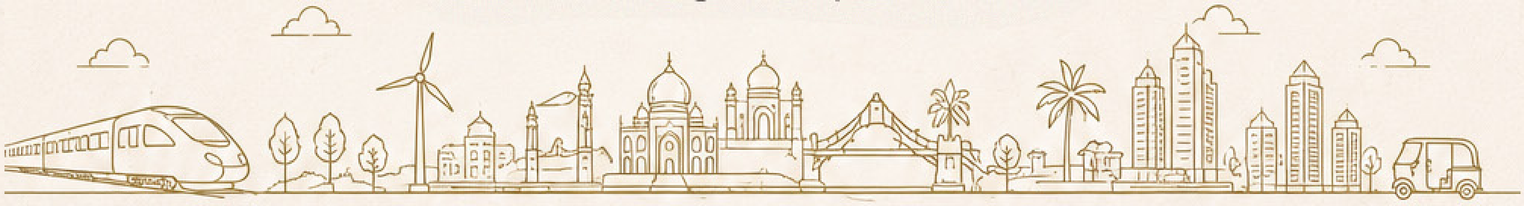
ZINDAGI HIT

HOME CREDIT

THE GREAT INDIAN WALLET 4.0

2026

From Tax relief to tangible choices - how India's wallets are being reshaped



PREFACE

Home Credit India, a subsidiary of TVS Holdings Ltd., is a pioneering force in India's consumer finance landscape. As a leading Non-Banking Financial Company (NBFC), we have remained committed to accelerating credit penetration, unlocking domestic consumption, and driving financial inclusion across India since 2012.

Our mission is to deliver simple, trustworthy, and transparent financial solutions that are tech-driven and accessible to all. Powered by a dynamic, scalable technology platform and proprietary data-led insights, we integrate credit seamlessly into the daily lives of our consumers - building a frictionless financial ecosystem that helps families move from resilience to real progress, in step with our brand philosophy of **#ZindagiHit.**

At the heart of our ecosystem is a diverse range of financial solutions designed to fuel everyday aspirations. Whether it's achieving personal goals with a Personal Loan, enjoying greater mobility through a Two-Wheeler Loan, unlocking opportunities with a Loan Against Property, or bringing home the latest essentials with a Consumer Durables Loan, we make financing simple, accessible, and empowering.

With a dedicated workforce of 12,000+ specialists and a footprint spanning 625+ cities, Home Credit India's network of 53,000+ partner shops and points-of-sale ensures institutional credit reaches the heart of India.

Empowering a rapidly expanding community of over 2 Crore consumers, we continue to serve as the trusted financial co-pilot for an ambitious nation, enabling millions of earners to navigate policy shifts, optimize their budgets, and truly make their #ZindagiHit.

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MESSAGE FROM

CMO

Dear Reader,

Every year, this study starts with the same instinct - to sit down with India's lower middle class and simply ask how their month went. This year, the answers carried a different weight than usual. For once, the conversations weren't just about managing, they were about deciding. What to save. Where to spend. What dream to move up the list.

This year, something has shifted. For the first time in the life of this study, we watched policy walk straight into people's homes. GST 2.0 didn't arrive as a headline - it arrived as a slightly lighter grocery bill, a smartphone that suddenly felt within reach, a two-wheeler EMI that made a little more sense. And in that quiet arithmetic, we found something we didn't expect - not just relief but resolve.

The aren't just spending less; they're deciding more. They aren't just saving the difference; they're redirecting it - into a child's tuition, an emergency fund, a long-delayed dream of owning a home. Lighter bills didn't shrink their ambitions. They gave those ambitions room to grow.

This report continues to celebrate the same unsung heroes as always - **the Earners, Dreamers, and Doers** who turn every rupee saved into a rupee reinvested in tomorrow. Their instinct isn't to spend a windfall; it's to build with it. That instinct, more than any policy change, is what continues to move India forward.

As you turn these pages, don't just read the numbers - picture the people behind them. The mother who finally said yes to new school shoes without a second thought. The young professional who started her first SIP this year, just to see what saving on purpose felt like. The household that, for the first time in years, opened its monthly expense book without dreading what it would find. Their wallets may look a little different this year. Their dreams haven't changed at all, they've simply found a little more room to grow.

Happy reading!
Ashish Tiwari

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Decoding the New Indian Wallet

In India's vibrant economic tapestry, the lower middle class has always been more than a demographic - it is the pulse of the nation's consumption story. This year, that pulse changed rhythm. GST rationalisation, income tax slab reforms, and a steadily formalising economy have handed millions of households something they haven't felt in years: room to breathe. Not just more money, but more confidence in spending, in prioritising, in planning ahead.

This report turns its attention to that shift. It focuses on India's lower middle class, a segment representing two-thirds of the country's population and, for over a decade, the quiet engine of India's growth story. With personal incomes up to ₹5 lakhs annually, these consumers have long been defined by careful budgeting and resourceful adaptation.

What's new in 2026 is what they're doing with the extra room that this policy has given them, and whether relief is translating into resolve. Specifically, this report examines how GST 2.0 and broader tax reforms are reshaping everyday financial behaviour - what changes when essentials cost less, whether households are saving more or simply spending smarter, and how digital credit and fintech are shaping this new spending confidence.

For keeping the report actionable, it is divided into four major thematic areas:

Lighter Bills, Bigger Dreams:
How GST 2.0 Rewired India's Wallet

Tracking the Consumer Financial Well-Being Index alongside real, on-ground impact of GST rate cuts - what became more affordable, what households actually did with the difference, and how it reshaped their sense of control.

Wallet Priorities:
Aspirations vs Affordability

Understanding how households are prioritising spending as affordability improves - not spending more, but spending smarter, and deciding what can wait versus what can't.

The Gen Z Trade-offs:
Responsibility Meets Independence

Exploring how younger India balances ambition with accountability - a generation that doesn't reject credit but is learning to use it with intent.

Smart Money, Smarter Habits:
The Digital Evolution of India's Wallet

Examining how digital payments, fintech, and AI-powered tools have moved from convenience to companion - shaping how India tracks, borrows, and plans.

With this report, we aim to decode how policy becomes practice. How a tax notification from Delhi eventually becomes a decision for the dining table in Kochi or Kanpur.

About **The Great Indian Wallet Study**

This comprehensive study undertakes its fourth consecutive exploration of 'The Great Indian Wallet,' designed to deliver an in-depth, multifaceted understanding of the evolving financial landscape experienced by India's lower middle class demographic. Through rigorous examination and analysis of their financial behaviours, spending patterns, saving habits, credit usage, and overall economic well-being, this research endeavours to uncover, illuminate, and articulate critical insights into how macroeconomic policy translates into microeconomic decision-making.

This edition introduces a new and timely lens: the impact of GST rate rationalisation and income tax reforms on household financial behaviour. The report delves deeply into the nuanced financial experiences, opportunities, and shifting confidence levels that define the economic reality of this significant population segment, while simultaneously exploring the broader implications of policy-led affordability on household stability, consumption priorities, and long-term financial planning.

By employing comprehensive analytical frameworks and methodological approaches, this study aims to generate substantial, actionable insights that contribute meaningfully to policy discourse, industry understanding, and practical financial inclusion strategy within India's rapidly transforming economic ecosystem. Furthermore, this research seeks to bridge existing knowledge gaps by providing empirical evidence of how lower middle-class households respond to fiscal reform - whether tax relief converts into savings, spending, or renewed aspiration.

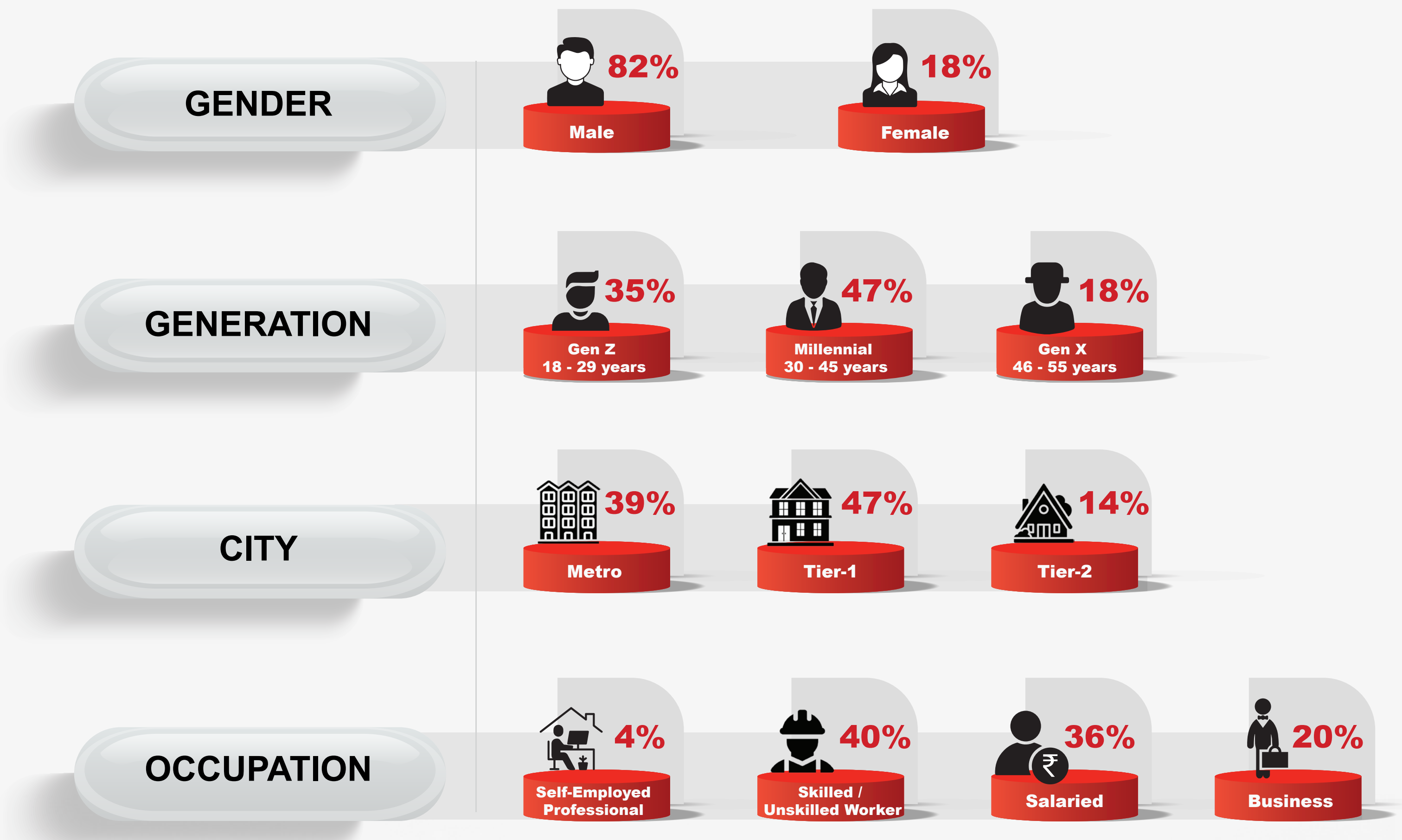
Ultimately, this comprehensive study conducts an extensive and multidimensional exploration of the dynamic, continuously evolving financial priorities and confidence levels that characterize this demographic segment, while simultaneously examining the growing role of digital financial technologies, credit accessibility, and AI-enabled tools in reshaping their financial capabilities.

