consumers is raising expectations around transparency and accountability. The release of India's Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims in 2024 has further reinforced the need for credible sustainability disclosures and communications.[71] As expectations around sustainability claims continue to evolve, organisations are being required to strengthen governance mechanisms, improve data quality and ensure greater transparency in external reporting. The growing focus on greenwashing risks highlights the importance of substantiating sustainability claims with credible evidence and measurable outcomes.

The evolving regulatory landscape presents another challenge. As sustainability-related regulations continue to emerge across areas such as reporting, EPR, waste management and carbon markets, organisations will need to continually adapt to changing requirements. Building the capabilities needed to monitor regulatory developments and respond effectively through appropriate governance, reporting and operational processes will become increasingly important.

Outlook

Sustainability is expected to play an increasingly important role in shaping business strategy and competitiveness across FMCG, retail and e-commerce sectors. Regulatory developments related to circular economy practices, sustainable packaging, climate disclosures and resource efficiency are likely to continue evolving, encouraging organisations to further strengthen sustainability integration across their operations and value chains. The gradual implementation of India's Carbon Credit Trading Scheme (CCTS) is also expected to encourage organisations to strengthen emissions measurement, enhance carbon management practices and identify decarbonisation opportunities across their operations and value chains.[72]

Circular economy principles are expected to gain increasing prominence across FMCG, retail and e-commerce sectors. Beyond recyclable packaging, organisations are likely to explore product redesign, material recovery, reuse models, reverse logistics and waste reduction initiatives that improve resource productivity and reduce dependence on virgin materials. At the same time, supply chain transparency is expected to become increasingly important as organisations seek greater visibility into sourcing practices, environmental impacts and supplier performance. Enhanced traceability and stronger supplier engagement will support both sustainability objectives and evolving disclosure requirements.

Technology is expected to play an increasingly important role in enabling sustainability transformation. AI, analytics and digital traceability solutions can help organisations optimise resource use, reduce waste and improve visibility across supply chains. In addition, emerging technologies are expected to support innovation in areas such as circular business models, sustainable sourcing, low-carbon operations and sustainability-linked finance.

Increasingly, sustainability is expected to influence not only environmental performance but also broader business outcomes, including operational resilience, supply chain continuity, resource efficiency and brand differentiation. Organisations that successfully integrate sustainability considerations into sourcing decisions, operational processes, product development and customer engagement strategies are likely to be better positioned to manage risks, improve efficiency and respond to evolving stakeholder expectations.

Overall, sustainability is increasingly evolving from a compliance-driven agenda into a strategic business priority across FMCG, retail and e-commerce sectors. As regulatory requirements, resource constraints and market expectations continue to evolve, sustainability is likely to become an increasingly important determinant of resilience, competitiveness and long-term business success.

71. https://consumeraffairs.nic.in/sites/default/files/file-uploads/latestnews/Guidelines%20for%20Prevention%20and%20Regulation%20of%20Greenwashing.pdf.

72. https://www.esgtoday.com/india-to-launch-carbon-market-trading-within-four-months/

6. Indian consumer brands go global: The second wave of brand globalisation

India's story in global commerce has, until recently, been told through the lens of capability. IT services carried Indian engineering talent to the world at competitive cost. Another example is India's supply of generic pharmaceuticals, active pharmaceutical ingredients and other molecules without an Indian brand name attached. Both were supply-side propositions in which Indian origin was primarily associated with cost competitiveness. The country was a production node in someone else's value chain, valued for what it could make rather than what it could mean.

Every major Asian economy that India is now being compared to has followed the same arc. Japan moved from capability exporter to global brand exporter in the 1970s and 80s, building consumer electronics and automotive brands that now define entire global categories. South Korea followed two decades later, turning domestic manufacturing scale into internationally dominant electronics and appliance companies. China replicated the pattern in the 2010s, through digital-native hardware and consumer technology companies that entered global markets at price points incumbents could not match. In each case, the sequence was identical: a decade of building domestic quality and manufacturing credibility, followed by brands crossing borders. India is following a recognisable path, but through a different entry point. Where its predecessors led with engineering precision or manufacturing scale, India's emerging global consumer wave is being led by cultural identity, ingredient heritage and wellness credibility.

This shift in the nature of what India exports is the defining feature of what we characterise as the second wave of Indian brand globalisation. The currency of this wave is cultural equity: the accumulated brand value that flows from a country's authentic traditions, aesthetic identity and cultural knowledge assets that no competitor outside India can credibly replicate. India's government has framed its ambition accordingly, setting a target of US$200 billion in e-commerce exports by 2030[73] as an indication of the scale it expects this wave to reach.

The more consequential question is not the target but the mechanism: for the first time, Indian brands are travelling to international markets not as anonymous inputs but as named, identifiable propositions with a country of origin that carries its own meaning.

Key drivers

The structural conditions that now allow brand to travel with product is changing. Four forces explain why this is happening now.

Figure 19: Four structural enablers of Indian brand globalisation

Manufacturing quality threshold

India's consumer goods manufacturing has crossed a credibility threshold. Investment in quality systems, certifications and formulation rigour now enables brands to compete on product merit in markets where they previously competed only on price.

D2C infrastructure

Cross-border e-commerce platforms and direct fulfilment logistics have removed the chain of importers, distributors and category buyers that previously controlled international market access. An Indian brand can now reach a consumer in the Gulf or the United Kingdom without negotiating with a single retailer.

India's rising cultural influence

Indian cuisine, wellness traditions and creative content have found mainstream audiences globally. India-origin now carries a positive signal in categories where it previously carried none, creating a commercial tailwind for brands that draw on authentic Indian identity.

The diaspora as a cultural bridge

A generation of diaspora consumers, professionally established and culturally confident, is actively introducing Indian products to non-Indian peers. The diaspora has evolved from a captive nostalgic buyer to a distribution mechanism, a word-of-mouth engine and a cultural translator.

Source: Deloitte Analysis

73. Commerce Secretary Sunil Barthwal, statement on e-commerce export targets, Ministry of Commerce and Industry, September 2024

1. **Manufacturing quality threshold**
   Manufacturing quality has crossed a meaningful threshold. For decades, Indian manufacturing in consumer goods was associated with price competitiveness rather than quality premium. The combination of PLI-scheme investment, BIS quality control mandates and the competitive discipline imposed by domestic D2C consumer feedback has driven material improvement across categories, ranging from beauty formulations and nutraceuticals to food processing. Indian manufacturers can now credibly compete on product merit in markets where they previously competed only on price.

2. **D2C infrastructure**
   D2C infrastructure has removed the gatekeeper layer. Until recently, getting an Indian consumer brand onto a foreign retail shelf required navigating a chain of importers, distributors and category buyers, each of whom could compress margins and control how the brand reached the consumer. Cross-border e-commerce platforms, direct fulfilment logistics and digital marketing tools have dismantled this layer. An Indian brand can now reach a consumer in the United Arab Emirates or the United Kingdom without ever negotiating with a retailer. This is not a marginal change in distribution; it is a fundamental shift in who controls international market access.

3. **India's rising cultural influence**
   India's rising global cultural influence is creating commercial tailwinds. Indian cuisine has found mainstream audiences in the United Kingdom, the United States and the Gulf. Indian-language streaming content has built a global viewership. Yoga and Ayurveda have found mainstream audiences in Western wellness markets. For consumer brands that draw on authentic Indian cultural identity, this represents an environment in which India-origin carries a positive signal with non-Indian consumers, something that was not true at scale even a decade ago.

4. **The diaspora as a cultural bridge**
   The Indian diaspora has evolved from niche buyer to cultural bridge. India's diaspora of approximately 18 million people abroad[74] has historically been the primary overseas market for Indian branded goods: a captive, nostalgically motivated consumer base with strong brand recall from home. That role has not diminished, but a new role has emerged alongside it. A generation of diaspora consumers, professionally established, socially integrated and culturally confident, is actively introducing Indian products and categories to non-Indian peers. The diaspora is no longer just a market; it is a distribution mechanism, a word-of-mouth engine and a cultural translator.

Four archetypes of Indian brand globalisation

Not all Indian brands going global are doing the same thing. The distinctions between them, in what they export, to whom and with what identity, are not merely descriptive. They determine success factors, timelines, barriers and the specific capabilities required to win. Consider two axes: brand identity (India-centric versus globally agnostic) and market target (diaspora-first versus mainstream-first). This results in the creation of four archetypes.

74. Ministry of External Affairs, Government of India, Pravasi Bharatiya Divas data, 2024

Figure 20: The Indian brand globalisation matrix

Brand identity ↓ / Market entry →	Diaspora-first	Mainstream
India-centric	**HERITAGE EXPORTERS** **Brand identity:** India-origin is the core value proposition. **Market entry:** Diaspora communities with existing cultural familiarity. **Success factor:** Converting community loyalty into broader category scale.	**CULTURAL GLOBALISERS** **Brand identity:** India-origin actively marketed to non-Indian consumers. **Market entry:** Mainstream international retail and e-commerce from the outset. **Success factor:** Making India-origin a premium signal rather than a niche qualifier.
Globally-agnostic	**COMMUNITY-LED BUILDERS** **Brand identity:** No India-origin signal in external positioning. **Market entry:** Diaspora communities as the initial commercial base. **Success factor:** Graduating from community channel to mainstream retail before diaspora traction becomes a ceiling.	**GLOBAL CHALLENGERS** **Brand identity:** Origin-neutral, competing on product merit alone. **Market entry:** Mainstream international markets from the outset. **Success factor:** Competing on the same dimensions as established global players and winning.

Source: Deloitte Analysis

1. **Heritage Exporters** | India-centric x Diaspora-first
Heritage exporters are the original model of Indian brand globalisation. They lead with Indianness as the product's primary proposition and enter markets where the Indian diaspora provides an immediate, loyal consumer base. Several established Indian snack, spice and packaged food brands that have built significant market presence across the Gulf, the United Kingdom and North America operate within this archetype. The commercial logic is straightforward: diaspora familiarity and cultural affinity are reliable conversion mechanisms and the product does not need to explain itself to its first customers. The ceiling of this archetype is equally clear: heritage exporters can scale within diaspora corridors, but crossing into mainstream markets requires a sustained category education investment.

2. **Cultural globalisers** | India-centric x Mainstream
Cultural globalisers lead with Indian identity as the explicit value proposition and target non-Indian consumers as their primary market. This is the archetype that benefits most directly from India's rising global cultural influence. Several Ayurveda-anchored Indian beauty brands have entered premium international retail channels in Western markets, and Indian-origin premium tea and wellness brands are positioning their provenance as a quality signal on global e-commerce platforms. All are attempting to make India-origin a premium marker. The category opportunity is real: global wellness spending has created an audience that is actively seeking formulation credibility and ancient-system validation and India has centuries of documented tradition in Ayurveda, herbs and functional ingredients that no other country can authentically replicate. The execution challenge is equally real: success in this archetype requires sustained brand investment, adapting communication for different cultural contexts without diluting the authenticity that makes the brand distinctive and the patience to build awareness among consumers who have no existing frame of reference for what is being offered.

3. **Community-led builders** | Globally agnostic x Diaspora-first
Community-led builders construct brand identities with global aesthetics and no India-origin signal in their external positioning but use diaspora communities as their initial commercial base. The brand's Indian origin is not marketed; it simply reduces go-to-market friction. The diaspora's familiarity with Indian-origin founders, formulations and product categories creates a softer commercial landing even

when the brand does not advertise its provenance. Several premium nutraceutical, wellness and personal care brands entering the United States or United Kingdom through diaspora community channels, South Asian grocery networks or diaspora social media audiences follow this pattern. The strategic logic is that the diaspora functions as a beachhead, not a destination.

4. **Global challengers** | Globally-agnostic x Mainstream
Global challengers pursue international markets most directly. For this archetype, India is where the company was built; the brand competes on product merit with no dependence on India-origin identity. An Indian consumer electronics brand has achieved a top three global position in the audio category by volume, a milestone that would have seemed implausible a decade ago. A growing cohort of Indian wearables and personal care companies are making parallel attempts in their respective categories, competing on product quality, price-performance and brand execution. This archetype demands the most sophisticated international brand management capability and the most sustained product R&D investment, but it also faces few structural barriers: no category education required, no diaspora dependency, no need to build a new consumer vocabulary. It competes on the same dimensions as South Korean, Chinese and American brands and must win on those dimensions.

Challenges on the path to global scale

The most immediate challenge facing Indian consumer brands as they expand internationally is one of operational preparation. International markets impose quality systems, regulatory certifications and documentation requirements that differ significantly from India's domestic environment and from each other. Labelling standards, ingredient approvals, sustainability certifications and compliance requirements vary meaningfully across geographies and these are not obstacles that can be addressed on an ad hoc basis as each new market is entered. For brands that have scaled rapidly at home, the instinct is to treat compliance as a market-entry task rather than an organisational capability. As the number of target markets grows, this approach generates compounding operational friction that slows expansion and introduces risk at precisely the moment when building international credibility matters most.

The second challenge is one of strategic sequencing. Indian brands with international ambition frequently interpret early traction, whether with diaspora communities, on cross-border platforms or through initial retail placement, as a signal to expand as broadly as possible. The result is typically a dispersed international footprint: a commercial presence across several geographies simultaneously, with insufficient depth in any to build the consumer relationships, category associations and retail partnerships that sustain long-term growth.

The third challenge is structural and sits beneath the other two. Most Indian consumer brands approach international expansion with a model built around direct market presence: local teams, locally managed distribution relationships and marketing investment deployed independently in each target geography. This model assumes a level of capital and management bandwidth that most Indian consumer companies are not yet positioned to sustain across multiple markets at once, and those that attempt it often find the overhead difficult to carry before sufficient consumer traction has been established. What this model underutilises is the ecosystem of partners, platforms and intermediaries that already possess the market access, distribution infrastructure and consumer relationships that Indian brands are attempting to build from scratch. The constraint on Indian brand globalisation is not a shortage of international appetite for Indian products. It is a mismatch between the operating model most commonly deployed and the one most likely to convert that appetite into durable commercial scale.

Evolving regulatory frameworks: The FMCG, Retail and E-commerce sector at a point of inflexion

Overview

Few sectors intersect as closely with everyday life and consumption patterns in India as fast-moving consumer goods (FMCG), organised retail and e commerce. The FMCG sector alone is valued at over US$200 billion and is one of the country's largest contributors to consumption, supporting millions of jobs across manufacturing, distribution and retail.[75] Together, these sectors form a critical backbone of India's supply chains and economic activity. Given their scale and consumer impact, they are subject to extensive regulatory oversight spanning product safety, labelling, pricing, standards, environmental compliance and consumer protection. Consequently, businesses find themselves navigating an increasingly complex and dynamic compliance ecosystem, where multiple regulatory regimes often converge on a single product. This makes regulatory coherence, predictability and ease of compliance as critical as the regulations themselves. In this context, governments and sectoral regulators are actively deploying a series of targeted reforms and amendments to enhance compliance, transparency, harmonisation and consumer protection, while also reinforcing the EoDB for industry at large.

For instance, FSSAI has fixed 1 July every year as the annual deadline for any new amendment for labelling and display regulations, specified under the Food Safety and Standards (Labelling and Display) Regulations, 2020.[76] The intent for such an amendment is to enable a more predictable and efficient compliance environment, related to labelling, for the Food Business Operators (FBOs). Complementing this, regulatory harmonisation is reflected as a deliberate effort to align overlapping legal frameworks to eliminate inconsistencies and duplication in compliance requirements. A clear example of this is the synchronisation of the Legal Metrology (Packaged Commodities) Rules with the Medical Devices Rules, which establishes a single, unified set of labelling standards for medical devices, thereby reducing ambiguity, enhancing regulatory predictability, and easing compliance burdens for industry.[77]

From a consumer perspective, the regulatory measures are attempting to ensure greater transparency in product labelling and packaging, enabling informed decision making. For example, the Indian consumer regulator, the CCPA, has initiated strict reporting and disclosure requirements to restrict deployment of *dark patterns*[78] by online marketplaces and service providers. This move, supported by growing regulatory alignment between the CCPA and FSSAI, seeks to safeguard consumer trust while ensuring that business practices do not manipulate or distort user choice. The Bureau of Indian Standards (BIS) further anchors industry responsibility towards consumer protection by prescribing robust quality and safety standards that businesses are required to adhere to.

Regulations are also increasingly extending into the digital layer of commerce. Frameworks governing e-commerce, digital listings, and platform transparency are evolving alongside data governance rules under the Digital Personal Data Protection (DPDP) regime.[79] In parallel, the rapid adoption of agentic AI in consumer-facing platforms is bringing AI governance into sharper focus, with emerging expectations around algorithmic accountability, explainability, responsible automation and oversight of AI-driven decision-making.[80] Together, these measures are reshaping how consumer data is collected, used and disclosed across retail ecosystems. Environmental regulation is also becoming more consequential for the sector, particularly through extended producer responsibility and packaging waste rules, which are influencing packaging design, material use and supply chain decisions across FMCG and retail value chains.

75. https://www.ibef.org/industry/fmcg
76. https://www.fssai.gov.in/upload/uploadfiles/files/Press%20Release%20Labelling_English.pdf
77. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2183777&reg=3&lang=1
78. https://www.nls.ac.in/wp-content/uploads/2021/04/Dark-Patterns.pdf
79. https://www.meity.gov.in/static/uploads/2024/06/2bf1f0e9f04e6fb4f8fef35e82c42aa5.pdf
80. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2228315&reg=3&lang=2

Increasingly, these domestic regulatory measures also interacting with India's international trade commitments and expanding network of free trade agreements. Requirements relating to product standards, labelling, sustainability, data governance, quality control and conformity assessment are no longer relevant solely from a domestic compliance perspective; they also influence market access, supply-chain integration and the competitiveness of Indian businesses operating within global value chains. As India deepens economic integration through agreements with partners such as the UAE, Australia and EFTA countries, while negotiating comprehensive trade agreements with the European Union and United Kingdom, regulatory coherence and international alignment are becoming increasingly important dimensions of policy design.[81]

Across these domains, there is a clear shift towards greater convergence between regulatory systems, where food safety, consumer protection, environmental regulation, standards and digital governance increasingly operate as interconnected frameworks rather than isolated silos. Such instances of regulatory oversight, often through secondary regulations or guidelines, reflect government's renewed approach to shift regulations from back-end compliance to front-end strategy. Businesses are now encouraged to build compliance into their product design, supply chains, labelling and disclosures and consumer engagements. Food packaging, for example, must adhere to multiple regulatory checks before hitting the shelves which may include, *inter alia,* QR code traceability, recycled content declarations, packaging and labelling norms and BIS standards. Similarly, e-commerce platforms must navigate a combination of consumer protection, digital governance and data protection obligations relating to seller disclosures, customer communications and the responsible use of consumer data.

However, this growing interlinkage is also creating operational complexities for industry, with overlapping compliance requirements, evolving regulatory expectations, and fragmentation in implementation affecting the EoDB. For many businesses, this translates into higher compliance costs, increased need for cross-functional coordination and greater uncertainty in navigating regulatory intent versus interpretation. The net result is that organisations must proactively embed these regulatory nuances into their strategic planning, product development and innovation lifecycles from the outset, rather than attempting to retrofit compliance post-launch within prescribed timelines.

Against this backdrop of increasing regulatory convergence and the associated operational complexities for industry, it becomes important to identify emerging areas of regulatory focus and reform. The Chapter here outlines some of the key priority areas across the FMCG, retail, and e-commerce sectors where recent regulatory developments and amendments are shaping compliance expectations, requiring businesses to continuously assess and align their frameworks. The industry perspective sections reflect observations gathered from stakeholder interactions, industry representations and market developments, and the recommendations have been drafted keeping these industry perspectives and practical implementation considerations in view.

81. https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2233417&reg=6&lang=1

Reforms in food safety and labelling: An evolving compliance landscape

India's food regulatory landscape is undergoing a significant shift, moving from occasional rule-making to a more continuous and structured approach. At the centre of this evolving architecture sits the Food Safety and Standards Authority of India, the apex food regulator, whose recent interventions increasingly appear less as isolated amendments and more as part of a coordinated effort to reshape the relationship between product innovation, public health and compliance certainty.

