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# MACROECONOMIC FACTORS AFFECTING MARKET DEMAND IN INDIA'S FAST-MOVING CONSUMER GOODS SECTOR

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## ABSTRACT

Macroeconomic variables reflect a country's economic environment, as they influence the expectations and decisions of policymakers, investors, and business organisations. They point to the state of the economy based on the prevailing patterns that may be delineated by GDP, inflation, interest rates, employment statistics, and so on. More specifically, these variables can provide insights into the consumer market in a country. This is due to the fact that the direct or indirect movements of macroeconomic factors can significantly impact the demand for goods in a country's economy (Baruah & Kakati, 2025). More notably, these factors can also critically influence consumer behaviour and market dynamics as a whole.

It is against this backdrop that this study evaluated the impact of macroeconomic variables, such as GDP, inflation rates, interest rates, unemployment rates, and exchange rates, on the consumer market in India over 20 years (2005–2024), using final household consumption expenditure (FHCE) (% annual growth) as a measure. The study adopted quantitative analysis, with descriptive statistics, correlation analysis, and regression (ordinary least squares) analysis conducted to assess the relationships after sourcing secondary data from World Bank databases.

The regression analysis showed that the aggregate macroeconomic factors were responsible for 91% variation in FHCE, with GDP having the most significant positive impact. Negative correlations were observed between FHCE and inflation rates, unemployment rates, and exchange rates.

**Keywords:** Macroeconomics, India, GDP, consumer market, inflation, unemployment, interest rate, exchange rate.

## **Introduction**

Macroeconomic variables are pivotal in evaluating the economic growth and development of any country, as they provide insights into specific areas that might not have been readily seen otherwise. These variables are a reflection of a country's economic environment, influencing the expectations and decisions of policymakers, investors, and business organisations (Singh & Balaji, n.d). Although macroeconomic factors point to the state of the economy based on the prevailing (economic) patterns (Kumar, 2024), different factors pertain to specific information. For one, GDP growth highlights the strength of economic activity; interest rates speak to the cost of capital; inflation rates concern consumer purchasing power and cost structures, and exchange rate fluctuations hinge on foreign investment decisions and import-export competitiveness (Singh & Balaji, n.d). The relationships between different macroeconomic variables have often been evaluated, and such relationships may provide insights into the connection between macroeconomic projections and uncertainties in market demand when conducting scenario analysis (Schonbauer & Tarayrah, 2018). Owing to this, it becomes expedient for countries to put their macroeconomics under a scrutinising lens from time to time. In this article, the focus is on how macroeconomic trends are affecting market demands in India.

The direct or indirect movements of macroeconomic factors can significantly impact the demand for goods in a country's economy (Baruah & Kakati, 2025). More notably, these factors can also critically influence consumer behaviour and market dynamics as a whole (Vishwakarma, Kumari & Ayushi, 2025). McCluskey (2015) emphasised that businesses are in a better position to optimise their product offerings and pricing models to improve profitability when they understand consumer preferences and market demand. Again, the appreciable understanding of demand trends makes it feasible for policymakers to implement strategies for enhanced consumer welfare and economic stability (Wagner, 2016).

## **India's consumer market**

India's consumer market is characterised by a complex and dynamic network that is driven by a diverse and large population, rapid urbanization, and robust economic growth, hence its ranking among the most noteworthy emerging economies/markets in the world today (Chand et al., 2025). Ostensibly, urban consumers are now increasingly more inclined to demand global products and brands (Chand et al., 2025). This is where the changes in exchange rates may

eventually affect consumer demand, with lower rates probably encouraging or gratifying such a trend among Indian consumers, while the opposite (lower demand for global/foreign goods) could result in the face of higher exchange rates.

Besides, lifestyle changes and new consciousness formation are fuelling the evolution of consumption trends, changing demand volume, and spending patterns among Indian consumers (Molchanova et al., 2018). Technology also has some marked influence on India's consumer market, as consumers engage with e-commerce platforms to fulfil their needs (Chand et al., 2025).

McKinsey Global Institute reported that the number of people earning around US\$10 daily, with the capability to make discretionary purchases, more than tripled over the last three decades, and the majority of these consumers are from emerging markets (Saqib, 2017). More so, it was once estimated that by the end of 2025, the annual household consumption in emerging markets will reach US\$30 trillion, accounting for approximately 50% of the world's total (McKinsey & Company, 2013).