This extensive analysis ultimately aims to illuminate the intricate dynamics of financial transformation now underway - **a nation quietly recalibrating its wallet, one policy shift and one household decision at a time.**

Whose Voices **Shape the Report**

This study is based on the insights from a diverse group of lower middle class Indians across 17 cities - from our biggest metros to our vibrant smaller towns. We spoke with individuals, aged between 18 to 55 years, with an average monthly income of ₹35,000, all navigating a year of real financial change. These are borrowers with first-hand experience managing loans, EMIs, and everyday finances - the very people best placed to tell us whether tax relief reached their wallets.

Their perspectives and lived experiences form the foundation of this report, offering valuable insights into how India's lower middle class is actively recalibrating, rather than merely reacting to, an evolving policy landscape. They are far more than data points; they are the architects of their own financial futures, and their resilience, wisdom, and aspirations have shaped every page of this study.



Respondent Demographics

Respondent Distribution Across Cities

Executive **Summary**

Through the lens of The Great Indian Wallet Study 2026, themed **"Lighter Bills, Bigger Dreams: How GST 2.0 Rewired India's Wallet,"** this report tracks a rare moment in the financial life of India's lower middle class - the year policy relief met household resolve.

For the first time in this study's four-year history, the Financial Well-Being Index posted its strongest current-status reading yet, climbing to 40, driven overwhelmingly by the sharpest jump in savings and investment scores this Index has ever recorded. Income held steady, essential expenses stayed contained, and for the first time in four editions, households found themselves with genuine surplus - not just hope of one.

That surplus has a name this year: GST 2.0.

Across nearly every category tracked - from two-wheelers and cars to groceries and medicines - consumers reported real, tangible price relief. But the more meaningful story is what they chose to do with it. Rather than spending it away, households redirected this relief towards savings, food quality, children's education, and family wellbeing - practical, considered choices that speak to a segment building with intent, not indulging on a windfall.

This shift in behaviour was matched by a shift in belief. A majority of respondents now report feeling less stressed managing household expenses, more confident handling unexpected costs, and genuinely more optimistic about working towards their future goals - sentiments directly linked, in their own words, to this year's GST-related price changes. Confidence in credit as an accelerant of financial goals surged to 82%, and belief in digital tools reached a similar high - evidence that both credit and technology have moved from convenience to genuine enablers of aspiration.

Aspirations themselves have sharpened too. Home ownership overtook every other goal as India's leading five-year priority, gaining significant ground over last year, while entrepreneurial ambition continued its steady climb - even as smaller, short-term consumption goals softened, a sign of a segment prioritising durable asset creation over immediate gratification.

Yet this is not a uniform national story. Tier-1 and Tier-2 cities have outpaced metros on nearly every measure this year, and the North, East, and West have felt GST 2.0's impact - both in price and in sentiment - far more strongly than the South, where cities like Bengaluru, Chennai, and Kochi consistently report muted relief and lower confidence. Gender and generational gaps persist as well, with men and younger cohorts reporting stronger financial outcomes than women and Gen X across nearly every section of this study.

Read together, these findings paint a picture of a segment that has moved from managing to building on relief - a lower middle class that isn't simply spending what tax reform has given back but investing it deliberately in the futures it has always been working towards.

Dive into the following pages to understand how lighter bills, in 2026, quietly became the foundation for India's bigger dreams.

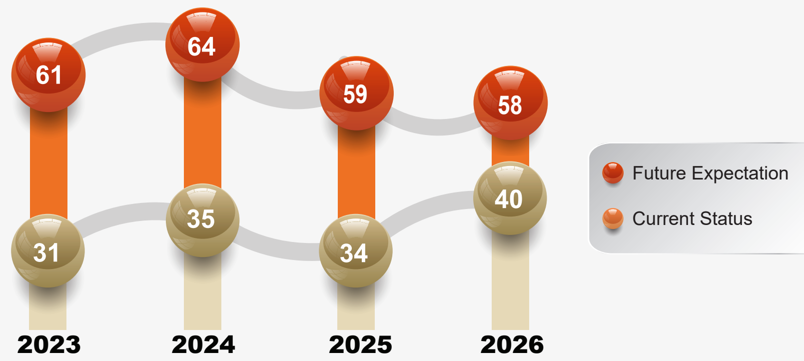
The Pulse Check:

Financial Well-Being in 2026

The Financial Well-Being Index remains a proprietary lens into the financial pulse of India's lower middle class capturing not just where they stand today, but where they believe they're headed. In its fourth year, the Index tells its most encouraging story yet.

The Present and The Future

The Financial Well-Being Index comprises two components: the Current Situation Index, reflecting how consumers' financial condition has evolved over the past 12 months, and the Future Expectations Index, capturing how they expect it to change over the year ahead.



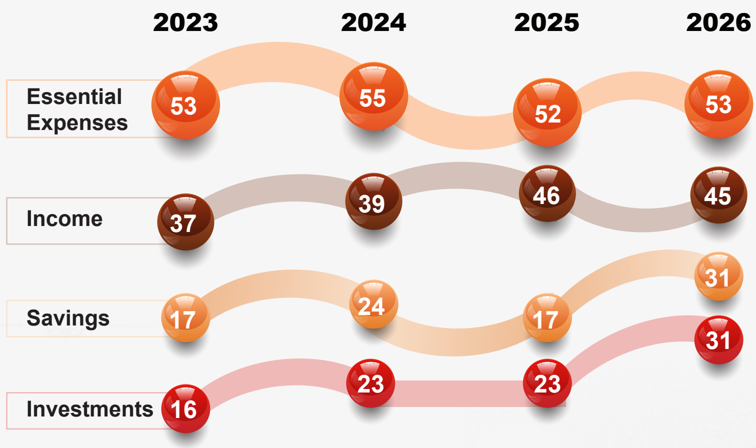
Financial Well Being Indices

Four editions in, the Current Situation Index has just recorded its strongest reading yet - climbing to 40 in 2026, up from 34 the previous year. This is the clearest signal so far that something has genuinely changed in how India's lower middle class experiences its own finances. Meanwhile, the Future Expectations Index holds steady at a confident 58, easing only marginally from 59 - proof that optimism hasn't dimmed, it's simply matured.

Income: A Story of Steady Ground

Income has told a consistent story of progress since this study began, from a current-status score of 37 in 2023 to 39 in 2024, then a sharp jump to 46 in 2025. In 2026, that score held almost perfectly steady at 45 - not another leap, but not a retreat either. After three years of visible income gains, this year reads less like stagnation and more like consolidation: households aren't earning dramatically more than they were twelve months ago, but they're no longer scrambling to catch up either. Salary increments have been realised, small businesses have stabilised, and side incomes have found their footing.

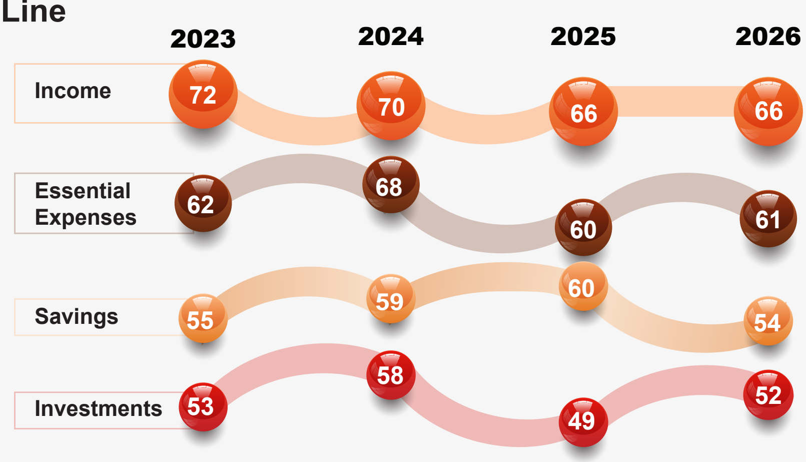
On the future side, expectations have followed a gentler downward curve - from a buoyant 72 in 2023 to 70 in 2024, dipping to 66 in 2025 and holding there in 2026. This flatlining at 66, rather than continued decline, suggests households have found their realistic ceiling for income optimism. This shows a sense of confidence that income will keep rising but no longer expecting the dramatic leaps of earlier years. It's not diminished hope, it's calibrated hope.



Current Status

Essential Expenses: Learning to Hold the Line

Essential expenses have moved in a narrow, controlled band across all four years - 53 in 2023, ticking up to 55 in 2024 as inflation bit harder, easing to 52 in 2025, and settling at 53 in 2026. This remarkable stability, even as GST changes rippled through prices this year, speaks to a household that has effectively learned to manage its costs regardless of what's happening around it - through smarter shopping, bulk buying, and the everyday financial discipline this study has tracked since its first edition.



Future Expectation

Future expectations for essential expenses echo this same pattern of stabilising realism: 62 in 2023, peaking at 68 in 2024 amid inflation anxiety, before settling to 60 in 2025 and 61 in 2026. Households aren't expecting costs to fall but they're no longer bracing for them to spiral either. This is the sound of a segment that has made peace with managing expenses as an ongoing discipline, not a looming crisis.

Savings: The Standout Story of 2026

If one pillar defines this year's Financial Well-Being Index, it's savings. The current-status score has climbed steadily across every single edition of this study - 16 in 2023, 23 in 2024, holding at 23 in 2025, before surging to 31 in 2026, its sharpest jump yet. This isn't incremental progress, it's a genuine inflection point. For a segment that has historically treated saving as a hard-won sacrifice, this year marks the first time saving starts to look less like discipline and more like default behaviour - a direct dividend of GST-era relief and the wider surplus households now have to work with.

Future expectations for savings, meanwhile, tell a more tempered story - rising from 55 in 2023 to 59 in 2024, ticking up further to 60 in 2025, before easing slightly to 54 in 2026. Having just posted their best-ever current savings performance, households appear to be pricing in a more realistic pace of improvement ahead, rather than expecting this year's surge to repeat itself indefinitely. Its optimism grounded in experience, not runaway expectation.

Investments: From Caution to Confidence, Twice Over

Investment scores have followed the most dynamic path of any pillar - surging from 17 in 2023 to 24 in 2024 as first-time investors experimented with SIPs and digital gold, retreating sharply back to 17 in 2025 as market corrections delivered hard lessons, and then rebounding strongly to 31 in 2026, the pillar's highest score across all four editions. This second wave of investment confidence feels different from the first: less speculative enthusiasm, more considered participation, likely built on the back of this year's stronger savings surplus finally finding somewhere productive to go.