One strand of this evolution is visible in the growing granularity of product standardisation, where regulatory attention is moving beyond broad category definitions towards more detailed specifications of composition, processes and permitted inputs. **The Food Safety and Standards (Food Products Standards and Food Additives) First Amendment Regulations, 2025**,[82] notified in July 2025 and operational from February 2026, illustrate this shift. The introduction of dedicated standards for processed meat products, revised specifications for select edible oils, food colours and their preparations and packaged drinking water reflect a regulatory approach that is increasingly attentive to the finer structure of food categories. In parallel, the widening scope of permitted enzymes and processing aids, particularly those derived from both conventional and genetically modified microorganisms, shows a gradual accommodation of modern food technologies within a more clearly defined safety framework. This results in not only technical harmonisation but also increased regulatory oversight of food production.

Another important shift is unfolding in licensing and institutional oversight, where compliance requirements are being rebalanced towards risk-based classification and administrative simplification. The revised turnover thresholds for Food Business Operators (FBOs) as part of the **Food Safety and Standards (Licensing and Registration of Food Businesses) Amendment Regulations, 2026,[83]** effective April 2026, reorganise regulatory obligations into a clearer tiered structure i.e. registration at the lower end, state licensing in the middle and central licensing for higher turnover entities. More significant than the thresholds themselves is the move towards **perpetual validity for registrations and licences, subject to risk-based inspections.[84]** This marks a shift away from fixed renewal cycles towards a model of continuous oversight, where regulatory attention is guided more by risk profiles than by periodic compliance events.

In this new structure, smaller enterprises are gradually relieved of repeated procedural requirements, while regulatory capacity is increasingly focused on larger and more complex food businesses. If licensing reform is about simplifying compliance structures, labelling reform focuses on making information requirements more targeted and usable. **The Food Safety and Standards (Labelling and Display) First Amendment Regulations, 2026**[85] introduce a set of changes including exemptions in certain cases for infant nutrition disclosures, relaxed requirements for small package sizes and formal recognition of 'minimally processed foods' as a distinct category within regulatory language. At the same time, tighter disclosure norms for non-retail containers and selected high-risk product categories show that simplification is not uniform relaxation.[86] Instead, it reflects a shift in emphasis, less disclosure where information value is limited and stronger requirements where risks or supply-chain complexity are higher. The labelling framework is therefore moving towards a more differentiated approach, where requirements vary depending on product type and risk profile rather than being applied uniformly.

Alongside these technical changes is an important effort to stabilise the timing of regulatory change itself. The move to standardise implementation windows for labelling amendments, through the Food Safety and Standards (Labelling and Display) First Amendment Regulations, 2026,[87] linked to a predictable annual cycle with longer transition periods, introduces greater procedural predictability in an otherwise fast-changing regulatory space. This allows packaging cycles, inventory planning and compliance adjustments to be better aligned with regulatory updates, reducing disruption without changing the substance of regulation.

A further area of evolution, reflecting an ongoing regulatory concern, is **front of pack nutrition labelling (FOPNL),** where food regulation increasingly intersects with public health communication and behavioural outcomes. Judicial direction is playing a key role in driving this agenda, with Supreme Court observations suggesting warning labels for products

82. https://fssai.gov.in/upload/notifications/2025/07/6879d8af12522Palm%20Oil_FPSFA_Notification.pdf
83. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2239834&reg=1&lang=1
84. https://fssai.gov.in/upload/advisories/2026/03/69c6a23234827order_27032026.pdf
85. 69cca2b3f3ce9Notification dt 24.03.2026_NRC.pdf
86. 69cca2b3f3ce9Notification dt 24.03.2026_NRC.pdf
87. 69cca2b3f3ce9Notification dt 24.03.2026_NRC.pdf

high in sugar, salt and fat such on the wrapper/packet of any pre-packaged food product.[88] Within this context, FSSAI's periodic consultations reflect a balancing exercise between tabular and pictorial formats, international practices and domestic conditions and the need to adapt global models to India's linguistic and cultural diversity. The consultation process, bringing together regulators, industry, experts and civil society,[89] shows that this is not just a technical change, but a broader debate on how nutritional information should be communicated and understood. FOPNL remains an active policy area with increasing judicial and public health attention, although a final regulatory model has yet to be adopted.

Food safety regulation is also increasingly relevant from an international trade perspective. As India seeks to expand exports of processed foods, nutraceuticals and value-added agricultural products, alignment with internationally recognised benchmarks such as Codex Alimentarius standards can facilitate market access and reduce compliance costs for exporters. At the same time, predictability in domestic food regulation remains important for importers and foreign suppliers seeking access to the Indian market. This growing intersection between food regulation and trade policy highlights the importance of ensuring that food safety measures remain science-based, transparent and consistent with India's obligations under the WTO Agreement on Sanitary and Phytosanitary Measures (SPS Agreement).

Taken together, these developments suggest a regulatory ecosystem that is gradually moving away from a more fragmented and reactive approach towards a more structured and continuous mode of governance. While standards are becoming more detailed, licensing more clearly tiered, and labelling more context-specific, the pace and consistency of implementation continue to vary across areas. This evolving approach reflects a broader shift from regulation as periodic intervention to ongoing calibration, with regulation increasingly shaping both safety standards and the broader operating environment for industry.

Legal metrology: Regulatory harmonisation and market transparency

Parallel to the evolution in food regulation, the weights, measures and packaging framework under legal metrology is also undergoing a steady set of changes that aim to reduce overlap between laws, improve transparency for consumers and shift enforcement towards a more structured and corrective approach.

A key development is the effort to reduce duplication across regulatory regimes and clarify responsibilities, exemplified by the **Legal Metrology (Packaged Commodities) Amendment Rules, 2025,**[90] which align the Legal Metrology framework with the Medical Devices Rules, 2017. The amendment provides that declarations relating to medical devices, including requirements on font size, lettering and display, will now be governed under the Medical Devices Rules. It also removes these products from certain relaxation provisions under Legal Metrology and allows compliance with the Medical

88. https://api.sci.gov.in/supremecourt/2025/35988/35988_2025_6_12_68509_Order_10-Feb-2026.pdf
89. How long does it take to make a law on food labelling to protect public health?
90. Press Release Page | Press Information Bureau

Devices Rules without mandating placement on the principal display panel (PDP). This change is intended towards reducing conflicting requirements across laws and ensuring that medical devices follow a single, sector-specific labelling framework. It also helps avoid situations where the same product is subject to overlapping or inconsistent labelling obligations.

A second major shift is the regulatory response to the growth of digital commerce. The **Legal Metrology (Packaged Commodities) Amendment Rules, 2026,**[91] notified in February 2026 and effective from July 2026, require e-commerce platforms selling imported products to provide searchable and sortable filters showing the country of origin. The intent is to improve visibility of basic product information in online marketplaces. By making *country of origin* information easier to access at the platform level, the amendment strengthens transparency for consumers and supports more informed purchasing decisions, particularly in cross-border product categories.

The increasing emphasis on country-of-origin disclosures also reflects a broader global trend towards transparency in supply chains and consumer information. However, from an international trade perspective, such requirements must be implemented in a manner that remains consistent with India's obligations under the World Trade Organisation's Agreement on Technical Barriers to Trade (TBT Agreement) and relevant Free Trade Agreement (FTA) commitments. Achieving transparency objectives while avoiding unnecessary compliance burdens will remain important as cross-border e-commerce continues to expand.

Alongside these changes, enforcement under the Legal Metrology Act is also transitioning towards a more corrective system. **The Jan Vishwas (Amendment of Provisions) Act, 2026** introduces an "Improvement Notice" mechanism for specified first-time violations under the Legal Metrology Act, 2009.[92] Under this system, businesses are given time to correct certain procedural lapses before penalties are imposed. This replaces earlier provisions where violations such as failure to maintain or produce prescribed records could lead directly to penal action. The change is intended to reduce the burden of penalties for inadvertent errors while still ensuring that core compliance requirements are met. At the same time, the framework maintains stricter consequences for repeated or continued non-compliance. Serious or repeated violations under the Legal Metrology (Packaged Commodities) Rules, 2011 can still attract significant penalties, along with suspension or revocation of licences where required.[93]

Overall, the trajectory of reforms in legal metrology points towards a clearer delineation of responsibilities across regulatory frameworks, enhanced transparency across both digital and physical retail environments, and a more calibrated enforcement approach that distinguishes between inadvertent non-compliance and persistent violations.

Drugs and cosmetics reforms

India's Beauty, Cosmetics and Personal Care market is witnessing a coordinated wave of regulatory changes spanning manufacturing oversight, ingredient safety, and post-market enforcement. The regulation of cosmetics in India is governed by a comprehensive legal framework comprising the Drugs and Cosmetics Act, 1940 (D&C Act),[94] the Drugs Rules, 1945,[95] the Medical Devices Rules, 2017,[96] the New Drugs and Clinical Trials Rules, 2019,[97] the Cosmetics Rules, 2020,[98] and the recently notified Cosmetics (Amendment) Rules, 2025,[99] issued on 29 July 2025, which amend certain provisions of the Cosmetics Rules, 2020. In addition, labelling declarations issued by the BIS guide the industry, with cosmetic standards outlined in Schedule 'S' of the D&C Rules.

The Cosmetics (Amendment) Rules, 2025[100] focus on strengthening compliance systems and improving traceability across the production chain. Manufacturers are now required to retain records related to cosmetic batches, raw materials and test reports for at least three years or until six months after product expiry, whichever is later. This expands the availability of compliance documentation for inspection and supports more effective post-market surveillance. The amendments also expand enforcement powers by allowing State Licensing Authorities (SLAs) to suspend or cancel manufacturing licences in cases of non-compliance, subject to due process under rule 31A. This strengthens regulatory action in cases of quality failure while retaining procedural safeguards.

91. 2026.02.13 PCR 1st COO Filter on e-commerce websites_1771231030.pdf
92. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2278745&reg=3&lang=1
93. https://consumeraffairs.gov.in/public/upload/files/Jan Vishwas Act (Amendment of Provisions) Act, 2026
94. https://cdsco.gov.in/opencms/opencms/en/Acts-and-rules/Drugs-and-Cosmetics-Act/
95. https://cdsco.gov.in/opencms/opencms/en/Acts-and-rules/Drugs-Rules/
96. https://cdsco.gov.in/opencms/resources/UploadCDSCOWeb/2022/
97. https://cdsco.gov.in/opencms/resources/UploadCDSCOWeb/2022/
98. https://cdsco.gov.in/opencms/opencms/en/Acts-and-rules/Cosmetics-Rules/
99. https://cdsco.gov.in/opencms/resources/UploadCDSCOWeb/2018/
100. https://cdsco.gov.in/opencms/resources/

The rules now clarify that the *use before* date refers to the first day of the stated month, while the *date of expiry* refers to the last day of the month. This removes earlier ambiguity and standardises how expiry information is communicated to consumers.[101] The revised labeling provisions for export-oriented cosmetics provide greater flexibility by recognizing that labeling requirements should conform to the laws of the importing country. The amendment further allows the use of an approved code number, in place of the manufacturer's name and address, where required by the overseas consignee and approved by the State Licensing Authority. This supports export requirements while maintaining traceability within the regulatory system by recognising the flexibility of using licensing authority-approved code numbers instead of full manufacturer details. The amendment formally designates the Central Drugs Laboratory (CDL) as the Central Cosmetics Laboratory for purposes including analysis and testing of cosmetic samples, functioning as an appellate laboratory, and undertaking functions specifically assigned by the Central Government. This clarification strengthens the institutional framework for technical evaluation and laboratory oversight of cosmetic products.[102]

Together, these measures enhance regulatory certainty, improve compliance and enforcement capabilities, support digitalisation of regulatory processes, and bring India's cosmetics framework closer to global best practices in quality management, consumer protection and market oversight.

Consumer protection: Guidelines and digital market conduct

India's consumer protection policy and regulations have expanded their focus beyond traditional product safety into digital market practices and environmental marketing, reflecting the growing importance of online commerce and sustainability claims in shaping consumer choice.

A key development in this area is the introduction of the **Guidelines for Prevention and Regulation of Greenwashing and Misleading Environmental Claims, 2024,**[103] issued by the Ministry of Consumer Affairs, Food and Public Distribution through the CCPA. The guidelines respond to the increasing use of sustainability-related claims in advertising and the associated risk of unverified or exaggerated representations.

The framework defines key terms such as environmental claims and greenwashing, sets out its scope of applicability, and prohibits misleading or unsubstantiated sustainability assertions. It requires businesses to ensure that environmental claims are supported by credible evidence, recognised third-party certifications or clear disclosures. In particular, it discourages the use of broad terms such as *eco-friendly, green, sustainable* or *natural* unless these claims are clearly explained and backed by verifiable information linked to a specific aspect of the product, process, packaging or service.[104] The objective is to improve transparency in environmental marketing and ensure that consumers are able to make informed choices based on substantiated claims rather than generic or vague sustainability language.

A second area of regulatory focus is the monitoring of manipulative digital design practices, commonly referred to as dark patterns. In December 2024, the Department of Consumer Affairs launched a set of digital tools, including the *Jago Grahak Jago app,* the *Jagriti app* and the *Jagriti dashboard,* to identify and track dark patterns across e-commerce platforms.[105] These initiatives reflect a shift towards technology-enabled consumer protection, where regulators increasingly rely on digital monitoring systems to detect potentially misleading interface designs and marketing practices. The objective is to strengthen oversight of online platforms and improve early identification of design features that may influence or distort consumer decision-making.

Building on this, the Department issued an **Advisory on Self-Audit of Dark Patterns in 2025**,[106] encouraging e-commerce entities to conduct periodic internal reviews of their digital interfaces. The advisory called for platforms to proactively identify and remove prohibited dark patterns and to institutionalise internal compliance mechanisms for consumer-facing design and marketing practices. This approach places greater emphasis on self-regulation and internal accountability, while reinforcing the expectation that platforms continuously monitor their own user interfaces for compliance risks.

As reflected above, the Consumer protection policy is fast expanding beyond traditional product safeguards to address environmental claims in advertising and behavioural risks embedded in digital interfaces. The emphasis is increasingly on ensuring that all consumer-facing information, across marketing content and platform design is accurate, transparent and not misleading in either substance or presentation.

101. https://cdsco.gov.in/opencms/resources/
102. https://cdsco.gov.in/opencms/resources/
103. Press Release Page | Press Information Bureau
104. The_Guidelines_for_Prevention_and_Regulation_of_Greenwashing_or_Misleading_Environmental_Claims,2024
105. Press Release Page | Press Information Bureau
106. https://consumeraffairs.gov.in/public/upload/admin/cmsfiles/pressRelease/

Packaging sustainability: Plastic waste rules and extended producer responsibility

India's packaging sustainability framework is also undergoing significant change, with a stronger focus on circular economy principles, expanded producer responsibility and more structured waste management systems across urban and industrial value chains.

- **The Solid Waste Management Rules, 2026,**[107] notified by the Ministry of Environment, Forest and Climate Change under the Environment (Protection) Act, 1986, replace the 2016 framework and aim to strengthen the overall system for municipal and bulk waste management. The rules come into effect from 1 April 2026 and place greater emphasis on source segregation, decentralised processing and clearer accountability across different actors in the waste chain. A key change is the institutionalisation of four-stream segregation at source, along with the introduction of Extended Bulk Waste Generator Responsibility (EBWGR), which places defined obligations on large waste generators. The framework also introduces environmental compensation for non-compliance based on the Polluter Pays principle.

- **The Plastic Waste Management (Amendment) Rules, 2026,**[108] notified on 31 March 2026, further strengthen India's plastic circularity framework by expanding EPR obligations across the plastic packaging value chain.

The amended rules require mandatory registration of producers, importers and brand owners, along with annual collection and recycling targets for plastic waste. They also introduce more detailed reporting requirements across different categories of plastic packaging, increasing accountability. A significant feature of the revised framework is the introduction of phased recycled-content requirements. Category I plastic packaging is required to include a minimum of 30 percent recycled resin in 2025–26, rising progressively to 60 percent by 2028–29.[109] This creates a structured path for increasing the use of recycled materials in packaging over time. These changes reflect a stronger policy push towards improving material efficiency, expanding the use of recycled inputs and speeding up the transition towards a more circular plastics economy. At the same time, they introduce new compliance, sourcing and operational requirements for producers, importers and brand owners operating in regulated packaging markets.

Similar sustainability measures are increasingly emerging as important subjects within international trade discussions and modern FTAs. While environmental objectives enjoy broad policy support, businesses have highlighted the importance of nationally harmonised implementation frameworks to avoid fragmented compliance obligations across jurisdictions.[110] Regulatory consistency can help ensure that sustainability measures achieve environmental outcomes without creating avoidable barriers to interstate commerce, international trade or investment flows.

107. Press Release Page | Press Information Bureau
108. 271465-Plastic Waste Management (Amendment) Rules, 2026.pdf
109. 271465-Plastic Waste Management (Amendment) Rules, 2026.pdf
110. https://academic.oup.com/book/57559/chapter-abstract/468957380?login=false&redirectedFrom=fulltext

Evolving taxation framework, GST measures and MRP revision

Following the decisions taken at the GST Council meeting held on 3 September 2025 and implemented from 22 September 2025, the government introduced a broad-based rationalisation of GST rates across essential consumer goods, food products, pharmaceuticals, and medical devices.[111] It streamlined the earlier four-slab structure (5, 12, 18 and 28 percent) into two principal slabs of 5 percent and 18 percent, with a 40 percent rate reserved for sin/luxury goods. As part of the shift, a wide range of everyday FMCG items such as packaged namkeen, sauces, pasta, instant noodles, chocolates, coffee, butter, ghee, cornflakes and small sachets moved down to 5 percent, providing cost relief to the consumers on these products.[112]

Alongside these rate changes, manufacturers, packers and importers were permitted to revise the MRP on unsold stock of pre-packaged commodities to reflect the revised tax incidence.[113] An advisory issued by the Department of Consumer Affairs on 18 September 2025 relaxed certain legal metrology requirements following GST rate revisions, allowing manufacturers, packers and importers to voluntarily revise MRPs on unsold stock and continue using existing packaging materials with appropriate price corrections.[114] These measures reflect an effort to ease the tax burden on household consumption and healthcare products, improve the pass-through of tax benefits to consumers, and reduce operational friction linked to inventory management and labelling changes. For instance, in the healthcare segment, the framework provides for exemptions or significant rate reductions on lifesaving drugs and medicines, along with lower GST rates for medical devices, diagnostic equipment and related apparatus.

However, an unintended consequence of these changes has been the emergence of an **Inverted Duty Structure (IDS),** where input taxes exceed output taxes, adversely impacting the commercial viability and profitability of many FMCG firms. Under the framework established by the GST Council and implemented through the Central GST Act 2017, businesses are ordinarily permitted to offset input tax credits (ITC) paid on procurement against GST liability on outward taxable supplies. However, where the GST rate applicable on raw materials, packaging materials, input services, or other procurement inputs is higher than the rate applicable on the finished goods supplied by the manufacturer, unutilised ITC accumulates, resulting in working capital blockages and increased costs.

Consequently, industry stakeholders have sought GST rate rationalisation across inputs, input services, capital goods, and finished products to address the inverted duty structure and reduce the build-up of stranded tax credits.

India's new data governance landscape

India has entered a new chapter in its digital journey with the enforcement of the Digital Personal Data Protection Act, 2023 **(DPDPA)** and the **DPDP Rules, 2025,** notified on 13 November 2025 by the Ministry of Electronics and Information Technology.[115] The Act is being implemented in a phased manner, providing organisations with a transition period to achieve compliance. While certain provisions become effective earlier, full enforcement of the substantive provisions of the Act and Rules is expected by 14 May 2027. The phased implementation roadmap is outlined below, highlighting the key dates on which various provisions of the Act and Rules become enforceable:

14 November 2025: Initial provisions of the DPDP Act and associated Rules come into force;

14 November 2026: The second phase of implementation becomes enforceable, including provisions relating to Consent Managers;

14 May 2027: The substantive provisions of the DPDP Act and Rules are fully enforced, marking the completion of the phased implementation framework.