The BRIC nations, including Brazil, Russia, India, and China, have been adjudged as the four biggest emerging markets with their cumulative GDP projected to surpass that of the G7 countries (the U.S., Canada, the UK, France, Germany, Italy, and Japan) in the next 30 years (Saqib, 2017). This is connected to the massive population growth the BRIC nations will be experiencing, coupled with the increasing earnings of middle-class consumers. More specifically, after China, India has the largest and fastest-growing emerging economy, a position that is predicated upon the growing prosperity of its consuming classes (Saqib, 2017).

## **GDP**

Semuel and Nurina (2015) described GDP as a critical indicator of economic growth, which, in turn, represents the principal priority of a country's macroeconomic policy. Consequently, GDP is impacted by other macro- and microeconomic variables like inflation rate, exchange rate, interest rate, foreign direct investment, and household consumption (Kibria et al., 2014; Tapsin & Hepsag, 2014). Notably, fluctuations in GDP growth, inflation, exchange rate, interest rate, and unemployment rate can result in considerable uncertainty that destabilises the profitability, investment, and planning of businesses (Ibrahimov, Vancsura & Paradi-Dolgos, 2025).

GDP evaluates the entire market value of the final products and services offered within a country over a particular period, thus representing a major benchmark for economic size and growth (Aastveit, Natvik & Sola, 2014). This shows the criticality of market demand in determining a country's GDP, meaning a rise or fall in demand ultimately reflects in the GDP and the economy as a whole. That said, GDP growth increases the availability of disposable income, which ultimately causes consumers to gravitate towards high-quality products and creates the avenue for market growth (Dewi et al., 2019).

Currently, India's GDP stands at US\$4.15 trillion, with a GDP per capita of US\$2,810 (IMF, 2026). The country's GDP is projected to surpass US\$5 trillion by 2030, a valuation that would probably make it the third-largest economy globally (Chand et al., 2025). Agriculture, industry (construction and manufacturing), and services (education, healthcare, finance, and tourism) are the three major drivers of India's GDP (Puri, 2024). GDP growth has been further bolstered by an increase in household savings, a surge in start-up investment, and rising exportation of services (Puri, 2024).

### **Inflation**

Inflation can be measured by the consumer price index (CPI), which aims to capture the rate at which fluctuations in the general price level directly influence consumers' real purchasing power and cost-of-living adjustments (Baker, Bloom & Davis, 2016). CPI primarily measures price level changes in the consumer market, especially with respect to purchases made by households (Bialek & Roszko-Wojtowicz, 2019). Akintoye and Edeh (2024) stressed that CPI is usually suggestive of inflationary pressures, which reflect the decreasing purchasing power of consumers.

In view of the above, it is highly likely for market demand to drop in the instance of a high inflation rate, as consumers seem to be more careful about their spending in such a scenario. According to Tanveer et al. (2012), cited in Vishwakarma and Kumari (2025), high inflation rates can limit the spending capacity of consumers, causing them to tilt toward value-driven promotions and low-priced products. These promotions are primarily informed by inflation projections, as business organisations attempt to preserve their revenue base during mild recessions (Verhoef et al., 2015). This explains why organisations usually employ conditional risk analysis to understand the detrimental impact of consumer spending risk in the event of recession (Engle & Manganelli, 2014).

The impact of inflation is felt across various sectors, as pressure is exerted on the profit margins of organisations, amid increases in the costs of transportation, raw materials, and labour (Chopra & Meindl, 2007). Shahzad, Bajwa, and Zia (2013) drew attention to the duality of impact of inflation on organisations' financial performance, with moderate inflation leading to improved revenue as prices are adjusted, while high inflation causes production costs to rise faster to the point of reducing profitability. The effect of high inflation on financial performance is markedly noticeable in cost-sensitive industries like the fast-moving consumer goods sector (Ball & Mazumder, 2011).