Future expectations for investments have moved in a similarly uneven but ultimately encouraging arc - 53 in 2023, climbing to 58 in 2024, dropping to 49 in 2025 alongside the pullback in current scores, and recovering to 52 in 2026.

Investment remains aspirational and the most emerging of the four pillars - but 2026's rebound in both current status and future confidence suggest households are re-entering this space wiser, and perhaps more durably, than they did the first time around.

Who's Feeling it the Most

The improvement in current financial well-being isn't evenly spread, and the patterns reveal exactly where India's newfound wallet ease is landing hardest.

Gender

Men continue to report stronger current financial outcomes than women, though both saw real 2026 gains which is a reminder that the surplus story is broad-based, even if unevenly distributed.

Generation

Younger cohorts - Gen Z and Millennials - report stronger current financial standing than Gen X, who continue to carry heavier household responsibilities and, correspondingly, a more cautious financial pulse.

City Tier

In a striking reversal of big-city advantage, Tier-1 and Tier-2 cities are now outperforming metros on current financial well-being, signalling that this year's momentum isn't confined to India's largest urban centres, but is reaching deeper into the country's mid-sized cities and towns.

Region

The North, East, and West continue to outpace the South, with Lucknow, Jaipur, Pune, and Ahmedabad emerging as this edition's standout performers - while Bengaluru, Hyderabad, and Kochi consistently lag, both on current status and future confidence.

On future expectations, the same pattern holds. Optimism is strongest among men, Gen Z, and Millennials, with Tier-1 and Tier-2 cities once again outpacing metros. Regionally, Lucknow, Jaipur, Pune, and Ahmedabad again lead the confidence charge, while Bengaluru, Hyderabad, and Kochi remain notably more guarded about what lies ahead.

Recalibrated Confidence

Four years into this study, a consistent thread is held. Hope outpaces hardship for India's lower middle class. What's new in 2026 is that hope is finally being matched by hard evidence. The biggest jump in savings and investment scores since the Index began, a Current Situation Index at its highest-ever reading, and a Future Expectations Index that, while gently moderating, still sits nearly 20 points above where households currently stand.

This isn't a segment growing complacent. It's a segment that has stopped merely hoping for a better tomorrow and started building one- one saved rupee, one smarter decision at a time.

Earning, Spending, Saving:
India's New Financial Rhythm

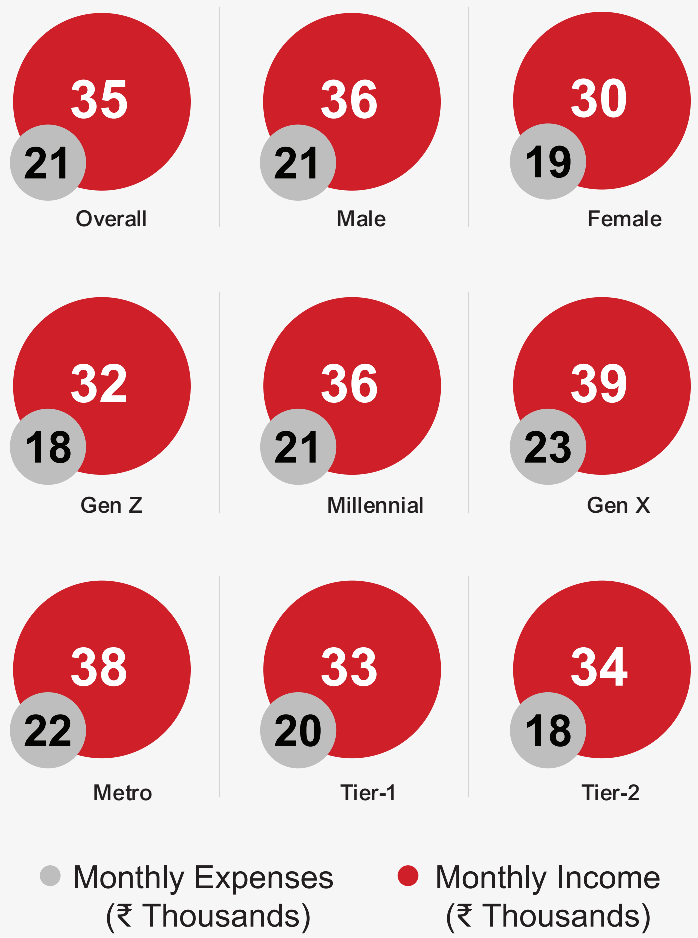
Every month, ₹35,000 arrives in the wallet of an average Indian covered in this study. By the time rent is paid, groceries are stocked, and the children are dropped to school, ₹21,000 has quietly slipped away. What remains is nearly ₹14,000, which is more than a number on a budget sheet. It is the clearest evidence yet that something has shifted in how India's lower middle class relates to its own money.

For three editions of this study, the story here was one of careful, often anxious, balance where households were navigating narrow margins, treating every rupee of surplus as a small victory wrestled from a tight budget. In 2026, that story begins to change shape. This isn't a household straining to make ends meet anymore. For the first time, it has a genuine breathing room to work with. Much of that comes down to a year of tax relief, steadier prices, and growing confidence about what lies ahead.

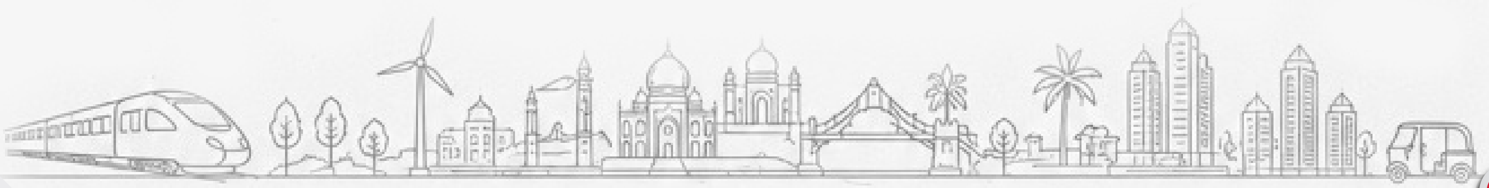
But the breathing room isn't distributed equally. It looks different in Hyderabad than it does in Ranchi, different for a Gen X father managing a household of four than for a Gen Z first jobholder living with fewer responsibilities, different for the woman quietly holding a family's finances together than for the man traditionally expected to. This section walks through those differences about who has more room to work with, who is still fighting for theirs, and what happens to a family's finances once the fighting starts, even modestly, to ease.

The Widening Gap Between Income and Expenses

On paper, the national picture looks straightforward - ₹35,000 in, ₹21,000 out, a comfortable surplus left standing. But peel back the average, and the story fractures into dozens of smaller, more human ones, of what a rupee buys in one city versus another, and what it means to earn well versus earn just enough.



Average Monthly Income and Expenses across Demographics

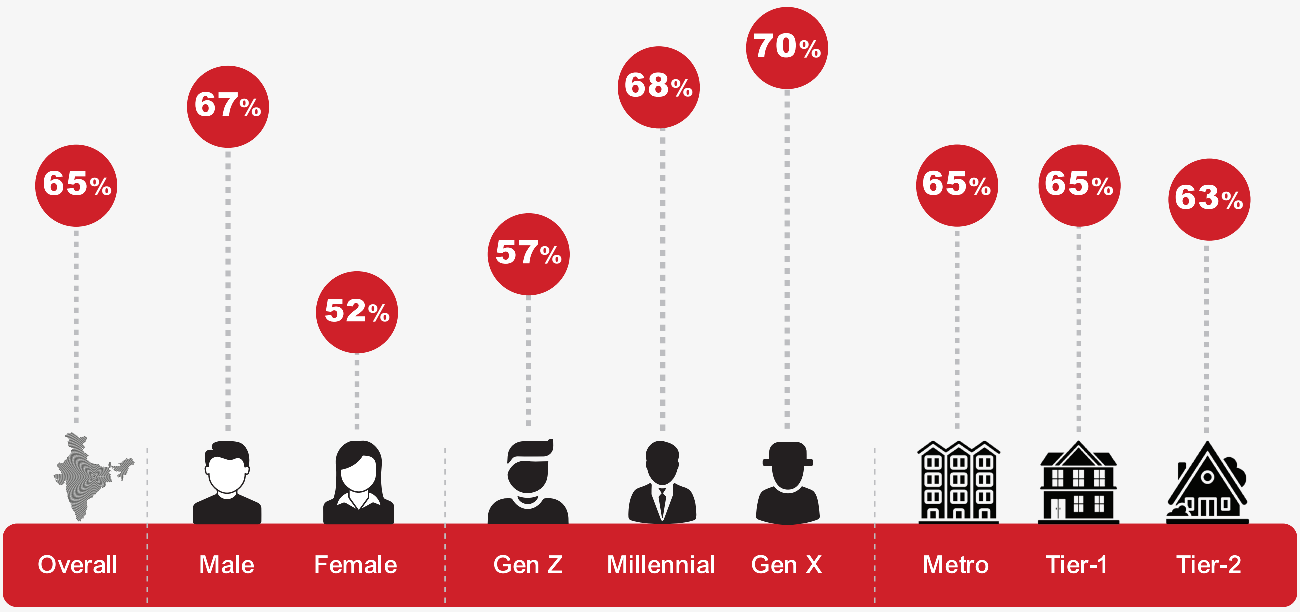


Consider the gender story first. Men bring home ₹36,000 a month against ₹21,000 in expenses which is a wide, steady surplus. Women earn ₹30,000 against ₹19,000 that is a narrower gap in absolute terms, shaped both by the persistent income disparity between men and women and by generally lighter expense loads. It's a story of women managing less and still managing well.

Generation adds its own arc to this narrative. Almost a staircase, each step reflecting years of experience climbed. Gen Z, just starting out, earns ₹32,000 and spends ₹18,000. Millennials, deeper into their careers and their responsibilities, earn ₹36,000 and spend ₹21,000. Gen X, at the summit of their earning years, bring in ₹39,000, the highest of any generation, but also spend the most, ₹23,000. A reminder that greater income in India's lower middle class rarely arrives alone, it comes bundled with greater responsibility.

Geography, though, tells the most dramatic version of this story. In Hyderabad, income touches ₹45,000 a month against expenses of ₹26,000, leaving a wide and comfortable cushion despite the city's genuinely high cost of living. Bengaluru isn't far behind, at ₹41,000 in income against ₹22,000 in expenses. Contrast this with Ranchi, where income sits at a modest ₹31,000 and expenses at just ₹15,000. A smaller paycheck, yes, but also a gentler cost of living, and a surplus that, while numerically smaller, may feel every bit as secure to the household living it. Bhopal echoes this pattern, at ₹29,000 income against ₹17,000 in expenses. The lesson embedded in these numbers is a familiar but important one. A bigger metro income doesn't automatically mean a bigger cushion. It often means a bigger city extracting its due right alongside it.