It is worth noting that the DPDP Act, 2023 is aligned with globally accepted privacy principles and shares a similar intent and approach with leading data protection frameworks such as the GDPR, reflecting India's commitment to strengthening digital personal data protection. While the Act provides the overall framework for personal data protection in India, further clarity is expected on several key aspects, including the constitution and functioning of the Data Protection Board of India, the notification of Significant Data Fiduciaries (SDFs), restrictions on cross-border personal data transfers, the scope of technical and organisational measures and the enforcement approach and penalties for non-compliance.

111. Press Release: Press Information Bureau
112. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2164586.
113. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2168208&reg=48&lang=2
114. https://consumeraffairs.gov.in/public/upload/admin/cmsfiles/
115. https://www.deloitte.com/in/en/services/consulting/about/indias-dpdp-rules-2025-leading-digital-privacy-compliance.html

The Act introduces a consent driven and accountability focused framework that will influence how businesses collect, process and utilise consumer data across the value chain. It is expected to significantly reshape consumer-centric industries such as e-commerce and retail, where organisations use consumer preferences, expectations and feedback to derive valuable insights, enhance customer experiences and deliver more personalised products and services.

A key implication of the DPDP Act for businesses is the need to align advertising, marketing and customer engagement activities with the Act's requirements relating to notice, consent, purpose limitation and data minimisation. Organisations using personal data for targeted advertising, personalised marketing or behavioural profiling may need to ensure that such processing is supported by an appropriate legal basis and that individuals are provided with adequate transparency regarding the purposes for which their data is used. This may require businesses to review existing data collection and marketing practices, strengthen consent management mechanisms and limit the use of personal data to specified purposes. Over time, organisations that adopt transparent and privacy-centric approaches may benefit from improved customer trust, engagement and long-term loyalty.

The Act may also necessitate a redesign of customer journeys and digital interfaces. Retailers and organisations with direct consumer interface will need to integrate compliant consent mechanisms and clear privacy notices across websites, mobile applications and checkout processes. Practices such as pre-ticked checkboxes, bundled consent or hidden opt out mechanisms will no longer be permissible, as they undermine the principle of free and informed consent. This will require businesses to rethink user experience design, ensuring that interfaces are transparent, user friendly and compliant by design.

Additionally, the principles of purpose limitation and data minimisation may restrict businesses from collecting or processing more data than necessary. As a result, companies may need to revisit AI driven recommendation engines, dynamic pricing models and behavioural analytics tools. There is likely to be a shift towards privacy-enhancing technologies and the adoption of privacy by design and privacy by default principles in the development of processes, systems and applications, and greater reliance on first party data strategies, as the repurposing or secondary use of personal data for new purposes may require adequate transparency, a valid legal basis and, where applicable, fresh consent from individuals. Accordingly, practices involving extensive cross-platform tracking and profiling may require careful reassessment to ensure compliance with the Act.

The Act also strengthens accountability across the broader retail ecosystem. Given the reliance on third party service providers such as logistics partners, payment gateways, cloud providers and marketing agencies, businesses will need to enhance vendor risk management practices. This includes conducting due diligence to determine the respective roles of vendors in the processing of personal data, revising contractual arrangements to incorporate appropriate privacy and data protection obligations and continuously monitoring third party compliance, even though the primary responsibility for data protection remains with the data fiduciary, namely the entity that determines the purpose and means of processing personal data.

The DPDPA also has growing implications for India's participation in the evolving landscape of cross-border digital trade. Contemporary trade agreements increasingly address issues such as cross-border data flows, electronic transactions, digital consumer protection and platform governance. As India's digital economy integrates more deeply with global markets, policymakers will need to balance legitimate objectives relating to privacy, security and consumer protection with the need to facilitate cross-border digital commerce and innovation.

Strengthening AI governance in consumer-facing industries

India's consumer economy is undergoing a structural transformation driven by the rapid adoption of AI, generative AI and, increasingly, agentic AI systems capable of autonomously performing tasks, interacting with consumers and making decisions. Across FMCG, retail, e-commerce and digital marketplaces, AI is no longer merely a back-office efficiency tool. It is increasingly shaping how products are discovered, marketed, recommended, purchased and delivered. The scale of this transformation is significant. India has over 1.09 billion internet subscribers and an e-commerce market projected to reach approximately US$250 billion by 2030.[116] AI-driven personalisation, recommendation engines and dynamic pricing systems are becoming central to consumer engagement strategies. Agentic AI is also beginning to move from experimentation to deployment, with FMCG companies using autonomous systems to manage inventory, detect fraud and support compliance functions.

These developments represent a significant economic opportunity. At the same time, they introduce regulatory challenges and novel risks, including AI-specific privacy risks and heightened risks relating to the collection, processing and use

[116] https://www.deloitte.com/in/en/about/press-room/indias-e-commerce-market-set-to-reach--250-billion-by-2030.html

of personal data. These developments also create a complex compliance landscape that requires organizations to navigate the interplay of multiple legal and regulatory frameworks, including the DPDP Act, 2023, consumer protection laws, the IT Act and relevant criminal law provisions. The government's response has therefore not been to restrict AI adoption, but the goal is to encourage innovation and adoption, while protecting individuals and society from the risk of harm.[117] The government's regulatory rationale is anchored in the need to harness AI's economic potential while preventing AI-enabled harms from undermining consumer trust, market integrity and public safety. Both objectives are treated as equally important.

The government has increasingly recognised that consumers may be misled by AI-generated content in much the same way they may be misled by traditional false advertising. This rationale underpins the Consumer Protection framework, misleading advertisement guidelines and **Advertising Standards Council of India (ASCI) Draft Guidelines on AI-Generated Advertising,** which adopt a risk-tiered disclosure framework requiring labelling wherever AI-generated content "materially influences consumer decisions".[118] The guidelines require disclosure where AI-generated or AI-enhanced content could materially influence consumer decisions or create a misleading impression, such as the use of virtual influencers, synthetic voices or likenesses, AI-generated product demonstrations, and realistic AI-created scenarios. At the same time, they prohibit inherently misleading uses of AI including fabricated endorsements, fake experts, exaggerated product claims and unauthorised deepfakes, even if labelled. Routine editing, decorative AI-generated elements and clearly fantastical content are generally exempt from disclosure requirements. The framework is intended to promote transparency, prevent consumer deception and ensure that AI-enabled advertising remains compliant with the broader ASCI Code.

Furthermore, the rise of deepfakes, synthetic impersonation and AI-generated misinformation has also prompted a significant shift in the government's approach to intermediary liability. The **Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 and subsequent Synthetically Generated Information ("SGI") amendments (2026)**[119] reflect the view that platforms can no longer operate as "passive" intermediaries when AI-generated harms can spread at unprecedented speed and scale. The original 2021 Rules were introduced to address fake news, social media misuse and harmful content while empowering users through stronger platform accountability.

The 2026 SGI amendments went a step further by introducing India's first statutory definition of SGI and integrating such content into the due diligence framework applicable to intermediaries under the IT Rules. By imposing additional obligations on platforms that enable the creation, generation or dissemination of AI-generated content including user disclosures, content moderation measures and grievance redressal requirements, the government has increased regulatory accountability for platforms hosting AI-generated product content, synthetic influencer communications and deepfake advertising material. Non-compliance may expose intermediaries to heightened legal and regulatory scrutiny,

117. https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/nov/doc2025115685601.pdf
118. https://www.ascionline.in/wp-content/uploads/2026/05/asci-ai-labelling-guidelines.pdf
119. https://www.meity.gov.in/static/uploads/2026/02/550681ab908f8afb135b0ad42816a1c9.pdf

including potential implications for safe-harbour protection under Section 79 of the Information Technology Act, 2000.

The government has similarly recognised that Generative AI raises significant intellectual property (IP) concerns. The **Working Paper on Generative AI and Copyright (Part I)**[120] issued by the Department for Promotion of Industry and Internal Trade (DPIIT) on December 8, 2025, reflects government's concern that AI innovation must not come at the expense of rights holders and the creative economy. It rejects the notion that copyrighted works can simply be used for AI training without addressing authors' and rightsholders' interests. Instead, it seeks a mechanism through which creators, publishers, musicians, journalists, and other copyright owners can share in the value generated by AI systems trained on their works. Through its proposed *One Nation, One License, One Payment* framework, the Government seeks to position India as a globally competitive AI ecosystem while ensuring that copyright holders participate in the economic value generated by AI, thereby aligning technological advancement with principles of fairness, responsible innovation, and inclusive growth.[121] For consumer-facing industries that increasingly rely on AI-generated advertising, marketing content and synthetic brand assets, copyright compliance is becoming an important component of responsible AI deployment.

Standards and certifications: BIS quality control orders and advertising guidelines

India's standards and certification framework has continued to expand through the Bureau of Indian Standards (BIS)-led Quality Control Order (QCO) regime, alongside parallel developments in advertising self-regulation. Together, these changes reflect a stronger emphasis on product quality, consumer safety, and clearer accountability in product claims and certifications. A major development is the **steady expansion of the BIS Quality Control Order framework across sectors.** By 2025, the coverage of QCOs has increased from around 70 products in 2016 to nearly 790 products.[122] Implemented through respective line ministries, the framework requires mandatory BIS certification for notified products, with the objective of improving product quality standards, reducing the entry of substandard goods and strengthening consumer protection through conformity assessment mechanisms.

This expansion has significantly increased compliance requirements for manufacturers, importers, and testing agencies across sectors, particularly in chemicals, engineering goods and consumer products. However, the approach has also shown signs of greater calibration in implementation. In November 2025, the **Government suspended 69 QCOs** covering chemicals, polymers, fibre intermediaries and steel-related inputs due to concerns around raw material availability, export competitiveness and supply chain constraints.[123] The decision to suspend these QCOs came amid India–US trade tensions and followed recommendations from the NITI Aayog's deregulation panel, led by Rajiv Gauba, which called for the withdrawal of more than 200 QCOs on the grounds that the rapid expansion of mandatory standards had increased compliance costs and disrupted industrial supply chains.[124] As of today, **116 of the 208 QCOs** identified for urgent revision or withdrawal have reportedly been revoked.[125]

This adjustment reflects a more balanced approach to standards enforcement, where quality control objectives are weighed against manufacturing feasibility, MSME participation and access to critical inputs. It signals an attempt to ensure that certification requirements do not unintentionally disrupt industrial supply chains, particularly in intermediate goods-dependent sectors.

Alongside formal standards, advertising and influencer communications have also seen updated guidance aimed at improving transparency and consumer trust. On 28 April 2025, the ASCI revised its **Influencer Advertising Guidelines,**[126] specific to Addendum 2, focusing on health and financial services content. The updated framework introduces a more differentiated approach to disclosure requirements. Influencers are required to hold and disclose relevant qualifications only when providing technical opinions, recommendations or advice in sectors such as health, nutrition and financial services. However, generic promotional content, awareness messaging and brand communications that do not constitute expert advice are exempt from such requirements.

The revision is intended to improve clarity on when expertise-based disclosures are necessary, while avoiding unnecessary compliance burdens for standard promotional content. At the same time, it seeks to strengthen consumer trust in influencer-led communications by ensuring that technical advice is appropriately qualified and clearly signposted.

120. https://www.dpiit.gov.in/static/uploads/2025/12/ff266bbeed10c48e3479c941484f3525.pdf
121. https://www.dpiit.gov.in/static/uploads/2025/12/ff266bbeed10c48e3479c941484f3525.pdf
122. https://www.financialexpress.com/business/industry/explainer-how-quality-norms-are-stifling-indian-industry/4044755/
123. As govt starts rolling back Quality Control Orders, a look at adverse impact they had, mainly on MSMEs
124. https://theprint.in/economy/as-govt-starts-rolling-back-QCOs
125. https://www.pressreader.com/india/india-today/
126. https://www.ascionline.in/wp-content/uploads/2025/04/Press-Release_Influencer-Guidelines-Update.pdf

Industry perspective and implications

Across themes and regulatory segments, a few clear patterns stand out. Regulations are increasingly converging on common priorities such as packaging and labelling coherence, consumer trust, standards alignment, and origin transparency, while remaining fragmented across jurisdictions. At the same time, compliance is no longer confined to legal functions, it now cuts across product design, marketing, and technology. As a result, front-end strategic choices are becoming as critical as back-end legal adherence. Organisations across the FMCG, retail and e-commerce sectors are responding by embedding compliance into core operations, for example, marketing teams is expected to align with AI and digital governance guidelines, R&D is reorienting toward sustainable and recyclable formats, and IT interfaces are being redesigned for consumer consent, traceability, and product-level data tracking. Many regulatory initiatives also demand cross-sector collaboration, for instance, standardising pack sizes[127] or enforcing product safety norms on e-commerce platforms,[128] highlighting the growing interdependence between brands, retailers and regulators.

Overall, regulatory momentum is driving a more integrated ecosystem where environmental, product safety, and digital requirements intersect, necessitating strong cross-functional coordination within industry. Amid this growing complexity and regulatory nuance, industry stakeholders increasingly emphasize EoDB and seamless compliance as foundational pillars of good regulatory practice, calling for harmonisation, clarity, and implementation frameworks that enable compliance without stifling innovation or operational efficiency.

The following **issues and industry use cases** highlight practical challenges arising from regulatory overlaps and complexity, underscoring the need for more coherent and streamlined frameworks that advance EoDB and ease of compliance.

Balancing circular economy goals with compliance complexity: Deposit Refund Scheme (DRS)

The central government has deployed a national, centralised EPR system for plastic packaging under the Plastic Waste Management Rules, 2016 as amended in 2022, administered CPCB's online portal with mandatory registration, annual targets, certificate generation/trading, and regulatory oversight by the CPCB and State Pollution Control Boards (SPCBs).[129] The packaging categories are defined at a national level (rigid plastic, flexible plastic, multilayered packaging, compostable plastic carry-bag/sheet categories), and the compliance logic is producer-side rather than consumer-side.

In parallel, some states are now experimenting with or notifying **DRS,** notably Goa[130] and Himachal Pradesh, with Uttarakhand already using digital deposit-return models in pilgrimage/tourist contexts.[131] The Government of Himachal Pradesh officially notified the DRS on June 16 2025,[132] and has positioned it as a tool to comply with the EPR at the state level. The objective of the scheme is to prevent littering or disposing of non-biodegradable waste *(plastic containers, tetra pack, glass bottles, multi-layered packaging, etc.)* in public spaces and drains and ensure their collection to promote circular economy within the state. The Government of Goa notified their DRS Scheme, under the Goa Non-Biodegradable Garbage (Control) Act, 1996[133] on 16 August 2024, covering a wide range of non-biodegradable packaging. Subsequently, the 2025 amendment[134] refined the scheme's scope, exemptions, escrow and compliance provisions, Unique Serial Identifier (USI)/QR code requirements and penalty framework.

The over-arching objective of such schemes is to create a direct consumer incentive for return of packaging, reduce litter leakage in ecologically sensitive and tourism-heavy geographies, and improve traceability and recovery quality. However, industry feedback is that the emerging state DRS models risk creating a parallel, state-specific compliance stack on top of the existing national EPR regime, without clear interoperability, credit recognition or harmonised rules on packaging, labelling, deposits and data flows. For instance, the beverage industry in Goa has urged the government to defer the rollout of its proposed DRS for glass bottles and cans, arguing that the proposed rollout may create operational issues and disrupt supplies, causing a potential loss of INR100 crores to the state excise revenues.[135] On operational issues,

127. https://www.newindianexpress.com/thesundaystandard/2026/Jun/07/
128. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2265762&reg=3&lang=1
129. https://cpcb.nic.in/rules-4/
130. https://www.goadrs.com/policy
131. https://government.economictimes.indiatimes.com/news/policy/
132. https://dest.hp.gov.in/sites/default/files/DRS%2016june25-%20Notification_0.pdf
133. https://ctl.goadrs.com/content/files/2025/10/Goa-Gazette-DRS-Notification.pdf
134. https://ctl.goadrs.com/content/files/2025/12/1st-amendment.pdf
135. https://retail.economictimes.indiatimes.com/news/food-entertainment/grocery/alcoholic-beverage

the industry argued that the proposed rollout timing was too compressed, that USI specifications and application standards were still unclear, that production lines would need costly reconfiguration, and that efficiency could drop by 25–30 percent.[136] Other implications include:

Conflict with legal metrology requirements: The proposed DRS requires a refundable deposit to be charged over and above the declared MRP, which may be inconsistent with the Legal Metrology (Packaged Commodities) Rules that require the MRP to reflect the final price payable by the consumer. This creates legal uncertainty and potential exposure to consumer disputes, enforcement action, and compliance risks for manufacturers, distributors and retailers.

Parallel compliance architecture: Industry has raised concerns that a state-level DRS creates a parallel compliance mechanism on top of the CPCB-administered EPR framework, leading to risks of double counting, duplicate financial liabilities, and departure from a uniform national compliance structure. With EPR obligations already being fulfilled through a centralised, geo-neutral CPCB mechanism, the addition of a state-level DRS may dilute the principle of regulatory harmonisation by imposing parallel obligations, fees, and reporting requirements. It may also be inconsistent with broader policy efforts to promote nationally harmonised and geography-agnostic compliance frameworks, potentially creating divergence between the regulatory approach adopted at the central and state levels.

Challenges with supply chain structure: The scheme requires every product SKU to carry unique serialised identifiers along with state-specific markings. Implementing this would necessitate a full redesign of packaging artwork, upgrades to printing lines and changes to inventory management systems. Such requirements could be impractical for centrally operated manufacturing units, nationwide and multi-state distribution networks and e-commerce supply chains. The challenge is even more pronounced for low-cost, high-volume products that use flexible or multilayer packaging, as well as for imported goods, where standardised global packaging formats cannot easily incorporate state-specific codes. Additionally, introducing state-based markings heightens the risk of counterfeiting and the misuse of duplicated labels to fraudulently claim refunds.

- **Financial and operational implications of the escrow requirement:** Clauses 3(k), 8(17) and 11(4) of the Himachal Pradesh Scheme require upfront deposits into an escrow account at dispatch.[137] While intended to streamline refunds, this could lock up significant working capital and create cash-flow pressures across the supply chain. It may also pose reconciliation challenges, especially for unredeemed deposits. Smaller retailers and distributors could face liquidity constraints, and the lack of clarity on timelines for returning unclaimed deposits adds further uncertainty.

- **Potential adverse effects on market demand and business activity:** Incorporating a deposit component into product pricing could raise the overall cost borne by consumers within the state. This increase is likely to dampen demand and lead to a decline in sales volumes. It may also disrupt established supply chains and negatively impact MSMEs, retailers and related employment that rely on the smooth and consistent movement of goods within the state.

- **Governance and accountability gaps:** While the DRS provides for a Scheme Operator, it does not clearly outline the governance structure, audit processes, transparency norms or stakeholder oversight. This creates concerns around fund management and accountability, with risks of inefficiencies or duplication. Additionally, multiple state-specific DRS frameworks with varying requirements (fees, definitions, deposits, coding and refunds) add to regulatory complexity.

From a policy perspective, state-level DRS schemes (including ones introduced in Goa, Uttarakhand, Himachal Pradesh and Kerala) should not be viewed as inherently problematic, but their implementation must occur within a nationally harmonised framework rather than through isolated state-led interventions. The preferable regulatory approach may involve the development of a unified national framework under the Ministry of Environment, Forest and Climate Change that clearly integrates DRS collection outcomes into the existing EPR accounting structure, establishes mutual recognition of compliance credits, and prevents multiple regulators from imposing parallel obligations on the same packaging ecosystem.

Accordingly, while emerging DRS frameworks advance India's sustainability objectives and may improve material recovery outcomes, uncoordinated state-level implementation risks

136. https://www.financialexpress.com/business/news/
137. https://dest.hp.gov.in/sites/default/files/DRS%2016june25-%20Notification.pdf

creating regulatory duplication, compliance uncertainty, and disproportionate operational burdens for producers already operating under an established national EPR framework.