Furthermore, a higher inflation rate can result in a high interest rate, which could eventually suppress GDP growth and then cause a decline in economic growth in any country (Kibria et al., 2014). In assessing the relationship between inflation rate and economic growth using Ordinary Least Squares regression, Ayyoub, Chaudhry, and Farooq (2011) observed that high inflation brought about low economic growth and vice versa in Pakistan. However, Faria and Carneiro (2001) found that the impact of negative inflation on economic growth was only in the short-term, and not the long run, while analysing Brazil's economic data. Ahmed (2005) examined the relationship between Bangladesh's inflation and GDP growth between 1980 and 2005, and observed a negative association in the long term, thus leading to the inference that high inflation is detrimental to economic growth.

### **Employment statistics**

Stock and Watson (2016) describe employment statistics as a pivotal macroeconomic variable that provides insights about resource underutilization and consumer income prospects, hence informing cumulative demand forecasts. Gul et al. (2011) pointed out that unemployment imparts a depression on consumer demand, thus making business organisations consider low-cost pricing policies. The connection between unemployment and negative/poor market conditions in India has been established (Singh, 2018; Nair, 2020). Agrahari, Ankita, and Neelam (2023) emphasised that India's growing population creates notable pressure, as the available employment opportunities appear insufficient. Recession, inflation, and slow business expansions are the other factors exacerbating India's unemployment situation.

### **Interest rate**

Anaripour (2011) conducted an extensive study involving twenty-two (22) countries and found

that there was an inverse relationship between interest rate and economic growth. This means a high interest rate resulted in low economic growth, reflecting the pressure on the economies under review. Mohanty (2012) pointed out that India has sometimes relied more heavily on interest rates, compared to other policy instruments, as a result of the extensive development of its financial markets.

### **Exchange rate**

Exchange rate regimes can contribute to economic growth as export promotion helps to guarantee macroeconomic stability and financial market development, as well as addressing price level shocks (Goyal, 2010). The degree to which exports drive a country's economic growth can be negatively and significantly affected due to exchange rate volatility, which reduces trade as uncertainties surround the expected return from exports (Chowdhury, Hamid, & Akhi, 2019). Dahal and Raju (2023) pinpointed that exchange rate movements can become a concern for households, businesses, policymakers, investors, and fund managers in the short and long run.

India adopts a managed floating exchange rate system whereby the exchange rate is determined by market factors to a certain range, after which the Reserve Bank of India can intervene (Sharma, 2019). This system presents a credible policy instrument due to its strong interest rate connection when structural breaks are considered (Sharma & Setia, 2015). The RBI intervenes by buying and selling foreign currencies, even as it employs an exchange rate policy that establishes orderly conditions in the foreign exchange market, while also factoring in volatility (Srivastava et al., 2025). It is worth noting that the inflation differential between India and its principal trading partners plays a crucial role in the exchange rate trajectory. For one, a relatively higher inflation rate in India compared to its trading partners would mean that the purchasing power of the Rupee drops more quickly and significantly than that of the partners (Srivastava et al., 2025). Apart from inflation differentials, other factors such as productivity differentials, interest differentials, foreign exchange reserves, government expenditure, money supply, oil prices, capital market movements, and foreign institution investment have often been deployed in defining India's exchange rate regime (Kumar, 2010; Dua & Rajan, 2010; Raju & Sharma, 2013; Monica & Santhiyavalli, 2017).

### **Fiscal Policy**

Fiscal policy encompasses the entire activity of the government in the aspects of

spending/purchases and taxes, and it influences investment, saving, aggregate demand, and economic growth both in the short and long term (Suman, 2018). According to Kapur (2014), a well-structured fiscal policy can bring about significant economic growth through public investment increases, and improvement of productivity and infrastructure. World Bank (2024) stressed that, although fiscal policies such as subsidies, tax breaks, and increased public spending that are targeted at supporting strategic industries and improving domestic demand, they can broaden fiscal deficit and raise concerns over debt sustainability in the long-term.

India's fiscal policy framework has gone through some notable reviews and modifications, especially highlighted by the Goods and Services Tax (GST) instrument and other relevant legislations intended to foster fiscal discipline (Singh, 2025). Furthermore, fiscal policy decisions like taxation reforms and budgetary allocations have been observed to directly influence inflation, poverty alleviation, and employment in India (Chakravarty, 2020). As it were, India's economic growth has been particularly driven by government spending on education, healthcare, rural development, and infrastructure (Reddy, 2018).