Who Carries the Household's Financial Load



Average contribution towards household expenses

Behind every household budget is a person carrying it and this year's data makes clear just how much weight that is. On an average, individual respondents now shoulder nearly two-thirds of their total household expenses, a figure that quietly upends any assumption that India's lower middle class leans heavily on extended family or informal safety nets to get by. For most, the responsibility begins and ends with them.

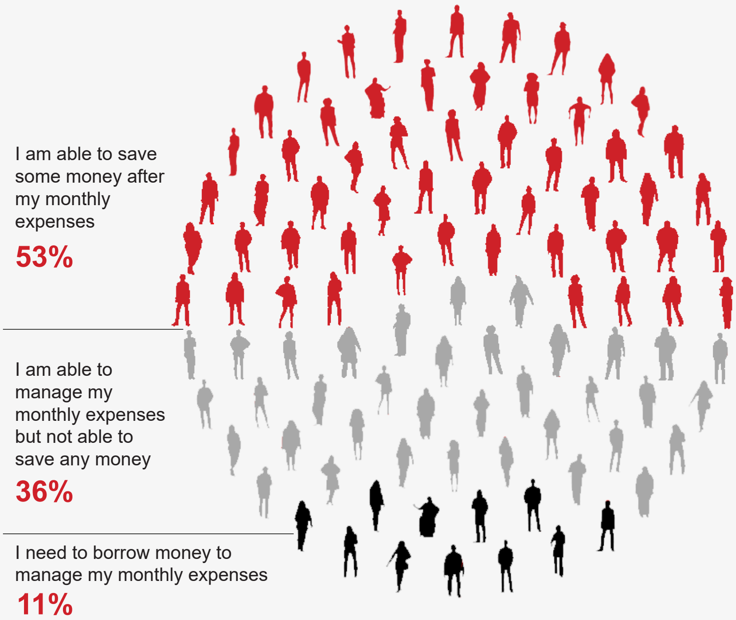
That weight, however, isn't distributed evenly across the household. Men and older cohorts continue to carry a disproportionately higher share of this contribution than women and Gen Z. A pattern rooted less in choice than in circumstance as primary-earner responsibility in Indian households still tends to fall predominantly on men and on those furthest along in their careers. The breadwinner numbers capture a shift already underway - more than one in four women now identify as the primary wage earner in their household, holding their own against 47% of men. It's an early but real signal of how women's financial participation continues to deepen across this data.

But there is a quieter, more hopeful thread running beneath these numbers too. Contribution rates have eased across nearly every demographic compared to last year. There is a modest but consistent decline among men, older cohorts, and several regions alike. Read alongside this year's surge in savings, the story becomes clearer: households aren't stretching every earner as tightly as they once had to. GST-era relief and rising surplus appear to be doing exactly what good policy should which is easing the load on the person carrying it, rather than simply adding to what they're expected to carry.

The Divide Between Saving and Just Managing

For years, saving something after expenses felt like a small act of discipline bordering on sacrifice for many households. In 2026, for the first time, it starts to feel less like sacrifice and more like default. Just over half of respondents, 53%, report being able to save after meeting their monthly expenses, a genuine and hard-won marker of improving financial stability.

But this is not a story of universal ease. More than a third of respondents, 36% are only just managing their monthly expenses, with nothing left to put away, a reminder that surplus, while growing, still isn't a guarantee. And for 11%, the month still ends in borrowing rather than saving, not from ambition, but from necessity.

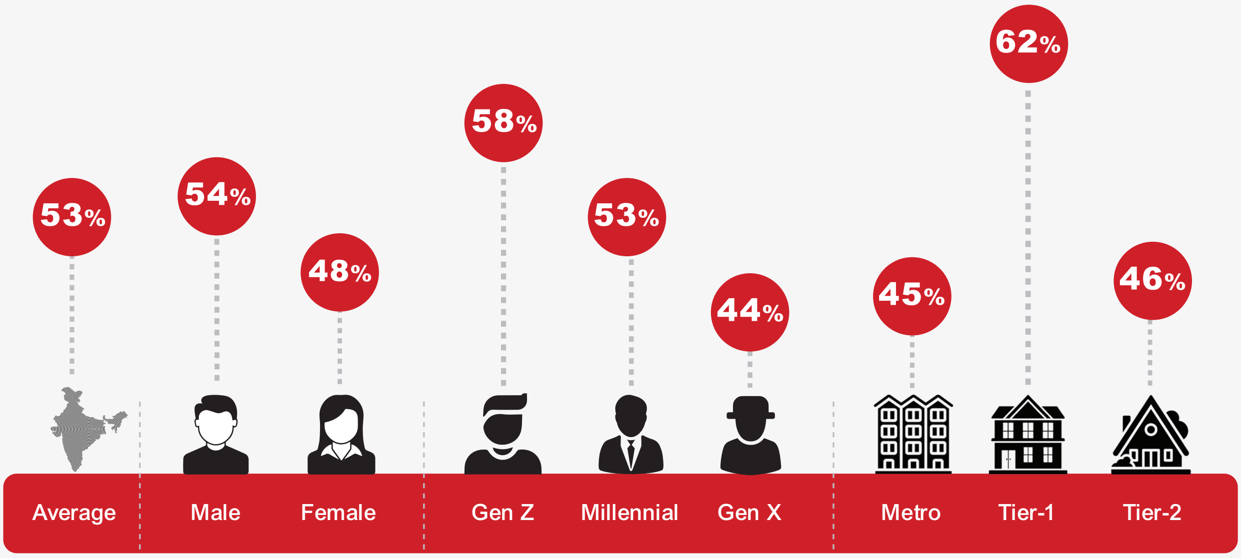


Savings vs Expense Management

Even among those who do manage to save, old habits remain the strongest instinct. Savings are still largely parked in cash or bank deposits - safe, familiar, immediately accessible - while formal investment products like mutual funds and SIPs continue to see only limited penetration. The muscle of saving has grown stronger this year. The confidence to put that saving to work, to let it grow rather than simply sit, is still catching up.

Where India's Savings Surplus Is Concentrated

If saving is a skill, some corners of India are clearly practicing it more than others. Gen Z leads every generation at 58%, followed by Millennials at 53%, while Gen X trails meaningfully at 44% not for lack of discipline, but because higher household responsibility leaves less room to set anything aside. By city tier, Tier-1 residents post the highest saving rate in the country at 62%, ahead of Tier-2 at 46% and, ahead of metros too, which lag at just 45%, the lowest of all three tiers despite commanding the highest average incomes. Bigger cities, it seems, are better at generating income than at protecting surplus.



Consumers who saved last year

Regionally, the West leads at 62%, closely trailed by the North (58%) and East (57%) while the South lags sharply behind at just 33%, the widest regional gap anywhere in this year's data. Zoom into individual cities, and the contrasts sharpen further - Jaipur (69%), Ahmedabad (68%), and Bhopal (67%) post the country's highest saving rates, painting a picture of quiet, steady financial discipline in India's Tier-1 heartland. At the other extreme, Chennai (17%) and Kochi (16%) report the lowest where more than two-thirds of households are managing expenses with nothing left over at month's end. Borrowing to bridge the gap, meanwhile, is most concentrated in Delhi NCR (18%), Mumbai and Kochi (16% each), and Patna (15%) which is evidence that even as the national story brightens, financial strain hasn't vanished. It has simply become more localised, more specific, more visible in the places the averages tend to hide.

The Bigger Picture on India's Saving Habits

Strip away the city names and the demographic cuts, and 2026's income and spending story boils down to something simple and genuinely encouraging: just over half of India's lower middle class is now saving after expenses, a gradual but real improvement in financial resilience. The pattern repeats with remarkable consistency across every lens in this data. Gen Z and Tier-1 India pulling ahead, Gen X, metro India, and the South falling behind, and a handful of cities still leaning on borrowing simply to make it through the month.

But the larger headline is the one worth holding onto: this is a household that has finally started getting ahead of its own budget. Earning steadily, spending carefully, contributing responsibly, and, for the first time in the four-year history of this study, keeping a genuinely meaningful share of what it earns. Not because life has become easier, but because it has become, in small but measurable ways, more manageable.

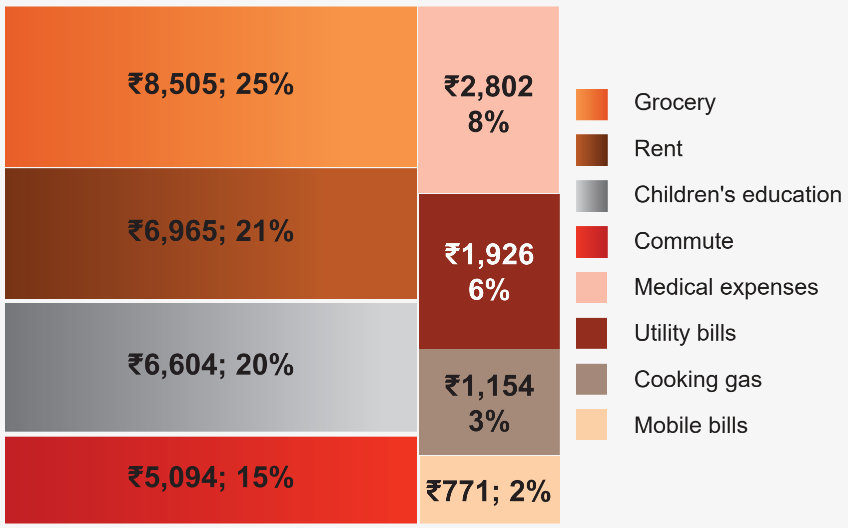
This isn't just a story of bigger paychecks. It's the story of a nation learning, quietly and steadily, to hold onto what it earns.

Inside the Household Budget:
Essentials & Wallet Share

For millions of lower middle class Indians, a budget isn't a spreadsheet, it's a daily set of decisions about what matters most. Every rupee that arrives carries a quiet hierarchy of priorities: food on the table, a roof overhead, a child's future secured. This section looks at exactly how that hierarchy plays out. What India's lower middle class spends on first, what it spends on last, and how that order shifts by city, gender, generation, and income tier.

What Anchors the Household Budget

Three categories continue to define the core of India's household spending: groceries, rent, and children's education, together accounting for roughly two-thirds of all essential expenses. Grocery remains the single largest line item, at ₹8,505 a month and 25% of wallet share - though notably, this is down 8% in spend and 4 points in wallet share compared to last year, likely reflecting the early dividends of GST relief on everyday food and household items. Rent, at ₹6,965 and 21% of wallet share, moved in the opposite direction - up 21% in spend and 3 points in wallet share, a sign that housing costs continue to climb even as other essentials ease.