Implications for industry liquidity: IDS under GST 2.0

The GST 2.0 reforms ensured a wide range of everyday FMCG items such as packaged namkeen, sauces, pasta, instant noodles, chocolates, coffee, butter, ghee, cornflakes and small sachets move down to much lower tax slab i.e. 5 percent, providing cost relief to consumers on these products.[138] However, the emergence of an inverted duty structure (IDS), where the tax rate on inputs exceeds that on outputs, has created structural challenges for FMCG companies and has adversely affected their commercial viability and profitability. As reported by the industry, in categories where key inputs such as raw materials, packaging components or intermediates are taxed at a higher rate than finished goods, companies are facing accumulation of input tax credit (ITC). As a result, unutilised input tax credits accumulate, tying up working capital and posing challenges for high-volume, low-margin FMCG businesses, while also affecting the efficient functioning of the GST credit mechanism. Furthermore, procedural requirements and timelines associated with refunds contribute to the overall burden on businesses. While a refund mechanism exists for inversion, in practice, processes remain documentation-heavy, creating cash flow pressures and increasing compliance overheads. For companies managing large and diversified product portfolios, these inefficiencies can scale significantly. From an operational standpoint, key implications include:

- **Refund inefficiencies and statutory limitations:** Although Section 54 of the Central Goods and Services Tax Act 2017 provide for refund of unutilised ITC in cases of inverted duty structure, refund eligibility is subject to statutory restrictions under Rule 89(5) of the CGST Rules, which excludes input services from the refund computation.[139] For FMCG manufacturers this lies at the heart of the issue, since contract manufacturing, warehousing, transportation and other input services, precisely the categories that remain taxed at 18 percent generate ITC that is permanently non-refundable rather than merely delayed. An additional consideration relates to the refund calculation mechanism under Rule 89(5), where the prescribed formula may, in certain cases, result in lower refunds than the eligible input tax credit attributable to input goods. Further, refund claims can involve procedural documentation requirements, formula-based computations, and processing timelines that may affect the timely realisation of accumulated credits.[140]

- **Working capital constraints:** FMCG businesses operate on high inventory turnover models and large-scale distribution networks requiring continuous deployment of liquidity across manufacturing, procurement, and channel management operations. Persistent accumulation of unutilised ITC effectively converts recoverable tax credits into locked working capital, reducing liquidity available for operational deployment and increasing financing costs.

- **Disproportionate impact on large-scale consumer goods supply chains:** FMCG companies operate on comparatively thin operating margins while managing extensive nationwide distribution infrastructure. Tax credit accumulation across large procurement volumes can materially affect treasury management, pricing flexibility and capital allocation decisions, particularly where refund cycles remain prolonged. Tax rate differentials may, in certain cases, influence sourcing, procurement or product formulation decisions, potentially leading to outcomes that are driven by tax considerations rather than operational efficiency, product quality, or consumer demand.

Taken together, the current framework may create operational and financial challenges for the FMCG sector, including the accumulation of working capital in unutilised credits and increased compliance and administrative costs. These factors may also influence certain business decisions and give rise to complexities in financial reporting and audit processes. Addressing these issues could help strengthen the effectiveness of the GST credit chain, enhance business efficiency and support the sector's long-term competitiveness. In this regard, consideration of these concerns as part of ongoing GST process and policy reforms would be a constructive step forward.

The issue also has implications for India's trade competitiveness. While FTAs and tariff liberalisation aim to enhance access to competitively priced raw materials and inputs, the accumulation of unutilised input tax credits may dilute some of these benefits by increasing working capital costs for manufacturers. Addressing inverted duty structures would therefore support both domestic manufacturing competitiveness and India's broader integration into regional and global value chains.

From labels to likes: How influencers are reframing food and beauty narratives

The rapid expansion of digital technologies and online platforms has significantly broadened the ways in which businesses engage with consumers. Today, social media has emerged as one of the most influential marketing channels,

138. https://www.pib.gov.in/FactsheetDetails.aspx?Id=150302&reg=48&lang=2
139. https://taxinformation.cbic.gov.in/content-page/explore-rules
140. https://taxinformation.cbic.gov.in/content-page/explore-rules

particularly in an environment where consumers increasingly depend on product trends, peer reviews, and influencer-led content. Unlike traditional advertising, social media enables real-time interaction, feedback and dialogue, elements that are critical for building enduring brand relationships. Reflecting on this shift, India's influencer marketing industry is estimated at INR3,000–3,500 crore in 2025, growing at a CAGR of 22 percent, and is projected to reach INR4,500–5,000 crore by 2027. E-commerce accounts for 23 percent of influencer marketing spend, followed by FMCG at 19 percent, with growth driven by deeper brand integration, the professionalisation of creators and increased institutional adoption of influencer-led strategies.[141]

Social media marketing has become particularly critical for the FMCG sector, where purchase decisions are frequent, low-involvement and highly competitive. FMCG products typically have shorter life cycles and are subject to high consumer switching. In such a landscape, strategies focused on engagement, retention and loyalty are far more effective than those centered solely on product promotion. Building brand loyalty is especially valuable, as it drives repeat purchases, lowers marketing costs and strengthens advocacy.[142]

Influencer-led marketing has effectively addressed challenges of reach and trust, enhancing both brand visibility and the success of new product launches. Beyond communication, social media plays a pivotal role in shaping consumer perceptions, influencing attitudes and driving purchase decisions.

However, this growing reliance on social media has also introduced a significant challenge: consumers increasingly view influencers as "trusted sources" for product recommendations, particularly in sensitive categories such as health, nutraceuticals, cosmetics and supplements. The rapid growth of this industry has also raised concerns about misleading advertisements, inadequate disclosures and potential consumer harm, especially among vulnerable audiences.
In response, India's regulatory approach has shifted from a "buyer beware" mindset to a system of shared responsibility, where both brands and influencers can be held accountable for misleading content. The framework now covers key areas such as consumer protection, mandatory disclosures, data privacy and sector-specific rules, with penalties. Captured below is, inter alia, a brief overview of regulations governing the influencer ecosystem:

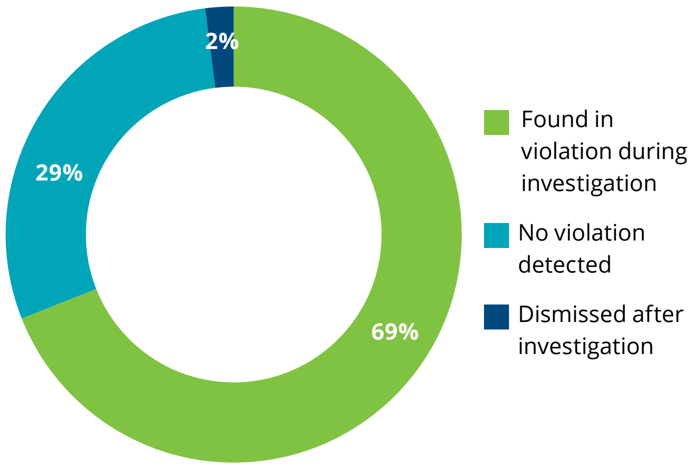
Key laws/regulations	Entity	Details/Highlights of regulations
Consumer Protection Act, 2019[143]	Central Consumer Protection Authority (CCPA), Department of Consumer Affairs	The Consumer Protection Act, 2019 defines a "misleading advertisement" as one that falsely describes a product or service, provides a false guarantee, misrepresents its nature, substance, quality, or quantity, constitutes an unfair trade practice or deliberately withholds material information. The Act also classifies the misrepresentation of standards, quality, or benefits as an unfair trade practice.
Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022[144]	Central Consumer Protection Authority (CCPA), Department of Consumer Affairs	The CCPA is empowered to investigate complaints, direct the modification or discontinuation of misleading advertisements, impose penalties and issue binding regulatory guidance. This includes the Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022, as well as subsequent guidelines governing endorsements by health and wellness influencers, celebrities and virtual influencers.
Guidelines for Influencer Advertising in Digital Media[145]	Advertising Standards Council of India (ASCI)	The Guidelines inter alia mandate a disclosure label on all advertisements published by social media influencers whenever a "material connection" exists between an advertiser and an influencer. A "material connection" is broadly defined as encompassing not just a monetary payment, but also free products (even unsolicited), discounts, trips, media barter, or other perks that could affect the credibility of the endorsement.

141. https://www.kofluence.com/influencer-marketing-research-report/#download-report-section-2026
142. https://iaeme.com/MasterAdmin/Journal_uploads/IJARM/VOLUME_16_ISSUE_5/IJARM_16_05_001.pdf
143. https://consumeraffairs.gov.in/pages/consumer-protection-acts
144. https://consumeraffairs.gov.in/public/upload/files/CCPA_Notification_1732707665.pdf
145. https://www.ascionline.in/guidelines-for-influencer-advertising-in-digital-media

Key laws/regulations	Entity	Details/Highlights of regulations
Code for Self-Regulation of Advertising Content in India[146]	Advertising Standards Council of India (ASCI)	The Code mandates that advertisements be lawful, truthful, decent, non-hazardous and fair, while also upholding principles of responsible competition. In addition, ASCI has collaborated with the FSSAI to strengthen the monitoring and review of potentially misleading advertisements in the food and beverage sector.
Food Safety and Standards (Advertising and Claims) Regulations, 2018[147]	Food Safety and Standards Authority of India (FSSAI)	FSSAI regulates claims and advertisements made by food businesses to safeguard consumers from misleading information. Claims that undermine healthy dietary practices, position products as replacements for normal meals or disparage competing products are prohibited. Additionally, specified disease risk-reduction claims require prior regulatory approval, and all claims must be substantiated by robust scientific evidence.

Despite ongoing government efforts to regulate and maintain oversight of the sector, brands continue to report instances of misrepresentation and misinformation by creators and influencers. In several cases, influencers have leveraged digital platforms to disseminate misleading or inaccurate information about products, thereby potentially influencing consumer perceptions in unintended ways. Per a 2025 report by ASCI, a *Top Influencer Compliance Scorecard*[148] revealed that 69 percent of the India's top influencers failed to meet ASCI's Guidelines for Influencers Advertising in Digital Media, 2023,[149] and also the CCPA Guidelines. Moreover, 56.8 percent of the violations pertained to absence of the disclosure label, and 43.2 percent cases pertained to disclosures being buried in hashtags and not being prominently displayed as required by ASCI and CCPA guidelines.

Figure 21: Influencer Compliance Scorecard - ASCI Report (Base: 100 posts)



Furthermore, per ASCI's Annual Compliance Report (2025–26),[150] the F&B sector was among the top five violative categories, with 376 cases reported. 88 percent of F&B advertisements processed required modification, being in violation of the ASCI code. Nutraceuticals formed the largest subcategory of cases under this sector with the most violative claims, contributing to 52 percent of the total cases. 96 percent of them required modification.[151] In the BPC category, 90 percent of advertisements of 639 cases assessed required modification, indicating a high incidence of potential violations.[152]

The influencer ecosystem encompasses a broad range of actors, including social media influencers, lifestyle bloggers, independent nutrition coaches and wellness brands, operating across social media platforms.[153] Many of these actors comment on nutrition or highlight potential health risks associated with food products despite lacking the necessary qualifications or expertise in health and fitness. The rise of "nutrition fear-mongering" on social media has led to blanket distrust of packaged foods, often driven by influencers making pseudo-scientific or exaggerated claims without lab evidence. A recent example is the FSSAI's intervention in cases where influencers raised concerns about milk contamination with urea and detergents, with the regulator noting that such claims

146. https://www.ascionline.in/wp-content/uploads/guidelines/ASCI_Codes_Guidelines_Book.pdf
147. https://www.fssai.gov.in/upload/uploadfiles/files/Compendium_Advertising_Claims_Regulations
148. https://www.ascionline.in/wp-content/uploads/2025/02/Top-Influencer-Compliance-Scorecard-2025-1.pdf
149. https://www.ascionline.in/wp-content/uploads/2023/08/GUIDELINES-FOR-INFLUENCER-ADVERTISING-IN-DIGITAL-MEDIA.pdf
150. https://www.ascionline.in/wp-content/uploads/2026/05/annual-complaints-report-25-26-final.pdf
151. https://www.ascionline.in/wp-content/uploads/2026/05/annual-complaints-report-25-26-final.pdf
152. https://www.ascionline.in/wp-content/uploads/2026/05/annual-complaints-report-25-26-final.pdf
153. https://www.orfonline.org/expert-speak/nutrition-misinformation-and-the-limits-of-regulation-in-india

lacked sufficient scientific substantiation and could contribute to unwarranted public alarm.[154] This trend often overlooks an important distinction between the organised and unorganised segments of the food sector. FSSAI-compliant organised brands operate within a robust regulatory framework that mandates stringent standards for quality, safety and compliance, unlike the more fragmented unorganised sector. These safeguards play a critical role in maintaining consumer trust and product integrity, making the spread of unsubstantiated claims particularly concerning from a regulatory and consumer trust perspective.

Moreover, influencer narratives often oversimplify food science and demonise ingredients, whereas regulatory frameworks already prohibit misleading or unverified claims by brands themselves. For instance, FSSAI has actively penalised companies for terms such as “100 percent natural”, “no added sugar” or “heart healthy” when unsupported by science,[155] demonstrating that compliant brands face scrutiny and accountability which influencers do not. There have also been instances where regulatory documents were allegedly edited, selectively presented or taken out of context in online discussions, raising concerns about the accuracy of information being disseminated and prompting regulatory scrutiny, including investigations and FIRs.[156] In a parallel set of events, a viral influencer campaign in India claimed that 6 out of 10 popular sunscreens failed SPF claims, triggering widespread panic and category-wide (in BPC) distrust across brands.[157] However, dermatologists challenged the conclusions, noting that the tests were in-vitro (lab simulations) and not real-world human testing, making the narrative scientifically incomplete and potentially misleading.[158]

Such scenarios underscore the importance of distinguishing between evidence-based public awareness and content that may inadvertently or deliberately misrepresent regulatory positions, potentially affecting public confidence in the food safety ecosystem. Moreover, there is a case for a more structured framework for responsible influencer engagement across sectors, drawing on approaches adopted in the financial services industry where expert influencers are subject to specific guidelines when commenting on products and services. Globally, regulators such as the UK’s Financial Conduct Authority (FCA)[159] and Australia’s Securities and Investments Commission (ASIC)[160] have issued guidance for financial influencers that emphasizes transparency, accountability, balanced communication and oversight of promotional content, providing a useful reference point for developing similar principles in other sectors. Extending similar principles across sectors could help promote informed discourse, enhance accountability and curb the spread of misinformation and unsubstantiated claims.

Regulatory dichotomy of the Indian BPC industry

The Indian BPC industry, sixth largest in the world, has grown manifold over the last few years and has seen profound transformations across consumer industries. A category once driven by price sensitivity and large-scale consumption, dominated by a few major FMCG players, has quickly transformed into a diverse, innovation-focused and digitally shaped ecosystem that spans segments such as mass, premium, derma cosmetics, men’s grooming, K-beauty, quick commerce and D2C-led brands.[161] The result of such growth can be attributed to various factors such as demographic shifts, digital commerce growth, cultural influence, rising consumer sophistication and regulatory shifts.

The cosmetics sector, a subset of the larger BPC industry, is gradually coming under tighter regulatory oversight as the government formalises critical aspects of the sector. Authorities are placing greater emphasis on consumer safety, transparency and adherence to best practices, ensuring that companies operate responsibly. A key milestone in this direction is the introduction of the Cosmetics Rules, 2020

154. FSSAI Initiates Criminal Action Against Influencers Over Milk Safety Claims - AgriMoon
155. https://www.businesstoday.in/india/story/why-is-fssai-cracking-down-on-food-brands-538120-2026-06-19
156. https://indianexpress.com/article/cities/delhi/fir-circulation-leaked-misleading-edited-fssai-documents-social-media-10616147/
157. https://www.business-standard.com/health/india-sunscreen-brands-fail-spf-tests-125102100348_1.html
158. https://www.afaqs.com/news/social-media/sunscreen-scam-or-social-media-spin-inside-indias-spf-controversy-10595816
159. https://www.fca.org.uk/publication/finalised-guidance/fg24-1.pdf
160. https://www.asic.gov.au/regulatory-resources/financial-services/
161. https://www.makreo.com/blog/how-india-s-beauty-personal-care-market-is-surging

represented a significant modernisation of India's cosmetics regulatory regime, bringing it closer to internationally recognised regulatory practices. The Rules establish the regulatory requirements governing the registration, import, manufacture, sale, labelling, testing and analysis of cosmetic products in India.[162]

At the centre of this regulatory ecosystem is the Central Drugs Standard Control Organisation (CDSCO), which has been playing an increasingly proactive role in strengthening compliance requirements across the sector. As the central regulator, CDSCO has introduced rigorous requirements relating to product labelling, ingredient disclosures, claim substantiation, quality standards and import documentation, reflecting the government's broader focus on ensuring consumer protection while supporting the growth of a well-regulated cosmetics market.

As the regulatory landscape continues to evolve, companies are required to navigate a range of legislative and regulatory requirements. Some of the key regulations governing the sector include:

Key laws/regulations	Entity	Details of regulations
Drugs and Cosmetics Act, 1940 (D&C Act)[163]	CDSCO (Central Government) and State Drug Control Authorities	The D&C Act serves as the primary legislation governing the import, manufacture, distribution and sale of drugs and cosmetics in India. It establishes the legal foundation for regulating cosmetic products, prescribing standards for quality and safety and empowering regulatory authorities to take action against misbranded, adulterated or spurious cosmetics.
Drugs and Cosmetics Rules, 1945 (D&C Rules)[164]	CDSCO (Central Government) and State Drug Control Authorities	The D&C Rules operationalise the provisions of the D&C Act by prescribing detailed procedural requirements relating to licensing, testing, inspection, labelling, packaging and quality control. Several provisions continue to apply to cosmetics alongside the dedicated Cosmetics Rules, 2020.
Cosmetics Rules, 2020[165]	CDSCO and State Licensing Authorities	The Cosmetics Rules, 2020 provide a dedicated regulatory framework for cosmetics, covering manufacture, import, registration, labelling, testing, packaging and sale. The Rules introduce risk-based regulatory oversight, prescribe standards for quality and safety, establish registration requirements for imported cosmetics, and strengthen post-market surveillance and enforcement mechanisms.
Medical Devices Rules, 2017[166]	CDSCO	The Medical Devices Rules, 2017 establish a comprehensive regulatory framework for medical devices under the Drugs and Cosmetics Act, including classification, licensing and quality standards. While not directly governing cosmetics, they are relevant for borderline products (e.g. cosmetic devices or dermal tools) that may fall under medical device classification. The rules aim to ensure safety, performance and quality of such products through risk-based regulation.
New Drugs and Clinical Trials Rules, 2019[167]	CDSCO	The New Drugs and Clinical Trials Rules, 2019 regulate the approval of new drugs, clinical trials, and related research activities in India. Though primarily focused on pharmaceuticals, they are relevant where cosmetic products make therapeutic claims or require clinical evaluation. The rules streamline approval timelines, strengthen ethical oversight and align India's regulatory framework with global standards.

164. https://cdsco.gov.in/opencms/export/sites/CDSCO_WEB/DrugsandCosmeticsAct1940Rules1945.pdf
165. https://cdsco.gov.in/opencms/opencms/system/CosmeticsRules2020
166. https://cdsco.gov.in/opencms/resources/UploadCDSCOWeb/MedicalDevicesRules2017
167. https://cdsco.gov.in/opencms/opencms/en/Acts-and-rules/New-Drugs/

While the government has established a robust regulatory framework for cosmetics, industry stakeholders continue to encounter challenges arising from regulatory ambiguities, interpretational inconsistencies and implementation-related issues. These concerns have, in many instances, resulted in procedural delays, increased compliance burdens and operational inefficiencies across the value chain. As the sector evolves rapidly in response to innovation, digital commerce and changing consumer preferences, addressing such bottlenecks presents an opportunity for regulators to further strengthen EoDB while maintaining high standards of consumer safety and product quality.