However, India's fiscal policy has often encountered issues in the plane of government spending not translating to substantial growth outcomes as a result of delays in project execution and public spending inefficiencies (Jha, 2016). Sundaram and Suresh (2014) noted that there have been significant fluctuations in India's fiscal deficit, and these can be traced to the structural issues and cyclical economic changes in government spending.

Ghosh (2022) buttressed that the rate of project implementation remains below expectations due to regulatory bottlenecks and bureaucratic delays, and this is despite the significant investments injected into the infrastructural sector. This is corroborated by the International Monetary Fund (IMF), which noted that, although the implementation of fiscal policy strategies such as Direct Benefit Transfers (DBTs) and Goods and Services Tax (GST) has led to improved efficiency, complex administrative and taxation challenges have made it difficult to fully explore the advantages of these reforms (IMF, 2023). Singh (2025) recounted that India lacks a robust mechanism to monitor the effectiveness of public expenditure, thus encouraging resource misallocation, even as fiscal deficit management protocols have remained vulnerable to external shocks such as global financial instability and rising/fluctuating oil prices.

## **Monetary policy**

Singh (2019) described monetary policy as the means through which a country's Central Bank manages the supply of money and trading in foreign exchange rates, and it borders on the relationship between the total supply of money and interest rates in an economy. A balanced monetary policy boosts economic growth through the adjustment of money supply in line with growth, as the stream of funds is directed to relevant channels while also providing the institutional facilities that promote the delivery of credit to certain areas of economic activities (Singh, 2019). Countries aimed at achieving price stability through their monetary policies with the overarching objective of establishing sustainable growth while consolidating the purchasing power of their respective currencies (Umaru & Zubairu, 2012).

Khan et al. (2016) highlighted that several countries in Southeast Asia, including India, developed their monetary policy to control or regulate inflationary probabilities. More specifically, India's most prominent monetary policy stance is the control of the exchange rate, which eventually regulates inflation and other economic parameters (Patnaik, Shah, & Bhattacharya, 2011). The Reserve Bank of India (RBI) views monetary policy as a viable macroeconomic instrument for influencing the level of aggregate demand for products and services, and it ultimately relies on bank rate, liquidity adjustment facility, variable reserve requirement, and open market operations (Singh, 2019) for its evaluation. The monetary policy also has a significant impact on interest rates and the amount of government bonds that can be held by banks (Sharma, 2019).

India's monetary policy has transitioned to a regime of flexible inflation with the primary focus on consumer price index (CPI) inflation, having previously run a multiple indicator approach that was based on wholesale price index (WPI) inflation (Srivastava et al., 2025). This makes the monetary policy more relevant to the country's consumer market, and as it stands, the CPI target has been set at 6.5% since October 2024 (Prasanth, Chakraborty & Shihab, 2024). Having said that, India's monetary policy transmission – that is, the process through which the economy, general prices, and output are influenced by a change in monetary policy stance (Sharma, 2019) – is considerably weak (Srivastava et al., 2025). Based on this, it may take a considerable amount of time for the economy to experience the meaningful impact of a monetary policy change, even where a positive outcome is expected. More notably, the prevalence and large size of India's informal sector often make monetary policy responses

ineffective.

**Methodology**

The paper conducted statistical analyses based on the quantitative data, secondarily sourced from World Bank databases, while exploring the trends over twenty (20) years from 2005 to 2024. Descriptive statistics, correlation analysis (Pearson’s correlation), and regression analysis (multiple linear regression) were specifically used. Macroeconomic factors such as GDP growth, unemployment rate, inflation rate, interest rate, and exchange rate are considered as the dependent variables, while final household consumption expenditure (FHCE), which paints a good picture of the activities of consumers in the market, is the independent variable. Basically, household consumption expenditure is a reflection of the behaviour and purchasing power of households, hence its relevance in the evaluation of economic activity (Madudova & Corejova, 2024). Chai (2018) described household consumption expenditure as the amount of money spent by households on products and services to meet their needs. Factors such as GDP and price level have been found to influence household consumption expenditure (Demyanyk et al., 2019; Obinna, 2020; Karaaslan, Oktay, & Alkan, 2022). In fact, due to its impact on GDP, it is usually taken into consideration when developing macroeconomic policy for fiscal planning, as policymakers attempt to determine how consumers will behave in the event of income fluctuations (Dumitrescu et al., 2022). Beyond this, the size of a country’s population can affect FHCE, as a relatively large population will have greater demand for products and services (Hakib & Asdar, 2020). This further justifies the significance of household consumption expenditure in consumer market analysis. As of the last report provided by the World Bank in 2024, India’s FHCE stood at US\$2.79 trillion, and shows a 402% increase over the last two decades.