Average Monthly Expenses and Share of Wallet - Essential Expenses

Children's education holds steady at ₹6,604 and 20% of wallet share, up 12% in spend, reaffirming its place as a near-untouchable priority regardless of what else is tightening around it. Beyond these three anchors, commute (₹5,094, 15% share), medical expenses (₹2,802, 8% share), utility bills (₹1,926, 6% share), cooking gas (₹1,154, 3% share), and mobile bills (₹771, 2% share) round out the essentials basket - nearly all of them up in absolute spend this year, even as grocery costs eased.

How the Wallet Shifts from City to City

Zoom into individual cities, and the "average" household budget dissolves into dozens of distinct cost realities. Grocery spending runs highest in Jaipur, Patna, Hyderabad, Ahmedabad, and Mumbai, where food costs, whether from higher local prices or larger household sizes, claim an outsized share of the monthly budget. Rent, unsurprisingly, peaks sharply in Bengaluru, Hyderabad, and Mumbai, India's most expensive rental markets, where housing alone can consume a disproportionate share of income.

Children's education tells perhaps the sharpest city-level story of all: costs run exceptionally high in Bengaluru and Chennai, both cities where families appear to be making outsized bets on their children's schooling, even at the cost of squeezing other categories. Commute expenses, meanwhile, run highest in Patna, Kochi, and Hyderabad, reflecting local transport infrastructure and distances that shape daily mobility costs.

Wallet share by city sharpens this picture further. Kolkata, Ludhiana, Patna, Ahmedabad, and Jaipur devote a higher share of their wallets to groceries than the national average - households where food remains the dominant budget line. Bengaluru, Chennai, and Hyderabad, by contrast, devote a disproportionate share to children's education, effectively crowding out spend on other categories to protect this one priority. And in Chandigarh, Patna, Kochi, and Dehradun, commute and medical expenses claim a larger slice of the wallet than elsewhere - a reflection of local mobility patterns and healthcare cost pressures unique to each city.

Where Age Shapes the Budget

Generation adds another dimension to how India's wallet is allocated. Gen X, at the peak of their family and housing responsibilities, spends the most across nearly every major category - rent (₹9,285), children's education (₹8,981), and commute (₹6,099) all run highest among this cohort, a direct reflection of larger households, established homes, and children further along in their schooling. Gen Z, still early in their financial journey, allocates a noticeably higher wallet share to groceries (27%), medical needs (10%), and utilities (7%) - smaller absolute households, but a budget still weighted towards immediate, everyday needs rather than long-term family commitments. Millennials sit in between, with a more balanced spend mix across categories which is an evidence of a generation straddling both worlds, managing rising family responsibility while still building towards financial stability. Taken together, the generational data traces a clear arc: as India's lower middle-class ages, its wallet gradually shifts from consumption-led spending towards stability-led spending - from groceries and daily needs towards rent, education, and the infrastructure of a settled family life.

Where Gender Shapes the Budget

Men and women manage remarkably similar overall budgets but with one clear point of divergence. Men spend more in absolute terms across groceries (₹8,787 vs ₹7,173), rent (₹7,123 vs ₹6,376), and commute (₹5,281 vs ₹3,976), largely reflecting the higher average incomes and household contribution levels men carry in this dataset. Women, however, spend more, both in absolute terms and wallet share, on children's education: ₹7,846 versus men's ₹6,333, translating to a full 25% wallet share for women versus 19% for men. Even with a smaller overall budget to work with, women are consistently prioritising education as a larger share of what they spend, one of the clearest signals in this entire study of where a mother's financial instincts default first.

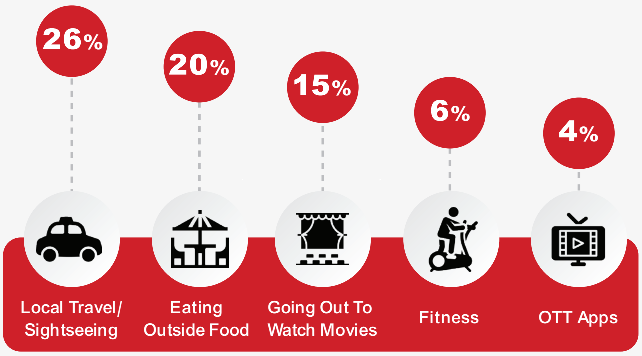
Where City Tier Shapes the Budget

Perhaps nowhere is the cost-of-living divide sharper than across city tiers. Metros post the highest overall costs, driven overwhelmingly by rent (₹8,264) and children's education (₹9,162). These are together consuming a striking 47% of the metro wallet, nearly half of all essential spending going towards just housing and schooling. Tier-1 cities see comparatively higher grocery spending (₹8,713, 28% wallet share), suggesting a budget still weighted towards everyday consumption rather than big-ticket fixed costs. Tier-2 cities, meanwhile, show elevated medical expenses (₹3,245, 10% wallet share hinting at different healthcare access and cost structures outside India's largest cities.

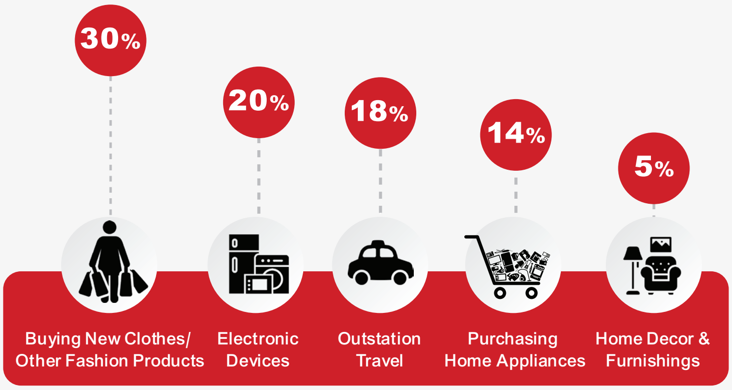
The pattern is clear: the bigger the city, the more its wallet bends towards rent and education; the smaller the city, the more it bends towards groceries and healthcare. Different cities, in other words, don't just have different costs, they have entirely different financial priorities baked into their everyday budgets.

How India Spends Beyond the Essentials

Once the essentials are accounted for, discretionary spending reveals a segment that isn't retreating from life's small pleasures - it's simply being deliberate about them. Monthly discretionary spending centres on low-ticket, experience-driven activities, led by local travel and sightseeing, followed closely by eating out - frequent, manageable indulgences that fit comfortably within a tightening or steady monthly budget, rather than occasional big-ticket splurges.



Discretionary purchases on monthly basis



Discretionary purchases in last six months

This pattern isn't uniform across India's lower middle class. Men and younger cohorts, especially Gen Z, show noticeably higher monthly discretionary spending, led by the same experience-driven activities: travel, dining out, entertainment. Gen X and women, by contrast, remain more restrained, a pattern consistent with the heavier essential-spending responsibilities both groups already carry elsewhere in this data. Geography plays its part too: metros and Tier-1 cities see meaningfully higher discretionary participation than Tier-2 cities, reflecting both greater disposable surplus and greater lifestyle exposure in India's bigger cities. At the city level, Mumbai, Delhi NCR, Pune, and Jaipur stand out for spending more on travel and dining than the national average - India's discretionary spending capitals, in effect.

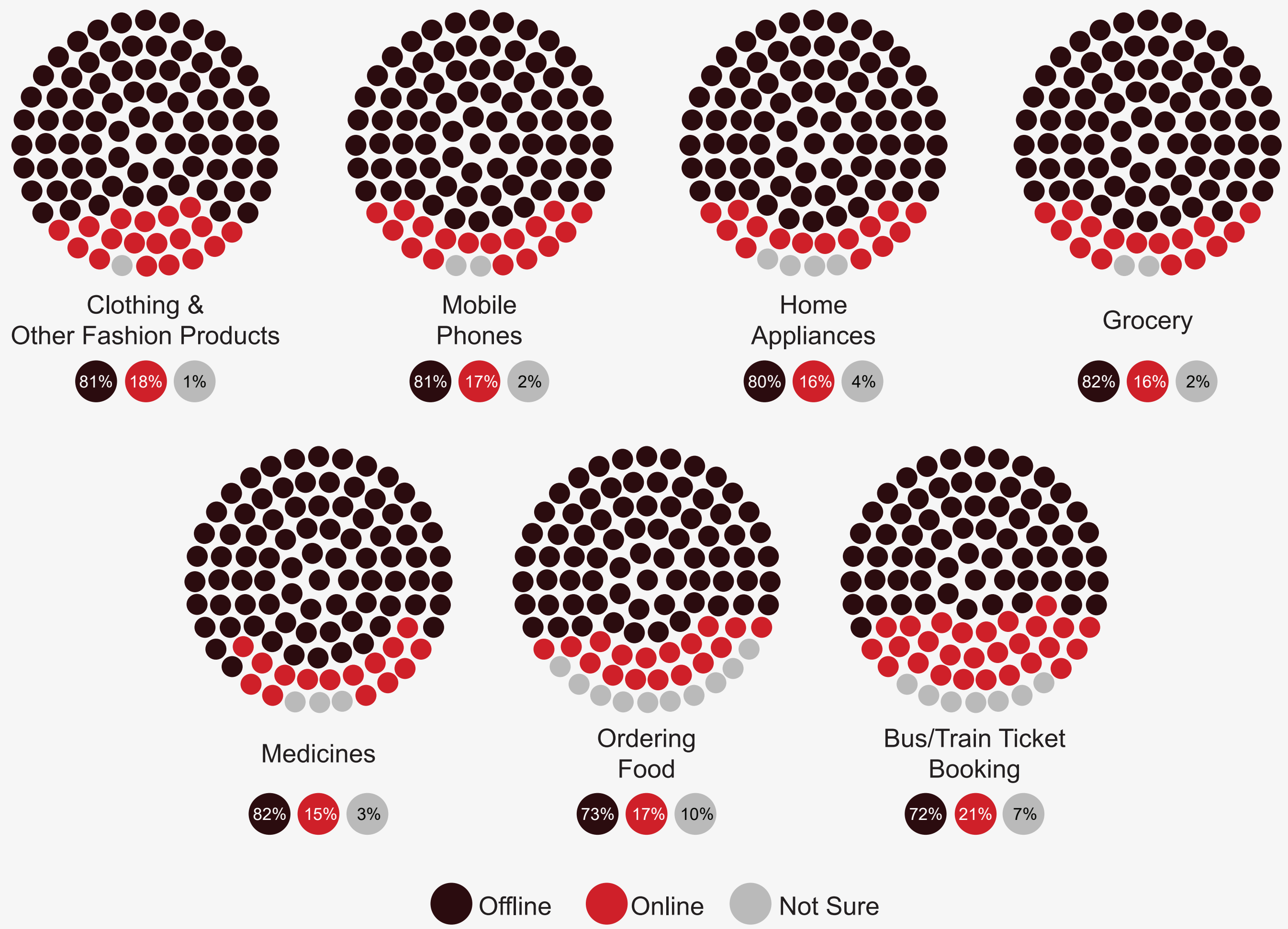
Over a six-month window, the same demographic pattern holds, but the categories shift toward bigger-ticket purchases. Men and younger cohorts, particularly Gen Z, again lead - this time driven by fashion, travel, and electronics rather than daily indulgences. Gen X and women remain more selective, making fewer but likely more considered purchases. And once again, metros and Tier-1 cities show meaningfully higher engagement in planned, big-ticket discretionary spending - apparel, electronics, and home appliances - compared to Tier-2 cities, reinforcing that bigger cities aren't just where India earns more, they're where India spends more freely too, both on the everyday and the occasional.