Set out below are the key issues, *inter alia,* highlighted by industry stakeholders that merit regulatory consideration:

- **Common regulatory frameworks applicable to drugs and cosmetics:** The Drugs and Cosmetics Act (D&C Act) regulates both drugs and cosmetics under a single framework, effectively treating them in a similar manner despite their fundamentally different purposes and characteristics. Cosmetics are intended for cleansing, beautifying, enhancing attractiveness, or altering appearance whereas drugs are designed to diagnose, treat, mitigate or prevent diseases and may directly influence physiological functions and mental states. From a scientific and functional standpoint, these categories are distinct: cosmetics typically comprise natural or synthetic compounds used for personal care, such as skincare, haircare, fragrances and oral hygiene products, while drugs are substances with therapeutic intent that act on the body to address medical conditions. Despite these differences in nature, risk profile and end use, the D&C Act applies largely uniform regulatory requirements for their manufacture, import and licensing, highlighting a structural gap in the regulatory approach such as:

  - Firstly, the alignment of cosmetic approvals with drug-level regulatory procedures under the D&C Act may lead to high compliance costs, despite the fundamental differences between the two categories. Products like soaps, skincare and personal care items are subject to the same stringent standards as pharmaceuticals, creating an inefficiency in regulation.

  - Secondly, implementation of the Cosmetics Rules, 2020[168] has raised practical concerns regarding regulatory compliance and operational flexibility for manufacturers. While the Rules seek to strengthen product quality and consumer safety, it has been noted that the absence of a mandatory and harmonised Good Manufacturing Practices (GMP) certification framework for cosmetics can lead to variations in regulatory expectations and implementation across jurisdictions.

- **Ambiguity in label claims:** Frequent scrutiny of label claims such as “clinically tested” or “dermatologically tested” leads to avoidable approval delays, even though these do not imply pharmacological action. Similarly, claims like “anti dandruff” and “anti acne” are often assessed with drug level rigor, complicating compliance and slowing market entry. Inconsistent interpretation across central and state authorities further adds ambiguity and regulatory burden, highlighting the need for clear, standardized claim guidelines to ensure consistency and efficiency.

- **Harmonised implementation of cosmetics rules:** As reported by industry, the State Licensing Authorities (SLAs) are increasingly requiring re-registration for minor formulation changes, despite the Cosmetics Rules, 2020 permitting simple intimation with compliance assurance. This creates unnecessary administrative burden and delays for manufacturers. The inconsistency is more pronounced as imported cosmetics are not subject to similar re-registration requirements, leading to regulatory disparity.[169] A uniform approach is needed to ensure fair, efficient and streamlined compliance for all manufacturers.

- **Rigid dual-use licensing framework:** Current dual use licensing guidelines has created compliance challenges due to unclear definitions and the absence of standardised validity criteria. The consignment based approval process is time intensive and often disrupts supply chains through shipment delays. Moving to tenure or volume based licensing would reduce administrative burden and improve efficiency. Additionally, exempting small R&D sample imports would further ease compliance and foster innovation within the industry.

- **Fragmented standards and specification-related delays:** Cosmetic approvals often get delayed due to inconsistent treatment of product specifications, including interchangeable standards for distinct categories such as serums and creams. Additional requests for revised heavy metal and microbial limits, despite compliance with existing in-house standards, further complicate the process. Reliance on non-standardised interpretations

168. https://cdsco.gov.in/opencms/opencms/system/modules/CDSCO.WEB/elements/download_file_division.jsp?num_id=OTI2Mg==
169. Schedule M, Cosmetics Rules, 2020, G.S.R. 763(E), Acts of Parliament, 2020 (India).

and applicant declarations, rather than clear guidelines, adds to uncertainty and inefficiency. Streamlined and harmonised standards are essential to ensure faster and more predictable regulatory approvals.

Expansion of QCO framework impacting FMCG supply chains

The industry has welcomed the NITI Aayog NFRR HLC's proposal to review the increasing proliferation of QCOs in India and to consider deferring, rationalising or rescinding those that may be giving rise to unintended implementation challenges. The expansion of the BIS Quality Control Order framework is widely recognised as an important policy initiative aimed at enhancing product quality, strengthening consumer safety, and promoting alignment with global standards. At the same time, industry stakeholders have noted that the rapid extension of QCO coverage, particularly across raw materials, packaging inputs, food-contact materials and imported components, is having a growing impact on FMCG supply chains. While the underlying objectives are well appreciated, industry feedback suggests that the pace and breadth of implementation should be carefully assessed to ensure that compliance requirements remain proportionate, operationally feasible and supportive of efficient supply chain operations.

One of the primary challenges is the increased complexity and rigidity in sourcing. Many FMCG supply chains rely on a wide network of specialised suppliers, including global vendors, for critical inputs such as active ingredients, packaging resins, laminates and other materials. The requirement for mandatory BIS certification can limit the pool of approved suppliers, especially where domestic certification infrastructure is still evolving or where international suppliers are not yet BIS-compliant. This can lead to supply bottlenecks, longer lead times and increased input costs.

A second key impact highlighted by industry stakeholders is the growing operational burden associated with certification and compliance management. For FMCG companies with extensive product portfolios, ensuring that every component, including raw materials, packaging materials and ancillary inputs, complies with applicable QCO requirements often requires significant coordination across procurement, quality assurance, supply chain and regulatory functions. Variations in the interpretation and implementation of requirements across jurisdictions can add to compliance complexity and uncertainty.

Additionally, there are implications for innovation and speed-to-market. FMCG companies often need to adapt formulations or packaging quickly in response to consumer demand or global trends. Where QCO requirements are not harmonised with international standards or lack flexibility, they can slow down product development cycles and limit the ability to leverage globally approved materials.

It is also important to ensure that QCO expansion is appropriately calibrated across sectors. In highly regulated industries such as cosmetics, where robust regulatory frameworks already exist (Drugs and Cosmetics Act), it would be useful to assess the necessity and incremental value of introducing additional QCO requirements. Overlapping layers of regulation can lead to duplication and increase compliance complexity without proportionate gains in consumer safety.

Potential compliance and operational implications of the proposed SWM framework

From a policy perspective, the Solid Waste Management (SWM) Rules, 2026,[170] are broadly consistent with India's circular economy objectives and the larger environmental governance agenda being implemented under the MoEFCC. However, for businesses particularly large FMCG manufacturers, retail operators, warehousing entities, hospitality operators and institutional establishments these requirements are likely to materially expand existing waste management compliance obligations beyond the framework established under the SWM Rules 2016 and sector-specific producer responsibility regimes. The potential compliance impact, as noted by industry stakeholders, can be assessed across the following dimensions:

- **Direct expansion of waste management accountability through EBWGR:** Traditionally, waste collection and downstream waste processing responsibilities have largely remained within the domain of municipal authorities, with producers primarily regulated through sector-specific frameworks such as EPR obligations under plastic waste regulations. The EBWGR framework extends responsibility directly to bulk waste generators (defined as facilities with 20,000 sqm+ floor area, 40,000 liters/day+ water consumption, or 100kg/day+ waste generation) by requiring businesses generating significant waste volumes to assume affirmative responsibility for waste collection, processing, channelisation, and environmentally sound disposal. This shifts businesses from being passive waste generators to active compliance participants within the waste management ecosystem.[171]

- **Operational restructuring arising from mandatory four-stream segregation requirements: The rules mandate segregation of waste at source into four streams:** wet waste (kitchen waste, vegetables, fruit peels, meat, flowers), dry waste (plastic, paper, metal, glass,

170. https://swm.cpcb.gov.in/
171. https://swm.cpcb.gov.in/

wood, rubber), sanitary waste (diapers, sanitary towels, tampons, condoms) and special care waste (paint cans, bulbs, mercury thermometers, medicines). This is the first expansion from the previous three-stream system. Businesses will need to redesign internal waste handling systems at the facility level, establishing separate collection infrastructure, employee compliance protocols, vendor management systems and traceability mechanisms to ensure segregation standards are consistently maintained across manufacturing units, corporate campuses, warehouses, retail outlets, distribution centres and institutional establishments.

- **Interaction with existing producer responsibility frameworks may create layered compliance obligations:** Businesses, particularly FMCG companies, are already subject to multiple environmental compliance regimes, including obligations under the Plastic Waste Management Rules 2016 and associated EPR frameworks administered through the CPCB. The SWM Rules 2026 explicitly state that they "integrate principles of EPR, but no explicit clarification exists on whether EBWGR obligations offset existing EPR obligations. Separate portals exist for different regimes (CPCB EPR Portal for plastic packaging, SWM portal for EBWGR), making industry concerns about potential duplicative reporting plausible but not yet documented in enforcement conflicts.

- **Increased compliance documentation and audit exposure:** Expanded waste management obligations require businesses to maintain sophisticated internal record-keeping systems relating to waste generation volumes, segregation practices, authorised waste collection partners, recycling certificates, disposal documentation, and periodic regulatory reporting. Annual returns must be submitted by 30 June yearly through the centralised portal, including EBWGR obligations, EBWGR certificates procured and total calculated solid waste generated. These returns are submitted to the local body and made public on the local body website. Environmental compliance may therefore transition from a limited operational function into a more formal governance and audit-sensitive compliance vertical.

- **Increased vendor and third-party compliance dependency:** Many businesses rely on outsourced facility management operators, waste collection agencies, logistics providers and authorised recyclers for waste handling operations. The effectiveness of compliance under an EBWGR framework will increasingly depend on whether downstream service providers themselves maintain regulatory authorisation and environmentally compliant waste processing systems. This introduces indirect compliance risk, particularly where businesses may remain accountable despite outsourcing operational functions.

Additionally, the SWM Rules 2026 introduce **environmental compensation** levied under the Polluter Pays principle by CPCB and SPCBs for operating without registration, false reporting, forged documents or improper waste disposal practices. A CPCB-developed digital tracking portal monitors all stages of waste management (generation, collection, transportation, disposal), replacing physical paperwork with online reporting and audit uploads. The SWM Rules, 2026 represent a shift from waste disposal to circular resource management.[172] For FMCG companies, compliance will require investments in waste segregation, digital traceability, recycling partnerships and sustainable packaging, while creating opportunities to strengthen ESG performance, operational efficiency and circular economy leadership.

172. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219676&reg=3&lang=1

Data protection and AI governance framework

The DPDP Act introduces a comprehensive regulatory framework that significantly reshapes how businesses collect, process and safeguard personal data. As part of this framework, organisations may face increased regulatory scrutiny and litigation exposure. Non-compliance with consent requirements, data security obligations or breach notification norms may result in financial penalties, enforcement action and reputational harm. For large consumer platforms handling significant volumes of personal data, privacy will become a board-level risk, requiring proactive governance and oversight. The DPDP Act also emphasizes cybersecurity and breach preparedness. Organisations will need to implement reasonable security safeguards, including encryption, access controls and monitoring systems, along with documented incident response procedures.

E-commerce platforms that may be classified as Significant Data Fiduciaries will be subject to additional obligations such as appointing India-resident Data Protection Officers, conducting periodic audits and undertaking Data Protection Impact Assessments (DPIAs). While these requirements will increase compliance burdens, they are intended to enhance transparency, accountability and consumer trust.

Although compliance may be a significant undertaking, the DPDPA is expected to drive a broader shift towards privacy as a competitive differentiator. The retail sector may move away from a data maximisation approach towards a trust-based model, where transparent data practices and ethical use of personal information become central to brand value. Companies that prioritise privacy, build consumer trust and implement responsible data governance frameworks are likely to gain a competitive advantage in an increasingly privacy-conscious market. While the DPDP Act introduces compliance challenges and potential disruptions to existing business models, it also presents an opportunity for e-commerce and retail organisations to strengthen consumer trust and build sustainable, privacy-driven growth strategies.

On the AI governance front, the government's approach, which leverages existing legal frameworks, emphasizes transparency over prohibition and places accountability on businesses and platforms rather than AI itself. It has clear implications for FMCG, retail, and e-commerce players deploying AI and agentic systems. Although India does not have a standalone AI law, the combined effect of the IT Intermediary Guidelines, Consumer Protection regime, ASCI Draft Guidelines, India AI Governance principles, evolving copyright frameworks and the Bharatiya Nyaya Sanhita framework signals a clear shift i.e. AI is no longer treated merely as a tool, but as a core governance, compliance and risk management responsibility.

Accountability would largely rest with the deploying business, not just the AI provider. Organisations using AI systems such as recommendation engines, dynamic pricing tools, customer service bots, agentic systems and AI-generated advertising remain responsible for consumer outcomes, whether the technology is built in-house or sourced externally. This requires defined ownership, human oversight and structured review and escalation processes.

The key challenge is regulatory overlap rather than absence. A single AI use case may trigger obligations across consumer protection, intermediary liability, advertising standards, copyright, data protection and criminal law. Businesses must therefore adopt cross-functional governance models with continuous regulatory monitoring and periodic review of AI deployments. Transparency must be operationalised, not just stated. As AI-generated content becomes widespread, businesses should ensure consumers can distinguish synthetic from authentic content, especially where it influences purchasing decisions. This calls for structured processes such as content review workflows, risk classification, substantiation and appropriate disclosures.

Platform governance, vendor due diligence and IP management would be critical as well. Businesses should strengthen oversight of AI-generated misinformation, deepfakes and impersonation risks, while also assessing third-party AI providers for data provenance, training practices and legal risks, supported by robust contractual safeguards.

Ultimately, consumer trust would underpin government's approach to AI governance. Businesses that invest early in governance, transparency, accountability and responsible AI deployment will be better placed to manage regulatory expectations, reduce risk and build sustained consumer confidence.

Structural challenges to EoDB

Beneath the policy and regulatory reforms lie deeper structural features of the compliance architecture that exert a more enduring influence on EoDB than any individual rule, notification or procedural amendment. Although reforms at the level of specific requirements remains important, the overall business environment is shaped more fundamentally by the coherence, predictability and administrative efficiency of the regulatory system as a whole. In practice, firms must navigate not only the substance of legal obligations, but also the institutional complexity arising from overlapping jurisdictions, uneven interpretative approaches, duplicative reporting requirements and procedural delays. These concerns are among those most consistently articulated by industry, not as a challenge to the legitimacy of regulation, but as an indication of the areas in which the compliance framework can be made more streamlined, transparent and conducive to productive economic activity.

From the government's perspective, it has placed deregulation and EoDB at the centre of its economic agenda. The Economic Survey 2024–25 made an explicit case for an "Ease of Doing Business 2.0",[173] arguing that the next phase of reform must be led by the states and grounded in trust-based, risk-proportionate, outcome-oriented regulation rather than inspection-based control.[174] The Union Budget 2025–26 carried this forward by announcing a High-Level Committee for Regulatory Reforms to review non-financial-sector regulations, licences and inspections and by signalling a Jan Vishwas 2.0 to extend decriminalisation.[175] More importantly, the regulators have periodically demonstrated that they are sympathetic towards EoDB concerns through multiple reform measures including the harmonisation of medical-device labelling under Legal Metrology,[176] the rollback of selected Quality Control Orders,[177] the staggered GST transition relief[178] and FSSAI's generous labelling timelines[179] are all evidence of responsiveness. The next step, as the industry demands, would be to embed this responsiveness as a consistent, ongoing practice instead of a sporadic one.

In keeping with this constructive spirit, outlined below are some immediate EoDB issues, organised across themes, that merit consideration as part of a shared reform agenda. These are intended to support ongoing efforts to strengthen regulatory effectiveness while minimising avoidable frictions for businesses. The issues are presented as cross-cutting observations rather than regulator-specific concerns, reflecting industry's experience that challenges often arise not from any single authority, but from how multiple requirements interact and how rules are implemented in practice.

Centre-state coordination and divergent interpretation

Much of the day-to-day compliance experienced by businesses is administered not by the Centre but by the States. Legal metrology enforcement, food safety licensing and inspections through FSSAI's state departments, shops and establishments regulations, trade and storage licences and the operational aspects of plastic waste rules are among the most prominent examples. As such, any effort to meaningfully improve the EoDB will benefit from sustained alignment and coordination with state-level implementation frameworks, where regulatory intent most directly meets business reality. For instance, differences in how states implement requirements can create practical challenges for businesses. In the cosmetics sector, the validity of Good Manufacturing Practices (GMP) certifications can range from one to three years across states, while variations in licence formats and documentation requirements add to compliance complexity. These inconsistencies can lead to delays in product launches and make standardisation more difficult, underscoring the value of greater harmonisation to support smoother and more predictable market entry. This is precisely why the *Economic Survey 2024–25* identified the states as holding the key to the next phase of deregulation and proposed a structured process for states to review their regulations i.e. to identify areas for deregulation, to benchmark their rules against other states and countries, and to estimate the cost each regulation imposes on an individual enterprise.[180] The intent of such efforts is not to dilute legitimate regulatory oversight, but to move towards common standards and more predictable processes, so that a business compliant in one state is not subject to differing interpretations elsewhere.

173. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219676&reg=3&lang=1
174. https://www.business-standard.com/budget/news/economic-survey-2025-deregulation-ease-of-doing-business-reforms-india
175. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2097915&reg=48&lang=2
176. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2183777&reg=3&lang=1
177. https://content.trade.gov.in/News_Letter/Issue+23_1_Withdrawal+of+BIS+Quality+Control+Orders+for+Select+Raw+Materials.pdf
178. https://www.gstindiaonline.com/pages/gstlegislation/GST-CIR/Others%20Cir/GSTAT%20Order%20No%20315-2025.pdf
179. https://www.fssai.gov.in/upload/uploadfiles/files/Press%20Release%20Labelling_English.pdf
180. https://www.business-standard.com/budget/news/economic-survey-2025-deregulation-ease-of-doing-business-reforms-india-125013101010_1.html

Beyond sector-specific issues, broader institutional responses also reflect the focus on improving coordination. The National Single Window System (NSWS), for instance, is envisioned as a common interface for seeking approvals across central and state authorities, with significant onboarding already achieved.[181] However, the practical user/applicant experience remains uneven. Even where a department is formally on the platform, not all its forms have been digitised and linked, and the government itself has acknowledged the need to deepen adoption, reportedly exploring AI to streamline document verification and close the gaps.[182] The lessons drawn by the industry is that single-window portals deliver real benefits only when they are fully integrated end-to-end. Otherwise, they can end up adding an extra step instead of simplifying the process.

Enforcement practice and interpretation

The industry's most persistent concern relates not to the existence of rules, but to the manner in which they are enforced. This is particularly evident in Legal Metrology, where manufacturers and packers report receiving show-cause notices for minor or technical infringements, such as a marginally incorrect font size in declarations, ambiguity in net quantity presentation or differing interpretations of recent packaging changes.[183] In some cases, these issues arise because enforcement practices on the ground have not fully aligned with recent amendments to the rules. When faced with such notices, businesses often must choose between paying compounding fees or pursuing litigation that may be disproportionate to the nature of the issue, neither of which necessarily contributes to the underlying objective of consumer protection.

The Department of Consumer Affairs (DoCA) has acknowledged the need for a balanced and facilitative approach to legal metrology enforcement, particularly given that implementation is carried out across jurisdictions in a concurrent regulatory framework. The Department has periodically noted that the decriminalised provisions under the Legal Metrology Act would help businesses operate without the fear of imprisonment for minor violations. Senior officials at the department have also urged enforcement officers to avoid procedural excesses and to uphold fairness and transparency in enforcement.[184] Moreover, in May 2026, DoCA officially reviewed implementation of an "Improvement Notice" mechanism, under which first-time procedural violations under specified provisions would attract an opportunity to rectify before penal action is taken. The government explicitly said the reform is intended to encourage voluntary compliance, reduce litigation, and improve EoDB.[185]

These are significant and welcome reforms. Together, these observations suggest that the government itself recognises the importance of periodically reviewing enforcement practices to ensure that implementation remains proportionate, consistent and aligned with the broader objective of facilitating compliance rather than merely penalising technical lapse. Industry's constructive point is that decriminalisation of the statute must be matched by a corresponding change in field practice, in particular, ensuring that enforcement officers are trained on the latest amendments and that the system favours guidance and rectification over notice and penalty for genuine, non-deliberate technical lapses.