**Data presentation and analysis**

	<b>GDP growth rate (% annual change)</b>	<b>Inflation</b>	<b>Interest rate</b>	<b>Unemployment rate</b>	<b>Exchange rate (US\$)</b>	<b>Final household consumption expenditure (% annual change)</b>
<b>2005</b>	7.92	4.25	10.75	7.6	44.10	7.65
<b>2006</b>	8.06	5.80	11.19	7.6	45.31	4.81
<b>2007</b>	7.66	6.37	13.02	7.6	41.35	7.59

<b>2008</b>	3.09	8.35	13.31	7.6	43.51	5.48
<b>2009</b>	7.86	10.88	12.19	7.6	48.41	6.44
<b>2010</b>	8.50	11.99	8.33	7.6	45.73	6.47
<b>2011</b>	5.24	8.91	10.17	7.6	46.67	7.27
<b>2012</b>	5.46	9.48	10.60	7.6	53.44	4.67
<b>2013</b>	6.39	10.02	10.29	7.7	58.60	6.24
<b>2014</b>	7.41	6.67	10.25	7.7	61.03	6.57
<b>2015</b>	8.00	4.91	10.01	7.6	64.15	7.86
<b>2016</b>	8.26	4.95	9.67	7.6	67.20	7.82
<b>2017</b>	6.80	3.33	9.51	7.6	65.12	7.08
<b>2018</b>	6.45	3.94	9.45	7.7	68.39	7.03
<b>2019</b>	3.87	3.73	9.47	6.5	70.42	4.98
<b>2020</b>	-5.78	6.62	9.15	7.9	74.10	-4.60
<b>2021</b>	9.69	5.13	8.70	6.4	73.92	9.82
<b>2022</b>	7.61	6.70	8.57	4.8	78.60	7.01
<b>2023</b>	9.19	5.65		4.2	82.60	5.92
<b>2024</b>	6.49	5		4.2	83.67	6.49

Table 1: Values of India's macroeconomic variables over 20 years (2005–2024)

Source: World Bank (2025)

Table 1 shows the values of different macroeconomic variables over 20 years. From the table, it can be seen that various degrees of year-on-year fluctuations have occurred across different measures through the years. That said, India's GDP growth slowed by 18.1% between 2005 and 2024. With a GDP %growth rate of 9.69 recorded in 2021, the country appeared to have effectively shaken off the economic impact of COVID-19, which could have been the major reason for its lowest GDP %growth rate (-5.78) over the past two decades. Nonetheless, the present GDP growth significantly dropped in 2024, compared to what was realised in 2021. Regarding inflation, the highest inflation rate (11.99) in the last 20 years was recorded in 2010, but it has markedly dropped (by 58.7%) since then, with the 2024 record showing 4.95. The interest rate trend also reflects a drastic reduction between 2008, which was the year with the highest value (13.31) over the last 20 years, and 2022, with an interest rate value of 8.57. Unemployment rates in India have been somewhat steady over the years, although there is a 3.4% difference between 2005 and 2024, which highlights a drop in the rate. The exchange rate (Rupee to US Dollars) has increased by 89.73% between the base year and 2024, showing how the Rupee has weakened against the dollar within the period. Lastly, the % annual change in the final consumption expenditure shows a 1.16% difference when the values for 2005 and 2024 are factored in, but the rate improved in recent times.