Read together, discretionary behaviour this year reflects cautious optimism - households balancing regular, affordable lifestyle spends with selective, well-considered big-ticket purchases. This isn't a household spending its GST-era surplus carelessly. It's a household spending it with intent.

India's wallet hasn't just grown lighter this year. It has grown wiser, with every rupee finding its place with more purpose than before.

Click or Counter:
How India Chooses to Shop

For all the talk of India's digital revolution, the story of how the lower middle class actually shops in 2026 is less about screens replacing stores, and more about each finding its rightful place. This year's data reveals something genuinely surprising: rather than digital adoption marching steadily forward across every category, several everyday behaviours have swung back towards the physical world. That is a reminder that convenience, not novelty, is what ultimately decides where a rupee gets spent.



Channel preferences across key activities

The Offline Instinct Holds Firm

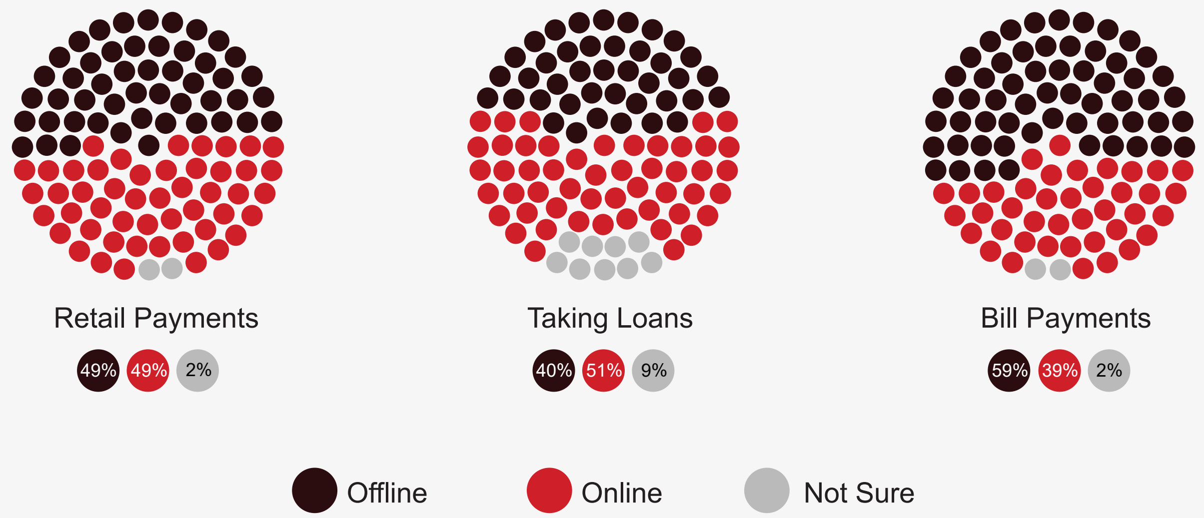
For big-ticket, high-trust purchases, offline shopping remains the clear preference and in 2026, that preference has only strengthened in places. Buying clothes, shoes, and fashion accessories stays firmly offline at 81%, buying mobile phones at 81%, and purchasing home appliances at 80%. These are categories where the instinct to see, touch, and try before buying continues to outweigh the convenience of a click. Compared to 2025, offline preference for appliances actually dipped slightly (84% to 80%), suggesting a small but real opening for online retail in this category, even as clothing and mobile phones held essentially steady.

The same physical-first instinct extends into daily essentials. Buying groceries stays offline at 82%, buying medicines at 82% - both marginally down from 2025's 85% each, hinting at slow but real digital inroads into the most habitual of purchases. What hasn't changed is the underlying reason: for the things people buy most often, the local shop remains faster, more trusted, and more familiar than an app.

Where Digital has Genuinely Taken Hold and Where It's Pulled Back

Financial transactions tell the most complicated story in this year's data. It is not a simple story of rising digital adoption, but one of digital and offline trading places depending on the category.

Retail payments stayed essentially flat - 49% offline, 49% online, almost identical to 2025's 46%-51% split. This is now genuinely hybrid territory, with no clear winner. Taking loans, meanwhile, nudged further online with 51% in 2026 versus 50% in 2025, continuing a steady and modest shift towards digital lending channels, and a meaningful drop in "not sure" responses (10% to 9%) suggesting growing clarity and comfort with the process.



Preferred mode for financial activities

Bill payments, however, tell the year's most surprising story: offline preference jumped sharply, from 43% in 2025 to 59% in 2026, while online dropped from 54% to 39%. After years of assumed digital-first momentum in utility and bill payments, this is a genuine reversal and one worth watching closely as GST-era price changes and shifting household routines potentially reshape how people prefer to settle their monthly obligations.

The "Other Purchases" Swing Back to Offline

Perhaps the clearest sign that 2026 isn't simply "more digital than 2025" shows up in everyday transactional categories. Ordering food moved firmly back offline. Dine-in and takeaway preference rose from 59% to 73%, while the share of respondents who were previously "not sure" collapsed from 24% to just 10%, suggesting people have settled into a clearer preference rather than defaulting to food delivery apps. Bus and train ticket booking shows the same pattern: offline preference climbed from 58% to 72%, while online booking fell from 29% to 21%.

Grocery and medicine purchases stayed largely stable but nudged towards offline as well, with buying groceries offline at 82% (down marginally from 85%) and medicines at 82% (also down from 85%). These small but consistent movements with the broader theme running through this year's channel data - India's lower middle class isn't rejecting digital, but it isn't defaulting to it either.

A Hybrid Wallet, Not a Digital One

Read together, 2026's channel data resists the easy narrative of inevitable digital takeover. Instead, it tells a more grounded story: India's lower middle class picks its channel category by category, purchase by purchase - offline where trust and tangibility matter most, online where speed and access genuinely add value, and a growing hybrid middle ground, especially in retail payments, where neither channel has won outright.

This isn't hesitation. It's discernment. A segment increasingly confident enough to choose the right channel for the right purchase, rather than defaulting to whichever one happens to be trending.

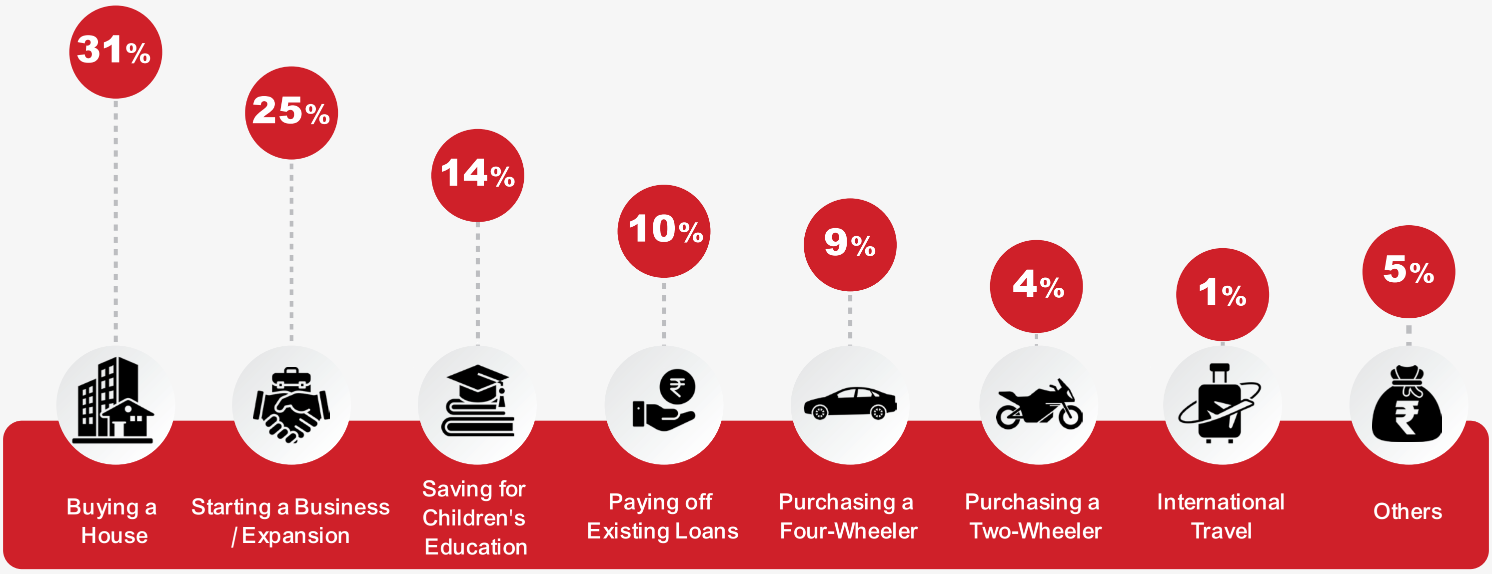
India isn't choosing between the click and the counter. It's choosing exactly when each one serves it best.

Building Forward:
India's Financial Goals & Confidence

For years, this study has tracked what India's lower middle-class dreams of, and for years, those dreams have shifted between entrepreneurship and ownership, between building something of their own and building a place to call home. In 2026, that balance has tipped decisively, and the reasons why say as much about this year's financial confidence as any index score could.

What India Is Building Towards

Home ownership has firmly reclaimed its place as the nation's top financial goal, with 31% of respondents naming it their primary five-year priority - up meaningfully from last year, a +8 point jump, the single largest movement of any goal in this year's data. After a year of GST relief and rising savings, it seems households aren't just accumulating surplus for its own sake, they're pointing it decisively towards the most enduring aspiration of all: a home.



Consumers who aim to achieve these financial goals in the next 5 years

Entrepreneurial ambition holds strong in second place at 25%, up a modest 2 points, continuing its steady climb as a genuine long-term goal rather than a fallback option. Saving for children's education (14%), paying off existing loans (10%), and purchasing a four-wheeler (9%) round out the mid-tier goals, each holding roughly steady or dipping only marginally, suggesting these remain consistent, background priorities rather than areas of major movement this year.

The clearest softening shows up in short-term consumption goals. Purchasing a two-wheeler fell to just 4% (-2 points), and international travel dropped to a mere 1% (-6 points) - the sharpest decline of any single goal in the study. Read alongside this year's GST 2.0 findings, this isn't a story of India losing its appetite for travel or upgrades; it's a story of priorities reordering. When home ownership becomes genuinely achievable, smaller aspirational purchases are the ones that get deprioritised first.