Overlapping and multiplicity of regulations

The single most consistent observation from industry is that a product which is, to the business, one item, is to the regulatory system several things at once. A flavoured dairy beverage sold online is a "food" for FSSAI, a "pre-packaged commodity" for Legal Metrology, a generator of "plastic packaging" for the EPR regime under CPCB, an "advertised good" for ASCI and the CCPA, and, if any quality standard applies to an input, a BIS-certified article as well. Each framework brings its own declarations, registrations, approvals and periodic reporting, and the requirements do not always sit comfortably together. The visible symptom is a crowded pack label and a multiplicity of approvals for what the consumer experiences as a single purchase.

The government across a few sectors have actively worked towards reducing such overlaps. For instance, in October 2025, the Department of Consumer Affairs notified the Legal Metrology (Packaged Commodities) Amendment Rules, 2025, which harmonise the labelling of medical devices with the Medical Devices Rules, 2017, providing, in effect, that where the two frameworks would otherwise prescribe different font sizes and display requirements, a single, consistent standard applies. The government itself described the change as removing "ambiguity between two regulatory frameworks" and reducing the compliance burden by requiring adherence to "only one set of labelling standards".[186] It may seem like a small fix in scope but an important one in principle as it shows that where two regulators meet on the same package, the overlap can be resolved by designating one authoritative standard. Industry's case is simply that this approach of identifying the overlap and designating the lead standard should be applied systematically across the food, cosmetics, packaging and quality standards interfaces, rather than being addressed one device category at a time.

181. https://www.nsws.gov.in/
182. https://the-captable.com/2025/07/govt-eyes-ai-to-fix-single-window-woes-for-investo/
183. https://www.verdictum.in/court-updates/high-courts/print-of-mrp-online
184. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2124376&reg=48&lang=2
185. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2266230&reg=3&lang=1
186. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2183777&reg=48&lang=2

The proliferation of mandatory QCOs under BIS[187] illustrates the same theme from a different angle. QCOs make conformity to an Indian Standard compulsory and are an entirely legitimate instrument for protecting consumers and keeping sub-standard goods out of the market.[188] But when these QCOs accumulate rapidly across hundreds of products and inputs such as polymers, fibres, chemicals, packaging materials and finished goods, etc., a manufacturer of a single FMCG product may find that several of its raw materials and its packaging are each separately subject to certification, testing and surveillance. The cumulative effect, rather than any individual order, is what industry experiences as burden. In a welcome move, the government has recently decided to withdraw QCOs on key raw materials such as to enhance the EoDB, as it removes additional compliance layer that had required mandatory BIS certification for critical inputs used across food, pharmaceuticals, textiles, dyes, paints, agrochemicals and other industries.[189]

Testing, certification and infrastructure capacity

Several compliance obligations are bottlenecked not by the regulations or rules, but by the infrastructure required to comply with it. Where compliance depends on physical capacity i.e. accredited laboratories, certified recyclers, trained assessors, which does not yet exist at sufficient scale, even a well-designed regulatory framework can become difficult to comply with. For instance, considering the BIS testing capacity under the QCO regime which makes it mandatory for manufacturers, whether domestic or foreign [through Foreign Manufacturers Certification Scheme (FMCS)],[190] to obtain certification from BIS before selling specified products in the Indian market. Smaller manufacturers have reported that the cost of testing and certification can be disproportionate to the size of the product line, with industry accounts describing certification exercises that approached the cost of building testing infrastructure itself, and supply disruptions where overseas suppliers found Indian certification too costly or slow to obtain.[191]

Similar concerns are emerging in the Drugs and Cosmetics sector, where recent digitisation initiatives for routing regulatory product samples to central laboratories have strengthened oversight and transparency. However, given existing constraints in laboratory capacity and testing bandwidth, industry has expressed concerns that increasing sample volumes could lead to longer testing timelines and delayed product approvals. This is particularly relevant for the BPC sector, where product innovation cycles are often driven by rapidly evolving consumer trends. Expanding testing capacity through additional accredited laboratories, enhanced infrastructure or dedicated cosmetic-testing facilities could help ensure that regulatory objectives are met without adversely impacting time-to-market.

Another pressing policy concern is the recycled-content mandate for plastic packaging, which poses one of the most significant capacity challenges facing industry today. Under the Plastic Waste Management Rules and the EPR framework administered in 2022,[192] through CPCB, brand owners must progressively incorporate minimum percentages of recycled plastic into their packaging, with targets to rise further under subsequent amendments, including the Plastic Waste Management (Amendment) Rules, 2026.[193] While industry broadly supports the policy goal of advancing a circular plastics economy, its implementation is constrained by limited availability of food-grade recycled plastic, particularly food-contact rPET, due to a still-evolving network of FSSAI-approved recycling facilities. As a result, demand for certified material continues to outpace supply, creating persistent shortages, a

187. A QCO mandates that specified products comply with the country's quality standards and obtain certification from the Bureau of Indian Standards (BIS), an arm of the consumer affairs ministry, before they can be sold in the domestic market. Imported products must also comply. It does not apply to products manufactured solely for export.

188 https://www.bis.gov.in/product-certification/products-under-compulsory-certification/?lang=hi

189. https://www.livemint.com/news/india-manufacturing-quality-control-orders-rollback-raw-materials-supply-chain-11776584814339.html

190. https://www.bis.gov.in/fmcs/certification-process/aboutfmcs/?lang=en

191. https://www.outlookbusiness.com/economy-and-policy/how-quality-testing-norms-are-squeezing-indian-msmes

192. https://eprplastic.cpcb.gov.in/#/plastic/home

193. https://eprplastic.cpcb.gov.in/plastic/downloads/Plastic_Waste_Management_2026.pdf

challenge extensively documented by industry bodies.[194] The underlying principle is clear that when regulatory mandates rely on infrastructure still under development, targets and timelines should be aligned with verified capacity milestones, ensuring that obligations evolve in tandem with the means to meet them.

The consumer frontier: AI-driven retail and Quick commerce

The emergence of new business models is prompting regulators and industry alike to consider how existing frameworks can be applied and adapted to changing market realities. AI-driven retail and quick commerce are among the most visible examples of this transition, where speed, personalisation and embedded decision-making are reshaping how consumers interact with markets. At the same time, the scale and diversity of the Indian market introduce distinct challenges. Consumer behaviour varies significantly across regions, income groups, and levels of digital literacy, making the deployment of AI-led solutions far more complex than in more homogeneous markets. In such an environment, systems such as algorithmic recommendations, dynamic pricing and instant fulfilment models must operate across varied contexts, often with uneven access to information and differing levels of consumer awareness. This creates a need for more contextual and adaptive approaches to both technology deployment and regulatory oversight.

Quick commerce models are compressing traditional retail cycles, from discovery to purchase and delivery, into near real-time interactions. This acceleration intensifies regulatory considerations around pricing transparency, product information, inventory accuracy and grievance redressal. Similarly, AI-driven retail systems are increasingly influencing what consumers see, how choices are framed, and ultimately, what decisions are made. This raises important questions around fairness, transparency, and the potential for unintended bias or manipulation, especially in environments where consumer decision-making is already time-constrained.

These shifts also highlight the growing importance of interface-level regulation. As consumer journeys become more digital and platform-mediated, regulatory focus is gradually extending beyond product-level compliance to include how products are presented, recommended and prioritised. Issues such as dark patterns, differential pricing, disclosure of sponsored content and the use of behavioural nudges are becoming central to consumer protection discussions.

From a regulatory perspective, this evolving landscape underscores the need for frameworks that are both flexible and responsive. Static rules designed for linear supply chains and slower decision cycles may not adequately address the pace and complexity of AI-enabled commerce. Instead, there is a growing need for principles-based approaches, supported by continuous guidance, real-time monitoring tools and closer coordination between regulators and industry. In this context, ensuring consumer trust becomes critical. As AI systems and instant commerce models become more deeply embedded in everyday transactions, the regulatory focus is not only on preventing harm but also on maintaining confidence in digital marketplaces. This requires balancing innovation with accountability and ensuring that the speed and efficiency gains of new commerce models do not come at the cost of transparency, fairness or informed consumer choice.

194. https://ficci.in/public/storage/SEDocument/20708/wvJXfJlTEGj1Mrh6nMNN0RNyY1gf1ZPXOSfOBify.pdf

Business implications and policy interventions

Call for action for businesses across FMCG, retail and e-commerce sectors

Trend: Supply chain volatility and impact on business operations

Foundation level: Build resilient and diversified supply networks

At the foundational level, organisations should focus on reducing risks associated with concentration of supply chains, improve preparedness for disruptions while balancing resilience investments with profitability and customer service expectations. The emphasis should be on building supply chain networks that can absorb shocks and effectively maintain business continuity instead of purely optimising cost efficiencies.

- **Diversifying supplier and sourcing bases:** Single country sourcing strategies or over-reliance on a smaller set of suppliers can expose organisations to greater material risks that can translate into stockouts, revenue losses or customer dissatisfaction. Businesses need to adopt a multi-tier supplier strategy that balances cost efficiency with resilience. This multi-sourcing strategy could mean expanding supplier base across geographies (cities, countries), qualified alternate vendors for critical inputs (beyond tier-1 vendors) or developing regional sourcing capabilities to reduce exposure. Supplier diversification needs to be viewed as a broader business continuity strategy with periodic stress-testing of sourcing networks to evaluate preparedness and response capabilities.

- **Strengthen inventory management:** Traditional inventory models with demand-driven MRP running across single node, stable demand environment has been transformed into multi-echelon inventory planning where inventory buffer is dynamically planned across plant, warehouses, distributor as an optimised inventory and working capital across value chain to meet the desired service level. Additionally, organisations need to solve for channels specific inventory shelf life and service level requirements.

Intermediate level: Digitise planning

- **Invest in advanced planning capabilities:** Organisations today are investing in intelligent planning capabilities that provide end to end view across demand, supply, inventory, distribution and finance. Focusing on advanced forecasting models built with multi-factor variables and demand sensing capabilities by combining internal operational data with external demand signals such as promotions, weather events, market trends and macroeconomic indicators, organisations can improve forecast accuracy and enhance planning decisions across procurement, manufacturing and distribution. At the same time, supply and distribution planning has to be agile and responsive. Supply planning needs to be refreshed based on short term demand signals and creates daily distribution plans helping to ensure material availability.

- **Annual review of network and optimise overall supply chain network:** By redesigning manufacturing, warehousing, distribution and transportation networks, companies are strategically positioning inventory closer to market while balancing service levels and operating costs. Network optimisation capabilities which are now performed regularly help in evaluating scenarios such as warehouse location and size rationalisation, consolidation of warehouses, regional distribution hubs, dark store placement and capacity for quick commerce. This enables organisations to optimise total cost to serve (manufacturing cost + primary logistics cost + secondary logistics cost), improve delivery speed, enhance OTIF and fill rate performance and improve customer satisfaction.

- **Gross margin assurance:** To drive stability and predictability in margins through volume prediction and bottom-up COGS calculation, leading organisations are establishing a structured gross margin assurance process. It enables dynamic future COGS visibility and two to four quarter visibility of gross margin adjustment. It helps organisations with better inventory planning, commodity hedging and product pricing decisions. Additionally strong focus on variance analysis between projected and actual gross margin supported by detailed loss tree analysis helped in identifying value leakage and measures for improvement.

Advanced level: Create intelligent and self-healing supply chains

At the advanced stage, organisations will need to prioritise building the capability of anticipating disruptions, continuously

optimise decisions and adapt autonomously. The objective at this stage is to create an intelligent ecosystem that combines advanced analytics, automation and ecosystem collaboration to achieve improved resilience.

- **Enable autonomous planning and scenario analysis:** Building intelligent planning systems that continuously evaluate changing demand patterns, supply constraints and operational risks along with scenario simulation capabilities will be critical. Objective function led planning brings in view of maximisation of profit vs throughput vs fulfilment which helps the executive sales and operations planning forum with right set of projected EBITDA numbers. Organisations are also focusing on Root Cause Analysis for plan vs actual and focus on the loss tree.

- **Control tower:** Companies are investing in digital twin for providing real-time, end-to-end visibility across suppliers, manufacturing, logistics and sales channels, enabling real-time tracking, predictive insights and AI-driven decision-making. These capabilities help firms to anticipate disruptions, dynamically rebalance inventory, reroute shipments and manage exceptions based on impact, while fostering collaboration across the ecosystem.

- **Green logistics** has emerged as strategic importance for enhancing both resilience and sustainability within new supply chain. Organisations are increasingly prioritising environmentally responsible practices such as optimising end to end network and routes, adopting low emission vehicles and integrating renewable energy into logistics operations. This initiative would help in reducing carbon footprints and strengthening operational resilience by lowering dependency on fossil fuels.

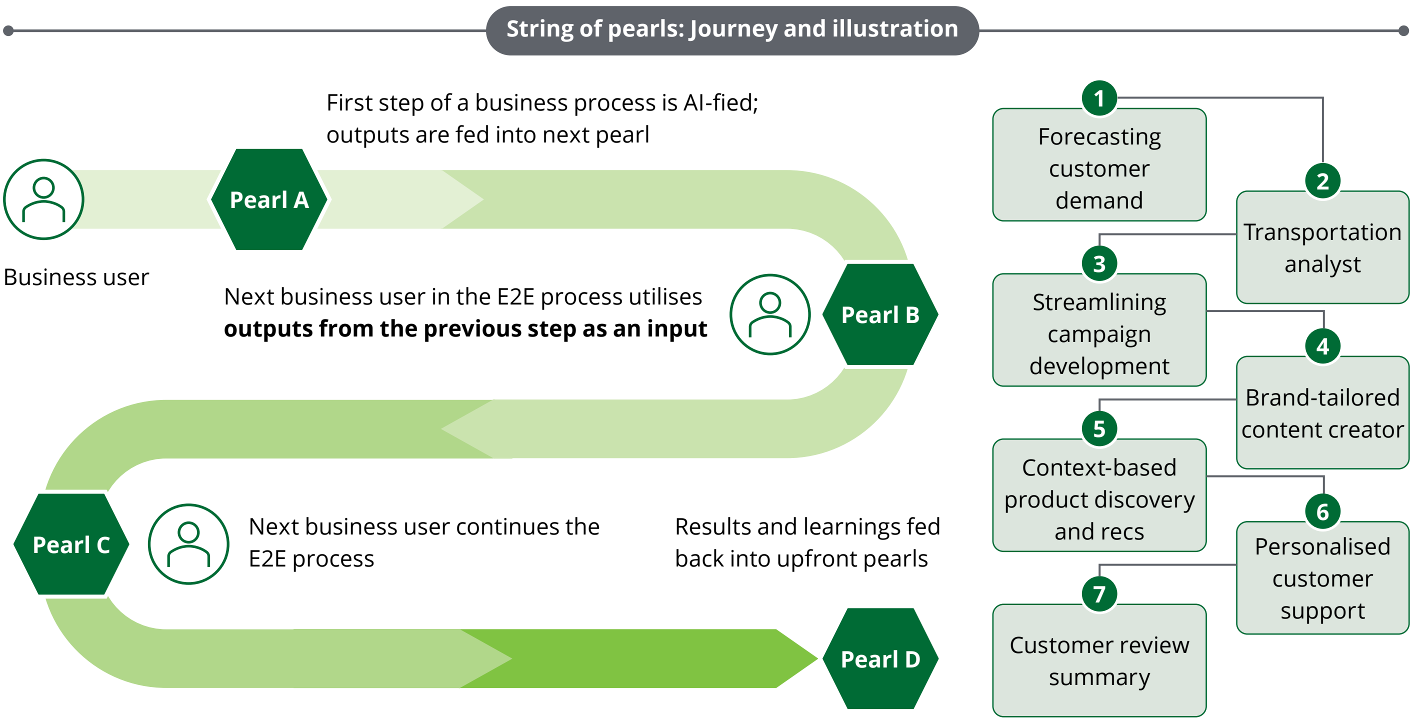
Trend: AI gradually becoming the core business operations layer

Foundation level: Build trusted AI foundations for scalable value

At the foundational level, FMCG, retail and e-commerce organisations should prioritise on building the underlying capabilities required to drive measurable business value. Emphasis should be around identifying the right high-impact use cases, establishing trust in AI-driven decisions and strengthening the core data ecosystems that support AI capabilities. Instead of pursuing disconnected pilots and experiments scattered across various departments, organisations should concentrate on building scalable foundations that can support an enterprise-wide AI adoption at scale.

- **Prioritise AI investments around connected business outcomes rather than isolated use cases giving higher RoI:** As AI adoption accelerates, organisations should avoid treating AI as a collection of standalone experiments concentrated in individual functions. While individual AI use cases can deliver targeted benefits, transformative value is realised when multiple use cases are connected to reimagine and optimise end-to-end business processes. Organisations should view AI use cases as foundational "pearls" that solve specific business problems and then systematically connect them into a "string of pearls," where outputs from one use case become inputs to the next. This creates a compounding effect, improving the overall performance of the process rather than isolated activities. As one stage becomes more efficient or intelligent, downstream stages benefit, amplifying business impact. To maximise value, businesses should establish a structured prioritisation framework that evaluates use cases based on business impact, ROI, implementation complexity, data readiness, scalability and their role within a broader transformation journey. AI initiatives must be embedded within core business processes, supported by clear ownership, KPIs, and cross-functional accountability.

Figure 22: Illustration of String of Pearls[195]



- **Establish AI governance frameworks covering model reliability, bias, explainability and human oversight:** As AI adoption grows, models are increasingly evolving beyond basic backend automation or tasks and are increasingly driving core business planning, decisioning and operations such as merchandising and pricing. AI solutions today are heavily influencing customer interactions and engagement thus necessitating the need for organisations to prioritise developing AI governance frameworks that foster trust, transparency and accountability. To maximise the value derived from these solutions, organisations cannot rely on technical capabilities alone; robust mechanisms to ensure AI model outputs are reliable, ethical and aligned to business objectives. Without clear governance, companies risk introducing biased recommendations and inconsistent outputs that create reputational exposure which could potentially undermine confidence in AI initiatives. Governance structures require multi-disciplinary pods including stakeholders across business, technology, legal and compliance and risk functions to ensure that the guidelines built incorporate multiple perspectives. Establishing common standards for model development, approval and monitoring will help organisations maintain consistency while enabling responsible innovation. Governance should also extend beyond deployment, with mechanisms to continuously assess performance and identify model drift as market conditions and consumer behaviors evolve. Another critical area will be maintaining human accountability. Companies will need to ensure that AI augments decision-making instead of replacing ownership with clear escalation mechanisms and oversight processes. Thus, incorporating trust and accountability into foundational building blocks of AI systems and solutions will be critical as AI implementation scales over time.

- **Strengthen data quality, privacy and access controls to build trusted AI foundations:** Establishing strong data foundations should be viewed as a strategic priority as against being viewed as a technical exercise. Availability of high-quality structured data will increasingly become a key differentiator as AI capabilities become more widely accessible. Companies need to focus on standardising and improving data structures and accessibility across interconnected systems to build a reliable data ecosystem. Investment in modern data architecture and shared data platforms to ensure AI models operate on reliable information. Furthermore, businesses will need strengthen data privacy and security protocols to maintain customer trust and comply with the evolving regulatory landscape. By treating proprietary data assets as strategic resources and ensuring their integrity, businesses can establish the trusted foundations necessary to scale AI across the enterprise.

195. Reimagining your business with AI is inevitable, https://www.deloitte.com/ca/en/services/consulting/perspectives/future-of-business.html

Intermediate level: Scale AI responsibly across functions and workforce

Once foundational capabilities are in place, businesses should focus on embedding AI into daily operations and scaling adoption across functions. At this stage, organisational readiness, workforce capabilities and ability to create repeatable operating models will play an important role.

- **Invest in business and analytical upskilling:** Businesses will need to go beyond the conventional AI and analytics training formats that are largely tool or software focused to the next phase of "Decision Intelligence" which integrates business domain understanding, analytical reasoning and effective use of AI-enabled tools to drive business action in real-time. In many organisations today, while central and headquarters teams have developed strong proficiency in leveraging AI and analytics platforms, a significant capability gap persists at the frontline. Frontline teams such as store teams, field sales teams and operations personnel often remain disconnected. While they are familiar with tracking KPIs, they frequently lack clarity on the underlying causes which limits their ability to translate insights into meaningful actions. As AI-driven insights become more embedded into daily workflows and business intelligence is increasingly democratized this gap will become more consequential. Providing access to dashboards or AI tools will not yield the desired impact till businesses are able to upskill their workforce to interpret insights in context, challenge outputs when required and apply judgment to operational decisions recommended by AI solutions.