**Descriptive Statistics**

	Mean	Std. Deviation	N
<b>GDP</b>	6.41	3.31	20
<b>INF</b>	6.63	2.51	20
<b>INT</b>	10.26	1.42	18
<b>UR</b>	7.04	1.20	20
<b>EXR</b>	60.82	13.99	20
<b>FHC E</b>	6.13	2.80	20

Table 2: Descriptive statistics

**Visualisation of macroeconomic trend**

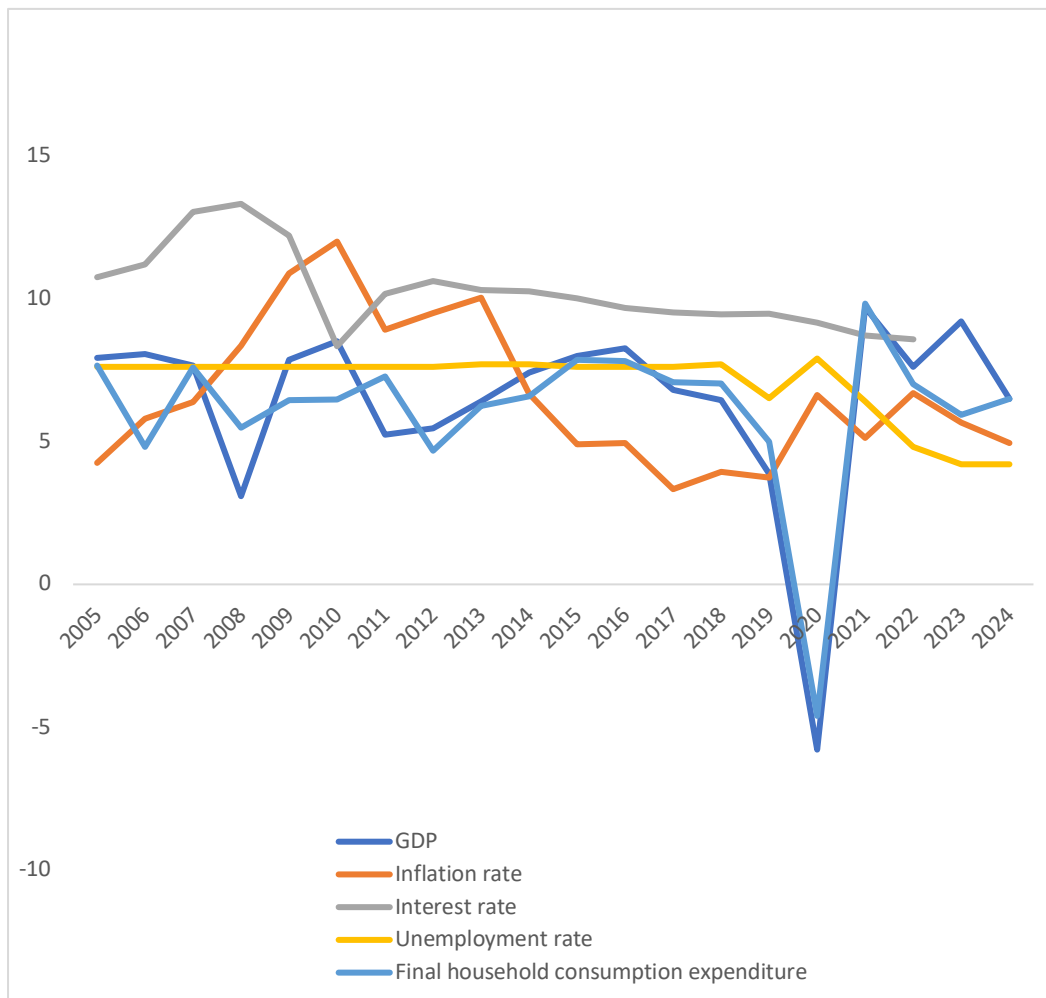


Figure 1: Chart showing the trends for various macroeconomic variables over 20 years in India

**Correlation analysis**

<b>Correlations</b>		GDP	INF	INT	UR	EXR	FHCE
GDP	Pearson Correlation	1	-.041	.009	-.236	-.095	.899**
	Sig. (2-tailed)		.863	.973	.317	.689	.000
	N	20	20	18	20	20	20
INF	Pearson Correlation	-.041	1	.189	.244	-.486*	-.119
	Sig. (2-tailed)	.863		.451	.300	.030	.618
	N	20	20	18	20	20	20
INT	Pearson Correlation	.009	.189	1	.390	-.708**	.050
	Sig. (2-tailed)	.973	.451		.109	.001	.842
	N	18	18	18	18	18	18
UR	Pearson Correlation	-.236	.244	.390	1	-.700**	-.144
	Sig. (2-tailed)	.317	.300	.109		.001	.544
	N	20	20	18	20	20	20
EXR	Pearson Correlation	-.095	-.486*	-.708**	-.700**	1	-.128
	Sig. (2-tailed)	.689	.030	.001	.001		.592
	N	20	20	18	20	20	20
FHCE	Pearson Correlation	.899**	-.119	.050	-.144	-.128	1
	Sig. (2-tailed)	.000	.618	.842	.544	.592	
	N	20	20	18	20	20	20

Table 3: Result of correlation analysis

GDP: Gross Domestic Product (% annual change); INF: Inflation; INT: Interest rate; UR: Unemployment rate; EXR: Exchange rate; FHCE: Final Household Consumption Expenditure.