Perhaps the most telling shift of all: 22% of respondents now say none of these goals apply to them - up sharply by 18 points from last year. This is worth pausing on. Rather than reading this as disengagement, it likely reflects a segment whose most pressing financial goals - buying a home, starting a business, funding education - have moved from aspiration to underway, with fewer households still searching for a primary goal because they've already begun working towards one.

Who's Building Towards What

Home ownership resonates most strongly with women (40% vs. 29% for men) - a clear reaffirmation of the pattern this study has tracked for years, where home represents not just an asset but a sense of security and permanence, particularly for women managing household stability. Regionally, the West (34%) and South (34%) lead on this goal, while Ranchi (18%) and Patna (20%) show the least emphasis on home ownership - likely reflecting different regional housing markets and existing ownership rates.

Entrepreneurial ambition, by contrast, skews younger and more male - Gen Z leads at 31%, compared to just 19% among Gen X, and men (26%) outpace women (20%). Geographically, Patna (36%), Jaipur (35%), and Ranchi (30%) post the highest entrepreneurial intent in the country that is a reminder that India's start-up energy isn't confined to its biggest cities.

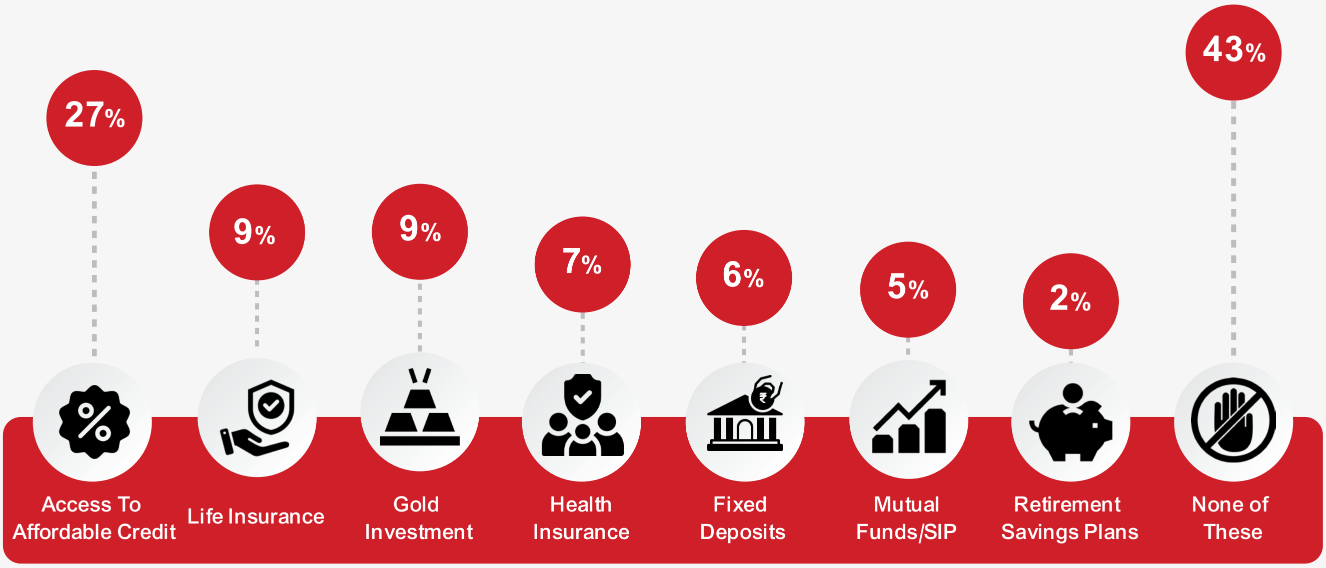
Saving for children's education is most prioritised by Millennials (19%), the generation currently raising school-age children - and by women (17% vs. 14% for men), echoing the same maternal financial instinct already visible in this year's wallet share data. Regionally, Kochi (21%) and Ludhiana (19%) show the strongest emphasis on this goal.

Notably, Gen X (29%) and the South (28%) post the highest share of respondents selecting "none of these", suggesting either that their primary financial goals lie outside this list, or that this cohort's five-year planning horizon looks meaningfully different from younger, more aspiration-driven segments.

What Would Help Get There

If home ownership and entrepreneurship are where India's lower middle class wants to go, affordable credit is what they believe will get them there fastest. 27% of respondents cite access to credit at attractive interest rates and tenure options as the single most important enabler of their financial goals - by far the leading response, and up a striking +16 points from last year, the largest movement of any enabler in this year's data. This is a clear signal: as GST-era relief builds household surplus, credit is increasingly seen not as a fallback, but as an accelerant - the tool that turns saved money into a home, a business, or a secured future faster than saving alone ever could.

Traditional safety-led instruments continue to hold meaningful, if declining, appeal - life insurance (9%, down 14 points) and gold investment (9%, down 6 points) both saw notable pullbacks this year, even as they remain trusted fallbacks for financial security. Health insurance (7%) and fixed deposits (6%) round out the safety-net instruments, while more sophisticated tools like mutual funds/SIP (5%) and retirement savings plans (2%) continue to lag well behind which is a familiar refrain across every edition of this study, and a continuing signal of the education gap around formal investment products.



Consumers who believe these financial products can help achieve their financial goals/security

43% of respondents said none of these enablers apply to them, up 6 points from last year - a figure worth reading alongside the "none of these" jump in financial goals. Together, they suggest a meaningful share of India's lower middle class either already has access to what it needs or doesn't yet see existing financial products as directly relevant to the specific goals it's chasing.

Who Believes in Credit and Who Doesn't

The belief in affordable credit as an enabler is sharply regional. East (37%), North (36%), and West (30%) show the strongest conviction that credit accelerates financial goals, while the South stands apart at just 1%, revealing a markedly different financial mindset. Individual cities make this especially clear: Patna (49%) and Ludhiana (45%) emerge as the strongest believers in credit as a goal-enabler, reflecting a broader sense of optimism about the role of borrowing in accelerating financial progress. Across these regions, respondents view credit not merely as a financial tool but as a meaningful catalyst for achieving their aspirations.

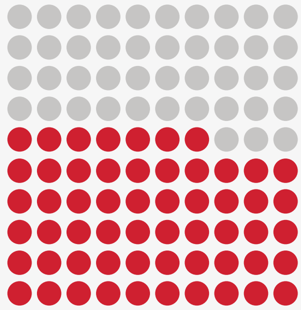
Gold investment, unsurprisingly, finds its strongest believers in the South (21%) and specifically in Chennai (29%) and Kochi (28%) - reaffirming gold's deep cultural roots as a preferred store of value in Southern India, even as the rest of the country increasingly looks towards credit-led paths to their goals.

India's dreams haven't changed - home, business, a secure future. What's changed is the confidence that credit, not just savings, can help get them there faster.

Beyond the Numbers:
What India Believes About Its Own Future

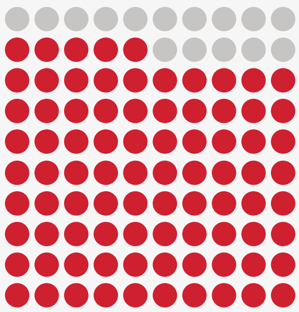
Goals and enablers tell us what India's lower middle class is working towards and what it thinks will get it there. But numbers alone don't capture conviction - the quiet, personal belief that a goal is actually within reach. This part of the study turns to exactly that: how confident, optimistic, and equipped India's lower middle class feels about its own financial future, in their own words.

Over half of consumers - 57% overall - say they actively seek financial guidance, with men (58%) and women (50%) both showing genuine appetite for advice, and Gen Z (59%) leading every generation ahead of Millennials (57%) and Gen X (52%). Tier-1 residents (70%) far outpace metros (44%) and Tier-2 (50%), reinforcing this year's broader pattern of smaller cities engaging more actively with their own financial planning. The regional divide, though, is stark: the North (65%), East (68%), and West (70%) all show strong appetite for advice, while the South trails dramatically at just 24% - though notably up 10 points from last year, the only region moving in a positive direction on this measure. At the city level, Pune (79%), Bhopal (79%), and Jaipur (72%) show the strongest hunger for guidance, while Bengaluru (22%) and Kochi (25%) remain clear outliers. This isn't a story of disinterest. Southern markets and women continue to show lower inclination to seek advice, pointing to access and cultural barriers this segment hasn't yet fully overcome.



57%

"I look forward to receiving financial advice to help me achieve my goals"



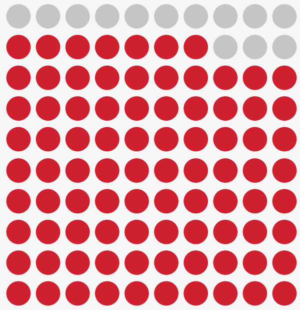
85%

"I am confident that I'll be able to achieve my current financial goals in next 5 years"

Confidence runs decisively high - 85% overall, with 86% of men and 80% of women believing they'll achieve their five-year goals, and Tier-2 cities posting the strongest score of all city tiers at 90%, just ahead of Tier-1 (89%) and well ahead of metros (79%). Every single demographic and regional cut in this data moved upward from last year, several dramatically: Bengaluru alone jumped 30 points to 54% - still the lowest city score in the study, but a clear signal of improving sentiment even in India's most cautious markets. Kochi posted the only dip in this entire statement, down 6 points to 88% - still high in absolute terms, but a rare note of caution in an otherwise universally rising picture. The broader story is unambiguous.

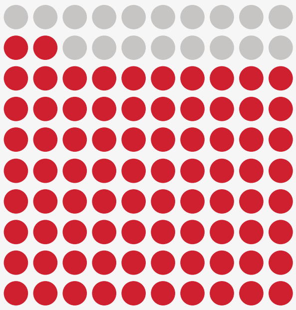
This is a segment more confident in its own five-year trajectory than it has been in any previous edition of this study.

Optimism runs even higher than confidence - 87% overall, with 88% of men and 81% of women believing their financial situation will improve, and Gen Z (91%) and the West (93%) leading every cohort. Every segment gained ground this year and gained meaningfully: Bengaluru surged 30 points to 54% (still the lowest in the study, but a genuine turnaround) and Hyderabad rose 26 points to 76%. Tier-1 (92%) and Tier-2 cities (90%) continue to outpace metros (80%), reinforcing this year's broader pattern - India's optimism is no longer concentrated in its biggest cities, it's spreading into the towns and cities beyond them. Even the South, historically the most cautious region in this study, posted this statement's single largest regional jump up 22 points to 71%.