- **Embed new hybrid roles to better sweat AI investments:** AI capabilities expand, organisation will need to look at workforce transformation through the lens of augmentation instead of substitution. This phase of AI scaling will require design of new hybrid roles that sit at the intersection of data, business, creativity and customer experience. Such roles will act as critical connectors between centralised AI/analytics teams and decentralised business functions, ensuring that model outputs are effectively translated into operational decisions and frontline execution. An example of such a hybrid role is an AI translator who is responsible for bridging the gap between technical AI teams and business stakeholders across marketing, sales and operations. This role ensures that model outputs are not just analytically sound but also commercially relevant, converting insights into actionable decisions. Role redesign should focus on shifting employee effort toward higher-value activities such as strategic decision-making, customer engagement and innovation. By fostering a culture of collaboration between humans and AI, organisations can improve productivity while preserving institutional knowledge and employee trust.

  In a recent survey,[196] 32 percent of businesses highlighted that they are extensively working on redesigning job profiles while 60 percent highlighted that they were exploring the concept (not redesigned any role yet).

- **Build enterprise-wide AI through shared capabilities and scalable operating models:** As AI adoption scales across business functions, organisations will need to move away from a fragmented function-led approach towards a more unified enterprise model where AI capabilities are designed once and reused across multiple business contexts. What this means is instead of isolated use case builds, businesses should shift towards a shared AI capability layer. This shared capability layer will comprise three components namely:
  - Technology foundation including shared data infrastructure, AI libraries, common APIs and environment that allow reusability
  - People capability layer consisting of centralised AI product owners, data translators and domain-aligned teams that sit between business and technology teams to ensure models are consistently embedded into workflows
  - Process and governance layer that defines how AI use cases are prioritised, measured and governed

  On top of this reusable capability layer, businesses will need to define operating models that clarify ownership and decision rights. Cross-functional collaboration between business and technology teams will be essential.

Advanced level: Orchestrate AI-native and autonomous enterprises

At this stage, businesses will need to focus on creating AI-native operating models that combine autonomous execution with human oversight. Here companies that can build proprietary data assets and ecosystem partnerships and also drive continuous innovation through AI will flourish.

- **Activate multi-agent orchestrated autonomous operations to drive enterprise efficiency:** The next stage of operational transformation lies in deploying multiple specialised AI agents that work in tandem. While each agent is focused on a specific domain such as demand sensing, inventory optimisation, pricing and promotions, supply chain planning and fulfillment management, they are connected through an orchestration layer that enables continuous information exchange and coordinated decision-making. For instance, a demand-sensing agent detecting emerging spikes in specific categories can automatically inform pricing and inventory agents to adjust pricing strategies and rebalance stock allocations,

196. State of AI in the enterprise: India insights, Deloitte, April 2026

while logistics agents optimise fulfillment routes based on updated demand patterns and capacity constraints.

- **Build AI-native operating models with humans supervising exception-based decisions:** As AI gets embedded across end-to-end enterprise functions, businesses will need to fundamentally rewire their operating models, from periodic human-led decision cycles to always-on, intelligence led execution systems. In such models, AI would actively be responsible for execution of a large portion of repeatable business decisions such as demand sensing, inventory replenishment triggers, campaign optimisation, pricing adjustments within guardrails and customer service routing. All this while human intervention will need to focus more on oversight, exception management and strategic intervention. Such a model will require redesigning operating model constructs and governance models.

- **Build proprietary data assets through strategic ecosystem partnerships:** As AI solutions become increasingly democratised and implemented by most businesses, differentiation will come from AI solutions that run on data assets that provide a unique, authentic and end-to-end view. Businesses will therefore need to invest in building proprietary data assets that provide a deeper understanding of customers, products, channels and operations than competitors can access. To achieve this, businesses will need to strengthen capture and integration of first party data in conjunction with partnerships with ecosystem players such as retails, marketplaces, suppliers, logistics providers, data providers, etc. to enrich internal datasets with external market signals. A stronger and more holistic data asset holds the potential to become a strategic moat that improves AI performance.

Trend: Rise of new commerce ecosystem: Instant, Integrated and Always-On

Foundation level: Reimagine commerce around consumer moments, channels and communities

- **Redesign product portfolios and fulfilment for high-frequency consumption moments:** With rise of instant commerce and speed becoming table stakes, brands will need to prepare on two fronts:
  - Reconfigure portfolios and fulfilment models around high-frequency consumption to ensure “always-on” availability of high-velocity SKUs across instant commerce ecosystems. Further, instead of maintaining uniform pack sizes and products, businesses should focus on building assortments and service levels aligned to customer shopping occasions and missions to capitalise on the evolving shopping patterns
  - Reorient innovation and product launch strategies around instant commerce as discovery and product trial engines in place of being a simple replenishment channel

- **Remove friction and simplify decision-making across channels:** As consumer purchase journeys are becoming increasingly complex, with shoppers switching through multiple channels and touchpoints making “consistency” and availability of same information critical. Brands should focus on creating a single connected journey across discovery, consideration and purchase stages. For example, a customer who discovers a product on social media should encounter the same pricing, product information, availability and promotions when they visit a marketplace, D2C website or store. Similarly, insights from previous interactions can be used to enrich subsequent touchpoints. For instance, a shopper who researched a product on a marketplace could be offered immersive product experiences, personalised recommendations or styling assistance when they visit the brand website. Reducing friction could involve capabilities such as a universal cart, cross-channel wish lists or fulfilment options. The objective is not merely to build an omnichannel presence but to create a seamless and connected experience that reduces repetitive steps or inconsistencies. A unified and connected view can simplify decision-making and reduce customer drop-offs.

- **Use creators and communities as commerce assets:** As the creator and influencer economy grows, it will be critical for brands to use these communities as their own trust-building networks and utilise them as another commerce infrastructure. Building long-term creator ecosystems, community-led product drops and affiliate-led selling models can provide brands with more authentic demand generation mechanisms compared to traditional campaign-based marketing. To maximise commercial impact, businesses should establish robust creator and influencer management processes, link creator investments to commerce metrics over reach metrics like views, likes or shares and even leverage these partnerships for hyperlocal relevance especially in tier 2+ markets. The end goal of these creator partnerships should be to transition creators from external marketing partners towards being extensions of a brand’s commercial ecosystem helping shape demand, influence purchase decisions and drive measurable business growth.

Intermediate level: Enable connected commerce with agile fulfillment and assisted buying

- **Build hybrid distribution networks supported by tiered delivery models:** As rapid fulfillment becomes an increasingly important consumer expectation, businesses need to redesign their distribution networks to balance speed, cost and profitability. Relying exclusively on channel-specific distribution centers or dedicated dark stores can significantly increase capital and operating costs while creating fragmented inventory pools. Instead, organisations should build hybrid fulfillment networks that combine regional warehouses, dark stores and existing offline stores, with physical stores increasingly serving as last-mile fulfillment hubs for nearby demand. At the same time, businesses should explore tiered delivery models based on local market dynamics and urgency of shopping missions. Such a flexible fulfillment model also enables dynamic order routing based on inventory availability, customer location, delivery timelines and cost-to-serve. The objective is to build an agile distribution network that provides customers with appropriate delivery choices while improving asset utilisation, protecting margins and supporting profitable growth.

- **Win customers by helping them make better purchase decisions:** Providing a connected experience alone will be insufficient unless businesses are able to understand the latent requirements or support required by a shopper while making purchases. Brands will need to shift from delivering one-way shopping experiences to enabling intelligent, two-way interactions that understand and address shoppers' latent needs across all channels. This requires embedding personalised guidance directly into the buying experience through immersive product visualisation and virtual try-ons, AI-powered shopping assistants, expert consultations, creator-led recommendations, community reviews and co-browsing capabilities. Rather than requiring consumers to actively search for information, brands should proactively surface relevant content, comparisons, styling advice and use-case recommendations based on the shopper's context, preferences and purchase intent. For example, a customer browsing skincare products could receive recommendations from dermatologists and trusted creators alongside product comparisons, while a fashion shopper could access virtual styling advice, outfit recommendations and real-time consultations before making a purchase.

Advanced level: Build real-time, ecosystem-led commerce models

- **Build always-on demand sensing and testing ecosystems:** At the advanced levels, brands will need to create operating models where signals from creators, social platforms, quick commerce, search behavior, reviews and transaction data continuously influence assortment decisions, media allocation and product innovation. This will require breaking down the traditional boundaries between marketing, commerce, supply chain and product teams and enabling faster experimentation and feedback loops. Further, businesses will need to adopt new test and scale models wherein product launches, communication strategies are refined based on real-time signals. The new emerging channels of instant and creator commerce could simulate real-life laboratories to identify demand, validate offerings before scaling them through larger distribution networks.
- **Build embedded commerce ecosystems beyond traditional retail channels:** The next step after building a connected hybrid commerce ecosystem will be to embed shopping capabilities into the digital ecosystems where consumers already spend their time. Social platforms, creator communities, live commerce, entertainment, messaging applications, health platforms and other digital ecosystems will become important commerce touchpoints rather than simply marketing channels. Businesses will therefore need to redesign commerce strategies around "distributed commerce", enabling discovery, evaluation and purchase to occur seamlessly within third-party ecosystems instead of requiring consumers to navigate multiple platforms. This will require new partnership models, API-enabled commerce capabilities, embedded checkout experiences and content designed specifically for contextual buying moments.

Trend: Sustainability emerging as a competitive advantage

Foundation level: Embed sustainability into core strategy and operations

- **Move beyond compliance and embed sustainability into core business strategy:** Sustainability should be integrated into key business decisions rather than treated as a standalone reporting or compliance exercise. Organisations should align sustainability goals with growth, innovation, risk management and value creation objectives to ensure long-term impact. This includes incorporating sustainability considerations into product portfolio decisions, innovation pipelines, new product development processes, brand strategies and leadership performance metrics. Embedding sustainability into executive KPIs and decision-making frameworks can help drive accountability and accelerate implementation across the organisation.

- **Invest in data, traceability and transparency capabilities:** As reporting requirements and stakeholder expectations evolve, organisations will need stronger systems for measuring, monitoring and disclosing sustainability performance. However, sustainability data should be viewed not only as a reporting requirement but also as a strategic decision-making tool. Businesses should invest in robust data management, traceability and digital monitoring capabilities that enable greater visibility across products and value chains. Developing capabilities for product-level environmental foot printing, including carbon and water impacts, can support more informed decision-making and stronger consumer communication. Organisations should also ensure that sustainability data systems are audit-ready to meet growing assurance expectations and evolving reporting requirements.

Intermediate level: Drive resilience and efficiency through sustainable operations

- **Strengthen supply chain resilience through responsible sourcing:** Climate-related disruptions and resource constraints are increasing supply chain risks. Organisations should enhance supplier engagement, improve traceability and adopt responsible sourcing practices to build more resilient and transparent supply chains. Supplier engagement efforts should also extend to emissions reduction and sustainability performance improvement, particularly given that supply chains often account for a significant share of emissions across FMCG value chains. Strengthening visibility across supplier networks can help organisations manage risks, improve compliance and support long-term sustainability goals.

- **Use sustainability to drive operational efficiency:** Investments in energy efficiency, renewable energy, water stewardship, resource optimisation and sustainable logistics can help organisations reduce costs, improve productivity and lower environmental impacts simultaneously. Businesses should focus on initiatives that deliver both sustainability and operational benefits, including fleet electrification, route optimisation, energy-efficient infrastructure and resource conservation measures. Such initiatives can improve operational resilience while supporting decarbonisation objectives and long-term cost efficiencies.

Advanced level: Create market differentiation through circularity and consumer trust

- **Prioritise circularity across products and packaging:** With increasing regulatory focus and consumer expectations around waste reduction, businesses should accelerate efforts to improve packaging recyclability, increase the use of recycled materials and explore circular business models such as take-back programmes, reverse logistics and refill solutions. Organisations should also focus on product and packaging design that supports reuse, refill, material reduction and recyclability from the outset. Achieving circularity at scale will require stronger collaboration with waste management partners, recyclers, industry associations and other ecosystem stakeholders, while ensuring compliance with evolving EPR requirements.

- **Align sustainability initiatives with consumer expectations:** Consumers increasingly consider sustainability in their purchase decisions, but affordability, quality and convenience remain important. Businesses should focus on sustainability solutions that create clear consumer value while communicating sustainability efforts in a transparent and credible manner. As scrutiny of sustainability claims increases, organisations must ensure that all environmental and sustainability-related claims are supported by robust data and evidence to minimise regulatory, legal and reputational risks associated with greenwashing. Organisations that successfully balance sustainability with consumer value are likely to be better positioned to build trust, strengthen brand differentiation and drive long-term customer loyalty.

Trend: Indian consumer brands go global

Foundation level: Build export readiness and scalable operations

At the foundational level, business priorities should include building capabilities that enable repeatable and low-friction international expansion.

- **Institutionalise quality, regulatory and market entry capabilities:** As brands expand across multiple geographies, regulatory readiness needs to shift from an ad hoc exercise limited to the specific market expansion towards building a centralized enterprise-level capability. While labeling requirements, certifications, ingredient norms, and sustainability regulations vary by market, common capabilities such as product traceability, quality systems, documentation processes, and compliance governance can significantly reduce time-to-market and simplify expansion. Organisations that institutionalise these capabilities can accelerate entry into new markets and build trust with consumers and channel partners.

- **Build flexible manufacturing and supply networks for multi-market growth:** Agility plays a greater role compared to scale when it comes to international market expansion. Businesses should focus on building manufacturing and sourcing capabilities that can support multiple product variants, packaging requirements and fluctuating demand patterns without creating excessive fixed costs.

Intermediate level: Micro-globalisation and alternative market entry models

- **Prioritise 'Micro-globalisation' through focused market clusters:** Companies could explore a cluster-based approach to target markets with similar consumer preferences, regulatory requirements or channel structures. This allows companies to build repeatable capabilities, use learnings across adjacent markets and achieve scale efficiencies without overextending resources. Further, brands should explore and experiment with alternate entry models by leveraging digital commerce platforms, strategic partnerships, experiential formats or adjacent service models to create consumer engagement and test product-market fit. A recent example of the same is a Vietnamese EV player that complemented their expansion strategy with rollout of their vehicles as taxi fleet across multiple Asian markets including India with an objective of expanding their market presence. The taxi platform serves multiple strategic objectives, increasing brand visibility, providing potential buyers with firsthand experience of vehicles, generating real-world data on product performance and usage patterns under local conditions and gathering insights into customer preferences and service expectations.

Advanced level: Accelerate expansion through ecosystem-led market access

- **Build scalable global growth engine by enhancing local ecosystem role supported by India-based intelligence hubs:** At advanced stages of international expansion, the primary constraints shifts from market entry to scalable coordination across multiple markets. In this context, ecosystem partners can play an important role if transitioned from the traditional execution support role towards a more active role that contributes in shaping demand, customer access, pricing, insights on discovery, etc. In parallel, India-based hubs will need to evolve from capability centres into enterprise command and coordination engines with a mandate to integrate and interpret cross-market signals, enable consistent decision frameworks and orchestrate pricing, assortment and growth priorities across geographies. The focus at this stage will be to operate as a coordinated global system wherein local ecosystems drive market responsiveness and on-ground execution and India-based hubs ensure coherence, speed of learning and disciplined global execution.

Policy interventions for EoDB and unlocking growth

In addition to the business recommendations outlined in the previous chapter, this section presents a set of policy and regulatory reform measures informed by the structural, operational and systemic challenges identified through stakeholder consultations and industry engagement. These recommendations are intended to complement and reinforce the government's ongoing reform agenda by addressing key policy bottlenecks, strengthening institutional responsiveness and fostering a more enabling and predictable business environment, while contributing to the broader objective of improving EoDB.

The recommendations are divided into two broad categories. The first comprises **priority policy reforms,** including sector-specific interventions aimed at addressing critical constraints and unlocking growth opportunities across key industries. The second focuses on **cross-cutting EoDB reforms,** which address horizontal regulatory and administrative issues affecting businesses across sectors and aim to improve the overall investment and operating environment.

Priority policy reforms

A risk-based and graded enforcement framework for technical compliance lapses

The introduction of the **"improvement notice"** mechanism under the *Jan Vishwas* reforms for Legal Metrology[197] is a positive step towards a more facilitative and compliance-oriented regulatory framework. By enabling rectification of first-time procedural or technical non-compliances within a specified timeframe before the initiation of penal action, the mechanism promotes voluntary compliance, reduces unnecessary litigation and improves regulatory certainty, while allowing enforcement resources to focus on serious or repeated violations.

To further maximise the effectiveness of this compliance-oriented approach, a few enabling measures would merit consideration:

- First, the development of standardised protocols and clear national guidance on the treatment of procedural and non-material non-compliances could help promote greater consistency in implementation across jurisdictions. Clear parameters around corrective actions and remediation timelines would enhance predictability for both regulators and businesses.
- Second, greater use of digital compliance interfaces for the issuance of notices, tracking of corrective actions, and documentation of case closure could improve transparency, reduce administrative burdens and facilitate more efficient compliance management. Such digitisation would also support the broader objective of creating a more streamlined and technology-enabled regulatory ecosystem.
- Third, continued capacity building of enforcement officials will be important to ensure that implementation remains aligned with the spirit of the *Jan Vishwas* reforms. Strengthening awareness of facilitative and risk-based enforcement approaches can help foster a culture that prioritises guidance, corrective action, and voluntary compliance alongside effective enforcement. Industry stakeholders would be more than willing to partner with government authorities in supporting capacity-building and training initiatives in this regard.

In addition, the success of *Jan Vishwas* will hinge on fostering a more predictable and participative regulatory environment. Introducing a structured consultative mechanism involving industry, academia and other key stakeholders prior to regulatory changes, amendments or the introduction of new rules and policies would be a valuable enhancement. Such an approach would help ensure that regulations are practical, evidence-based and grounded in on-the-ground realities.

Bridging IDS and policy shortcomings to enable growth and improve cash flow management

FMCG companies in India are increasingly navigating a gap between policy intent and on-ground execution, where well-meaning reforms such as GST rationalisation and FTAs are not fully translating into cost efficiencies or margin expansion. Instead, structural inefficiencies and compliance-heavy frameworks are reshaping how companies approach sourcing, taxation, and operations.

The September 2025 GST 2.0 rate rationalisation illustrates this dynamic clearly. Firms continue to incur 18 percent GST on key inputs and services, including packaging, logistics, warehousing, marketing and e-commerce commissions, while

197. https://www.pib.gov.in/PressReleasePage.aspx?.

collecting only 5 percent on output.[198] This leads to significant accumulation of unutilised ITC, creating working capital strain, margin pressure and dependence on a restrictive refund framework that excludes input services and capital goods.[199] Addressing these challenges would require a targeted and calibrated set of interventions, including:

- **Rationalise GST rate structures to reduce credit accumulation:** Undertake periodic reviews of GST rates across inputs, input services and finished goods to identify and address instances of rate inversion, particularly in high-volume FMCG categories. Aligning tax rates more closely across the value chain would help restore GST neutrality, reduce the build-up of unutilised credits and improve capital efficiency.

- **Enable timely realisation of accumulated credits:** Strengthen and streamline refund mechanisms through simplified procedures, greater digitisation, standardised documentation requirements and adherence to defined processing timelines. Faster realisation of legitimate credits would significantly ease working capital pressures, improve cash flows and support investment in growth, innovation and supply chain resilience.

- **Institutionalise a mechanism for continuous review and stakeholder engagement:** Establish regular industry-regulator engagement to identify emerging inversion issues, assess their business impact and facilitate timely corrective action. A structured and data-driven review process would help ensure that the GST framework remains responsive to evolving industry realities while supporting competitiveness and EoDB.