The correlation analysis table (Table 3) shows that final household consumption expenditure (FHCE) (% annual growth) was significantly and positively correlated with GDP % annual growth rate. The correlations between FHCE and inflation, unemployment rate, and exchange rate were insignificantly negative. FHCE correlation with INT was positive but insignificant. The correlations range from a very weak correlation to a very strong correlation.

**Regression analysis result**

	<b>Regression coefficients</b>	<b>t-statistics</b>	<b>Level of Significance</b>
<b>GDP</b>	0.918	7.06	0.000
<b>Inflation</b>	-0.107	-0.784	0.446
<b>Interest rate</b>	0.099	0.555	0.588
<b>Unemployment rate</b>	0.070	0.391	0.701
<b>Exchange rate</b>	0.032	0.120	0.906

Table 4: Regression analysis result

**Model summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R-Square</b>	<b>Std. Error of the Estimate</b>
1	.910 <sup>a</sup>	.828	.766	1.35358
a. Predictors: (Constant), EXR, GDP, INF, INT, UR				
b. Dependent Variable: FHCE				

Table 5: Summary of regression model

The R-squared value shows that FHCE is 82.8% (Table 5) influenced by the tested macroeconomic variables, including GDP, inflation, interest rate, unemployment rate, and exchange rate. However, none of these dependent variables has a significant effect on FHCE except GDP, as FHCE is 91.8% influenced by it (that is, GDP) ( $t = 7.06, p < 0.05$ ) (Table 4).

**ANOVA**

<b>Model</b>		<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	123.386	5	24.677	13.469	.000 <sup>b</sup>
	Residual	25.651	14	1.832		

	Total	149.037	19			
a. Dependent Variable: FHCE						
b. Predictors: (Constant), EXR, GDP, INF, INT, UR						

**Discussion**

The findings from this study show that the aggregate macroeconomic variables influence final household consumption expenditure (FHCE), albeit to varying degrees, with GDP having the most significant impact. It follows that the GDP is strongly correlated to FHCE, and the result is a positive one. This means that FHCE tends to increase when there is an increase in India’s GDP, thus pointing to the relevance of GDP in the country’s consumer market. The country’s FHCE is 71.36% of its GDP based on World Bank statistics. The finding on the impact of GDP on FHCE is similar to the results attained in the research conducted by Jammeh (2025).

Apart from GDP, the interest rate was another macroeconomic variable that reflected a positive correlation with FHCE, although with a negligible and insignificant outcome. This could mean that interest rates have little or no impact on the consumer market in India, and this has come to light with more favourable rates in recent times. This is, however, in contrast to the observation from the work of Ahmad and Aziz (2025), where interest rates reportedly had a negative and significant relationship with household consumption, with higher interest rates discouraging spending as borrowing costs increased.

Other variables like inflation, exchange rate, and unemployment rate had a negative correlation with FHCE, even though the outcomes are very weak. From this, it can be inferred that India’s consumer market is usually negatively affected – probably through decreasing consumer demand – whenever there is an increase in any of these variables. Ahmad and Aziz (2025) noted how high inflation can lead to reduced consumption, even as an increase in household income might prove insufficient to offset the rise in the costs of goods and services.

**Conclusion**

The state of the consumer market in India is a microcosm of its economic realities, as the significant impact of aggregate macroeconomic variables sets in. This points to the fact that consumer spending is bound to increase, with more money injected into the market, when the

economy is in good health. More so, India's consumer market immensely contributes to its GDP, meaning activities or situations – such as high inflation rates and unemployment rates – that fuel low consumer spending can significantly slow economic progress, irrespective of the fiscal and monetary policy measures in place.

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