A similar dynamic is observed in the case of FTAs. While tariff reductions are designed to improve cost competitiveness and facilitate global sourcing, their benefits are sometimes moderated by necessary regulatory requirements such as BIS QCOs, FSSAI approvals and labelling norms. Even when import duties are lowered or removed, goods can still face certification delays, port detentions, added costs or rejection if they do not meet domestic compliance requirements. These frameworks play an important role in ensuring product quality, safety and standardisation, but can also introduce additional compliance steps that may extend timelines or increase costs in certain cases. As a result, FMCG companies are gradually moving away from purely cost-driven sourcing decisions towards more compliance-led procurement models, prioritising certified suppliers, building dual sourcing strategies and maintaining local backup options to enhance supply chain resilience.

At an industry level, there is a strong case for advocating reforms that improve policy effectiveness such as addressing inverted duty structures, expanding ITC refund eligibility and streamlining regulatory approvals for imports. Bridging the gap between policy design and implementation will be key to unlocking the full value of these reforms for the FMCG sector.

Ensuring regulatory coherence in deposit refund schemes

The emergence of State-level DRS in select states risks creating a fragmented regulatory landscape that operates alongside the existing national EPR architecture. While the objective of improving collection and recycling rates is widely supported, variations in scheme design, compliance requirements, coding standards, deposit mechanisms and reporting obligations could increase operational complexity, compliance costs, and regulatory uncertainty for businesses operating across multiple states. A coordinated, nationally harmonised approach is therefore critical to ensure that sustainability objectives are achieved without compromising EoDB, supply chain efficiency, consumer welfare or policy consistency. The following recommendations seek to align emerging DRS initiatives with the existing national framework while promoting effective waste management outcomes.

- **Adopt a harmonised national approach to deposit refund schemes:** A nationally consistent framework for DRS and related environmental compliance mechanisms should be developed to avoid the emergence of multiple state-specific systems. A harmonised approach would ensure regulatory certainty, reduce compliance complexity for businesses operating across jurisdictions and support the broader objective of creating an integrated circular economy framework.

- **Align DRS initiatives with the existing central EPR framework:** Any DRS mechanism should be designed to complement rather than duplicate the existing EPR obligations administered through the centralised CPCB portal. Creating parallel collection, reporting and compliance structures could lead to duplication of financial obligations, overlapping responsibilities and inefficiencies in waste management implementation. Strengthening and leveraging the existing EPR architecture would enable better resource utilisation and regulatory coherence.

- **Prioritise voluntary and pilot-based implementation:** Before introducing large-scale mandatory DRS frameworks, policymakers should consider voluntary or pilot-based models to assess operational feasibility, consumer participation, infrastructure readiness and environmental outcomes. Pilot programmes can generate valuable insights and help identify implementation challenges

198. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2164586&reg=48&lang=2
199. https://www.businesstoday.in/latest/economy/story/working-capital-blocked-industry-flags

before nationwide scale-up, ensuring a more effective and evidence-based policy approach

- **Institutionalise stakeholder consultations prior to implementation:** Meaningful consultation with industry, recyclers, producers, retailers, logistics providers and consumer groups should form a core part of the policy-development process. Structured stakeholder engagement can help ensure that DRS frameworks are practical, operationally viable and aligned with existing business processes while supporting environmental objectives.

- **Develop a unified national traceability and coding framework:** If product traceability is considered necessary for the effective functioning of a DRS system, a single national coding and marking standard should be developed instead of introducing state-specific identifiers. A harmonised traceability framework would minimise supply-chain disruption, reduce implementation costs, support interoperability across states and prevent compliance challenges for nationally distributed products and imports.

- **Clarify treatment of deposits under legal metrology requirements:** Clear regulatory guidance is needed on the treatment of refundable deposits vis-à-vis MRP requirements under the legal metrology framework. Providing clarity on the pricing and disclosure of deposits would reduce legal uncertainty, minimise consumer disputes and ensure consistent market practices across jurisdictions.

- **Establish robust governance and accountability mechanisms:** Where DRS frameworks are introduced, a transparent governance structure with clearly defined accountability, auditing, stakeholder participation, fund-management protocols and performance monitoring mechanisms should be established. Such measures would strengthen confidence in scheme administration and ensure that environmental objectives are achieved efficiently and transparently.

Strengthening marketing governance amid digital and AI-driven advertising

The growing reliance on influencer-led marketing has introduced additional compliance complexity by decentralising brand communication. Influencers increasingly function as extensions of a brand while remaining independent content creators, creating potential ambiguity regarding responsibility for product claims. FMCG and retail firms are therefore expected to ensure that sponsored relationships are clearly disclosed, promotional content complies with applicable advertising standards and influencers do not make unsubstantiated or misleading representations on behalf of the brand.

AI has introduced a further dimension of regulatory risk. AI-powered tools are increasingly used to generate promotional copy, product descriptions, chatbot responses, synthetic visuals, personalised advertisements and localised marketing content at scale. While these technologies improve efficiency, they also increase the likelihood of unverified product claims, exaggerated performance statements, unauthorised health or sustainability assertions and inconsistencies that may bypass traditional legal review processes. Accordingly, advertising compliance is evolving from a campaign-based approval function to an enterprise-wide governance responsibility. Considering this scenario, FMCG companies would need to strengthen governance across four key areas:

- **Continuous digital monitoring:** Implement systems to monitor brand communications across social media, influencer channels and digital platforms in real time.

- **Enhanced claim substantiation:** Require robust evidence to support health, efficacy, sustainability, environmental and comparative claims before publication.

- **Stronger contractual controls:** Clearly allocate compliance responsibilities among influencers, agencies, content creators and marketing partners, including disclosure obligations and prohibited claim categories.

- **Human oversight of AI-generated content:** Ensure all AI-generated consumer-facing content involving product representations undergo legal and regulatory review before publication.

As digital communication becomes faster, more decentralised and increasingly automated, the long-term challenge for FMCG companies will be ensuring that every consumer-facing representation remains truthful, adequately substantiated and compliant with evolving consumer protection standards.

From a broader regulatory perspective, there is a case for developing a more structured framework for responsible influencer engagement across sectors. Such a framework could encourage greater transparency, due diligence and accountability in the dissemination of product-related information, particularly where claims relate to regulated products or public health considerations. Clear disclosure standards, category-specific guidance and mechanisms to distinguish evidence-based commentary from unverified claims could help curb misinformation, reduce reputational risks for compliant brands and strengthen consumer trust in the broader marketplace.

Advancing EoDB: Reform priorities for the cosmetics industry

To unlock India's BPC industry's next phase of growth, the regulatory ecosystem would need to adopt a more modern, risk-based and globally aligned approach. Immediate reforms should focus on streamlining approvals, digitising regulatory processes, harmonising state-level implementation and reducing compliance inefficiencies. Over the longer term, a dedicated cosmetics regulatory framework, supported by post-market surveillance, technical expertise and international best practices, can strengthen consumer safety while fostering innovation, investment, exports and EoDB. Some of the priority reforms include:

- **Accelerating digitisation of product registrations and approvals:** The regulatory approval process can be significantly improved through the implementation of a fully digital registration and notification system. Introducing self-declaration-based mechanisms for minor changes such as additional pack sizes and product variants would reduce administrative burden, improve speed-to-market and enable businesses to respond more effectively to seasonal demand and evolving consumer preferences. A unified digital platform across central and state regulators would also enhance transparency and consistency in regulatory decision-making.

- **Standardising guidance on product claims:** The absence of clear and harmonised guidance on cosmetic claims such as “clinically tested”, “dermatologically tested”, “anti-dandruff” and “anti-acne” has led to delays and inconsistent regulatory interpretations. Developing standardised claim substantiation guidelines in consultation with industry stakeholders would create greater certainty, reduce approval delays and ensure a uniform compliance framework across jurisdictions while maintaining consumer protection.

- **Ensuring uniform implementation of Cosmetics Rules, 2020:** Inconsistent interpretation and implementation of regulatory requirements across states create uncertainty and increase compliance costs. A harmonised approach to the application of the Cosmetics Rules, 2020, particularly regarding minor formulation changes, labelling updates and licensing requirements, would improve regulatory predictability and provide a level playing field for domestic manufacturers and importers alike.

- **Simplifying dual-use licensing requirements:** The current consignment-based licensing process for ingredients with both cosmetic and pharmaceutical applications is resource-intensive and often causes supply-chain delays. Moving towards tenure-based or volume-based approvals, while providing exemptions for research and development samples, would reduce unnecessary compliance burdens, facilitate innovation and improve operational efficiency without compromising regulatory oversight.

- **Establishing a dedicated regulatory framework for cosmetics:** Given the distinct nature of cosmetics compared to pharmaceuticals, a separate regulatory framework tailored to the sector's risk profile and innovation cycle is needed. A standalone Cosmetics Act, or a dedicated cosmetics chapter within broader legislation, would provide regulatory clarity, reduce unnecessary compliance requirements and better align Indian regulations with international best practices.

- **Adopting a notification-based post-market surveillance framework:** Transitioning from a pre-market approval regime to a notification-based system supported by robust post-market surveillance would align India with leading global regulatory models. Such an approach would accelerate market access while maintaining consumer safety through adverse event monitoring, product recall mechanisms and cosmetovigilance systems that track product performance after market entry.

- **Enabling digital consumer communication through QR codes:** Allowing the voluntary use of QR codes as an alternative to paper inserts and leaflets would provide consumers with easier access to product information while promoting sustainability. Digital disclosure mechanisms can improve information accessibility, reduce packaging waste and create a more efficient and environmentally responsible approach to consumer communication.

- **Strengthening export competitiveness through procedural simplification:** Export-oriented manufacturers face challenges due to procedural requirements related to certifications and labelling. Extending Free Sale Certificates to exporters operating through third-party manufacturing arrangements and fully implementing export-friendly provisions under recent regulatory amendments would simplify market access, improve export competitiveness and support India's ambition to become a global manufacturing hub for BPC products.

The cosmetics industry would further benefit from a more streamlined, predictable and globally aligned regulatory framework. Simplifying approval, renewal and query-management processes through standardized regulatory practices and defined timelines can reduce delays that impact product launches and business continuity. At the same time, harmonizing state-level requirements relating to licensing, GMP certifications, dossiers and fee structures would minimise compliance complexities and create greater regulatory certainty.

Cross-cutting EoDB reforms

Codify adequate, harmonised transition timelines

The simplest and least contentious reform is to make generous, predictable transition windows the default for any change affecting product labelling, standards, packaging or disclosure norms. For instance, FSSAI has generally followed a pragmatic implementation approach for labelling changes by providing industry with adequate transition periods to exhaust existing packaging inventory, redesign artwork and implement revised labelling requirements. The regulator institutionalised a predictable implementation framework by prescribing 1 July as the annual enforcement date for labelling amendments with a minimum 180-day implementation period from notification.[200] From an industry perspective, such an approach provides regulatory certainty, enables orderly compliance planning and facilitates effective coordination across complex supply chains. It also helps minimise packaging obsolescence, avoid unnecessary costs and waste, reduce the risk of inadvertent non-compliance and ensure smoother implementation of regulatory changes. By balancing regulatory objectives with operational realities, predictable transition timelines can significantly enhance EoDB while supporting high standards of consumer protection and product quality.

Globally, jurisdictions such as the United Kingdom have successfully adopted this approach. It has institutionalised "Common Commencement Dates (6 April and 1 October)"[201] as part of its *Better Regulation Framework* to streamline the introduction of business regulations.[202] By consolidating regulatory changes onto predictable dates, the system enhances policy coordination, reduces compliance uncertainty and enables firms to plan and adapt efficiently.

Complete and deepen the single-window system

Transform the National Single Window System (NSWS)[203] into a truly integrated, end-to-end single-window clearance mechanism. While the NSWS has demonstrated significant progress by facilitating lakhs of approvals across participating departments, its full potential will only be realised when all Central Ministries, State Governments and regulatory authorities are onboarded, and the multiple sector-specific licensing and compliance portals currently operated across different regulatory regimes, such as SUGAM, MDSUGAM, ONDLS, e-Aushadhi, e-MAAP and various State licensing portals, among others, are integrated into a single interoperable platform. At present, businesses are often required to navigate separate systems for approvals, registrations, licences and ongoing compliance obligations administered by different authorities, resulting in fragmented processes, duplicate data submissions and increased administrative burden. A truly integrated framework should enable businesses to submit information once and seamlessly access all relevant regulatory services through a common interface, thereby reducing the need to interact with multiple parallel "single-window" systems.

Moving beyond a repository of departmental services to a genuinely integrated approval ecosystem would eliminate duplicative submissions, reduce administrative burden, improve regulatory predictability and significantly enhance India's EoDB. Singapore's GoBusiness Licensing portal, for example, offers a compelling global benchmark, enabling businesses to apply for licences across more than thirty government agencies through a single digital interface with integrated workflows and coordinated processing.[204] Adopting a similar whole-of-government approach would strengthen investor confidence, accelerate project implementation and reinforce India's ambition to build a world-class, digitally-enabled regulatory ecosystem.

Institutionalise regulatory harmonisation

Businesses frequently face duplicative or inconsistent obligations arising from overlapping regulatory frameworks

200. https://health.economictimes.indiatimes.com/news/policy/
201. https://www.hse.gov.uk/legislation/forthcoming.htm
202. https://assets.publishing.service.gov.uk/media/67587ba55a2e4d4b993bfa83/better-regulation-framework-guidance-2023.pdf
203. https://www.nsws.gov.in/
204. https://licensing.gobusiness.gov.sg/

administered by multiple regulators and varying implementation approaches across states. Building on the successful resolution of the medical device labelling overlap,[205] the government should establish a standing inter-regulatory coordination mechanism comprising key authorities such as Legal Metrology, FSSAI, BIS, CPCB, CDSCO, CCPA and relevant state departments to systematically identify, review and resolve overlapping requirements relating to labelling, approvals, registrations, inspections, reporting, and compliance timelines. The mechanism should designate a single lead regulator or authoritative standard wherever regulatory objectives overlap, promote mutual recognition of compliance across authorities and develop harmonised implementation guidance to ensure consistency across states. Institutionalising such a framework would reduce regulatory duplication, improve Centre–State coherence, minimise compliance costs and uncertainty for businesses and foster a more predictable and integrated regulatory environment.

Implement risk-based, differentiated compliance across industry

Regulatory obligations should be calibrated according to the risk profile of businesses and products, enabling regulators to concentrate enforcement efforts on high-risk activities while adopting proportionate compliance requirements for lower-risk sectors. This should extend to inspections, documentation, reporting obligations, regulatory fees and approval timelines, with simplified compliance pathways and lighter-touch oversight for MSMEs to reduce disproportionate regulatory burdens.

A risk-based framework would improve regulatory efficiency, strengthen voluntary compliance, and support EoDB without diluting consumer protection. For example, in the cosmetics sector, differentiating cosmetics from drugs through a streamlined, risk-based product approval framework would better reflect the sector's risk profile, accelerate product launches, reduce compliance costs, encourage innovation and strengthen India's competitiveness in the rapidly growing beauty and personal care market.

Embed consultation, predictability and proportionality in rule-making

The most durable reform is to embed good regulatory practices into the rule-making process through mandatory, time-bound stakeholder consultations with industry, publication of regulatory impact and compliance cost assessments for significant regulations and a proportionate, civil-first approach to enforcement. Such consultations should be inclusive and provide opportunities for participation from all relevant stakeholders, including companies officially registered and operating in India, regardless of ownership structure, to ensure that regulatory frameworks benefit from diverse industry expertise and implementation experience. These principles should also guide regulatory implementation at the state level. Before proceeding with the rollout/implementation of DRS frameworks (Goa, Himachal Pradesh), states should undertake multiple rounds of structured consultations with industry, while the Central Government should issue harmonised implementation guidelines to ensure consistency with the national EPR framework and avoid fragmented state-specific approaches. Any traceability or deposit-linked requirements should be developed through nationally harmonised standards and aligned with existing regulatory frameworks, including Legal Metrology, to prevent duplicative compliance obligations. A consultative and coordinated approach would enable practical implementation, minimise unintended compliance burdens and achieve environmental objectives while maintaining regulatory certainty and EoDB.

Institutionalise regulatory budgeting and periodic review of regulations

To prevent the build-up of unnecessary or outdated compliance requirements, the government should adopt a regulatory budgeting framework under which new regulatory obligations are balanced by reviewing, simplifying or removing existing ones. This should be complemented by periodic review or sunset clauses for significant regulations to ensure they remain relevant, effective and proportionate over time. Building on the government's ongoing deregulation agenda, the proposed Deregulation Committees, and the recommendations of the High-Level Committee for Regulatory Reforms, India should institutionalise a regulatory budgeting framework to ensure that the introduction of new regulatory requirements is accompanied by the review, simplification, consolidation or removal of existing ones.[206]

Significant regulations should also be subject to periodic review or sunset provisions to assess their continued relevance, effectiveness and compliance costs. Such a framework would embed continuous regulatory improvement into the policy-making process, prevent the accumulation of outdated or duplicative requirements and ensure that the regulatory landscape remains efficient, proportionate and responsive to evolving business and consumer needs.

Institutionalise compliance guidance and mandatory field-level capacity building

A significant share of enforcement disputes in India arises not from willful non-compliance, but from ambiguity in interpretation, frequent regulatory changes and inconsistent

205. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2183777
206. https://indianexpress.com/article/india/pm-narendra-modi-central-secretaries-deregulation-reforms-meeting-10762517/

field-level application. Regulators should publish consolidated, sector-specific plain-language guidance, FAQs and illustrative compliance checklists for high-volume requirements (such as legal metrology declarations, FSSAI labelling norms and EPR filings), updated in real time and aligned with all amendments. In sectors such as Cosmetics, as highlighted earlier, the State Licensing Authorities (SLAs) in India are increasingly requiring re-registration of cosmetic products for even minor formulation adjustments, despite the provisions of the Cosmetics Rules, 2020. According to these rules, manufacturers are only required to inform the Licensing Authority in writing about changes in labelling or composition, along with an undertaking that the products comply with the standards outlined in the Ninth Schedule under the Bureau of Indian Standards.[207] However, SLAs are mandating a revised license for slight variations in ingredient quantities, which adds an unwarranted administrative burden and complicates compliance for manufacturers. Industry is also willing to partner with regulators and enforcement agencies on capacity-building initiatives, awareness programmes and the development of practical compliance guidance to promote consistent interpretation and implementation of regulatory requirements across jurisdictions. Hence, clarity at the point of compliance, not discretion at the point of enforcement, should become the cornerstone of a business-friendly regulatory framework that meaningfully advances EoDB.

Develop a principle-based governance framework for AI-enabled digital commerce

As AI becomes integral to FMCG, e-commerce and retail through personalised recommendations, automated customer engagement, pricing algorithms, content generation and supply chain optimisation, the regulatory framework should evolve to provide clear, technology-neutral principles rather than extending legacy regulations to emerging use cases. Building on the current framework, which draws on a combination of the Consumer Protection Act, 2019 (including misleading advertisement guidelines), the Information Technology Act, 2000 and Intermediary Rules (including SGI amendments), the DPDP Act, 2023, the Copyright Act, 1957 and evolving guidance under the IndiaAI Mission and AI Governance Principles, there remains scope for policy interventions that further strengthen clarity, consistency and operational readiness as AI adoption deepens across consumer-facing sectors. A principle-based framework would provide greater regulatory certainty for businesses, encourage responsible adoption of AI technologies and ensure that innovation continues to support consumer welfare, competition, and economic growth.

This could include issuing sector-specific guidance on high-impact use cases such as personalised pricing, recommendation engines and AI-led consumer engagement, along with clearer thresholds for risk classification and corresponding compliance obligations. Strengthening interoperable standards for disclosure, traceability and auditability of AI-generated content would also support more consistent implementation across platforms. In addition, creating structured and ongoing industry-regulator consultation mechanisms can help address emerging risks in real time and reduce interpretational ambiguities. As AI systems become more autonomous, there may also be a need to progressively define liability and accountability frameworks for agentic decision-making. Furthermore, enhancing cross-regulatory coordination and investing in regulatory capacity, including technical expertise and digital monitoring tools, will be critical to ensuring that the existing principle-based approach remains responsive, enforceable and aligned with the pace of technological change, while continuing to support innovation.

207. https://thc.nic.in/Central%20Governmental%20Rules/e%20Cosmetics%20Rules,%202020.pdf

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