87%

"I am optimistic that my financial situation will improve in the next few years"



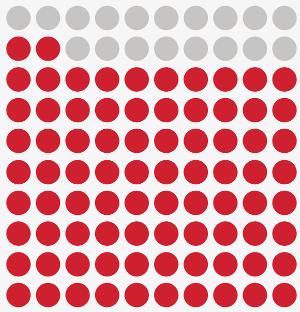
82%

"I believe that access to affordable credit will help me achieve my aspirations faster"

This is where 2026's credit story reaches its clearest expression. 82% overall now believe affordable credit accelerates their goals - 84% of men and 74% of women, both up 17 points from last year, among the largest movements in the entire statement set. Tier-1 cities lead at 90%, and the South posted this year's single largest regional jump on this statement - up 30 points to 56% - still trailing other regions but narrowing the gap faster than anywhere else in the country. City-level data tells an even sharper story: Hyderabad jumped 62 points to 76%, and Bengaluru rose 41 points to 65% - two cities that, just a year ago, were among the most credit-sceptical in the study, now showing the fastest-growing belief in credit as a genuine accelerant.

Kochi is the clear exception, dipping 11 points to just 23% - the one clear holdout against this year's national shift towards credit-led confidence.

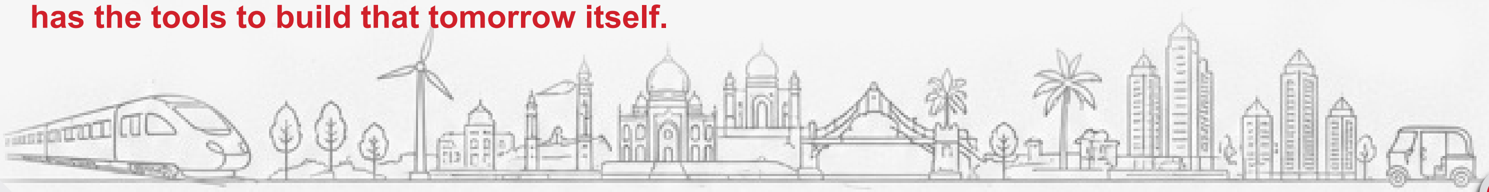
Belief in digital tools mirrors the credit story almost exactly - 82% overall, with 84% of men and 72% of women crediting digital platforms with making their financial goals more achievable, and Tier-1 residents (92%) and the West (91%) leading the charge. Once again, it's India's traditionally cautious cities posting the sharpest gains: Hyderabad up 61 points to 76%, Bengaluru up 43 points to 54%, and Chennai up 27 points to 65% - a clear signal that digital financial tools are winning over exactly the markets that resisted them most. Kochi, again, is the outlier - down 11 points to just 13%, the lowest score across this entire section, and the clearest remaining pocket of digital hesitancy in the country.



82%

"I believe that digital tools have made it easier for me to achieve my financial goals"

Confidence, optimism, credit, and digital tools all point in the same direction this year: India's lower middle class doesn't just believe tomorrow will be better but for the first time, it believes it has the tools to build that tomorrow itself.

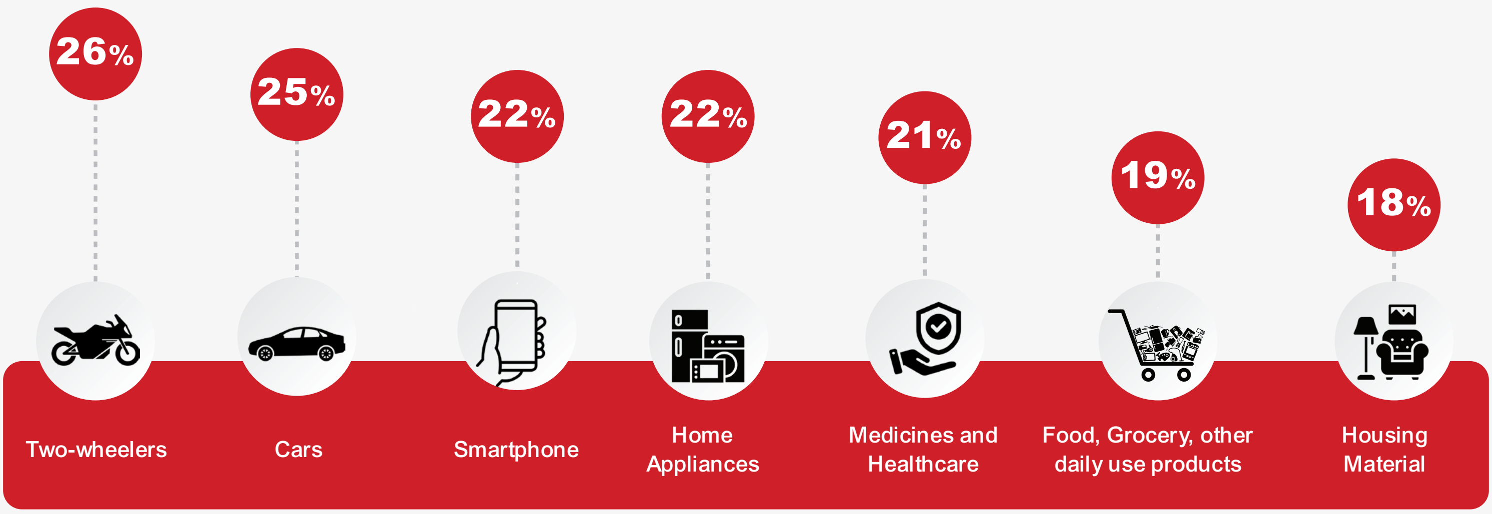


Relief to Resolve:
How GST 2.0 Reshaped India's Wallet

For years, this study has tracked how India's lower middle class stretches every rupee to meet rising costs. In 2026, for the first time, the direction of that pressure reversed. GST 2.0 didn't just change tax slabs on paper - it changed what things cost at the till, and in doing so, gave households room they hadn't had before. This section tracks exactly where that relief showed up, and more importantly, what India chose to do with it.

Where Prices Actually Fell

GST 2.0's impact wasn't confined to one or two headline categories, it touched nearly every corner of the household budget, though unevenly. Two-wheelers saw the strongest net price relief of any category, at 26%, followed closely by cars at 25% - confirmation that big-ticket, high-value purchases were where GST 2.0's rationalisation landed hardest, and most visibly. Smartphones (22%) and home appliances (22%) posted the next strongest relief, both categories where GST cuts on electronics appear to have translated directly into consumer-facing price drops. Medicines and healthcare (21%) and everyday food and grocery items (19%) also saw meaningful reductions - smaller in scale than the big-ticket categories, but arguably more consequential, given how frequently households buy into these categories. Even housing materials, the category with the smallest net relief, still posted a positive 18% - evidence that every single category tracked in this study moved towards affordability this year, not away from it.



Percentage of Consumers Reporting Lower Prices Due to GST Changes, by Category

This pattern held true across demographics with some notable variation. Men reported stronger price relief than women across nearly every category. For instance, 28% of men saw two-wheeler prices fall versus 19% of women, and 26% of men noticed cars becoming more affordable versus just 17% of women - a gap that may reflect who typically makes or notices these specific purchase decisions within a household.

By city tier, Tier-1 cities felt GST 2.0's impact most strongly - leading on nearly every category, from two-wheelers (29%) to smartphones (24%) to cars (28%) - while Tier-2 cities consistently reported the lowest relief across the board, suggesting the benefits of GST rationalisation may not yet have fully filtered into India's smaller towns.

Regionally, the East and West emerged as the biggest beneficiaries of GST 2.0's price relief - the East leading on food and groceries (25%), smartphones (26%), and medicines (25%), while the West posted the strongest numbers on two-wheelers (32%) and cars (29%). The South, once again, reported the least relief across nearly every category - just 13% on food and groceries and 13% on smartphones, roughly half the national average - reinforcing this study's now-familiar pattern of Southern India's more muted response to this year's policy-driven optimism. At the city level, Mumbai, Ahmedabad, and Patna posted consistently strong relief across categories, while Chennai and Kochi reported minimal movement almost everywhere. Chennai, notably, showing just 9% relief across nearly every single category, the flattest response of any city in the study.

What India Did with the Difference

Price relief is only half the story. What matters just as much is what households chose to do once that relief arrived. Here, the data tells a genuinely encouraging story: 61% of respondents reported no change in their spending or saving behaviour - at first glance, a sign of inertia, but read in context, this is actually a marker of stability. Households aren't being forced into new spending patterns by GST 2.0; they're simply carrying on with steady, well-managed budgets, now with a little more comfort built in.

For the remaining 39% who did change something, the choices they made speak volumes about where this segment's priorities truly lie. Saving a little more than before (12%) and spending more on food quality (12%) emerged as the two most common outcomes - practical, everyday improvements rather than indulgent windfalls. Close behind, 9% chose to spend more on their children's education, and 7% spent more on health - both reaffirming this study's consistent finding that education and family wellbeing remain the first place any new financial headroom gets directed. Smaller shares reported more aspirational shifts: 7% are now planning home improvements, while 4% each are planning to upgrade a two-wheeler, a mobile phone or home appliance, or shift more of their purchases to organised retail and online platforms.

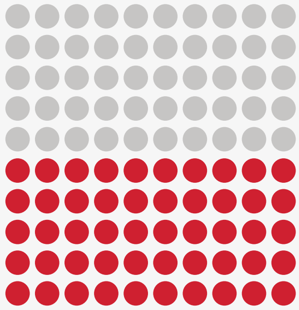
These outcomes, too, varied meaningfully by geography. Delhi NCR posted the strongest engagement with GST-driven upside - 22% spent more on food quality, 18% on children's education, and 16% planned home improvements, all well above the national average. Chennai, despite reporting the lowest price relief of any major city, still saw meaningfully engaged outcomes - 17% spent more on food quality and 18% planned to upgrade a two-wheeler, suggesting that even modest relief was enough to shift behaviour in some households. At the other end, Bengaluru and Hyderabad reported minimal outcome shifts across nearly every category - in some cases in the low single digits - reinforcing that GST 2.0's impact, in both price relief and behavioural change, has been felt far less strongly in India's southern tech hubs than anywhere else in the country.

GST 2.0 didn't just lower prices, it lowered hesitation. And where households found room to spend a little more, they spent it exactly where this study has always found their hearts to be - on food, on family, and on the future.

What GST 2.0 Changed for the Way India Feels

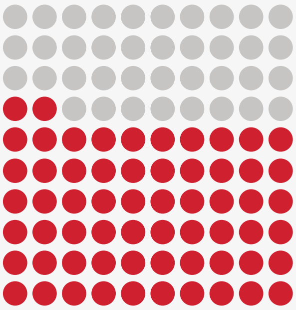
Price relief is easy to measure. What's harder to capture, but arguably more important, is how that relief actually feels to the household living it. This part of the study turns to exactly that: five statements that trace GST 2.0's ripple effect from the till to the mindset, from a reduced grocery bill to a genuinely different sense of what's possible.

Half of all respondents, 50%, say GST-era price changes have genuinely eased their stress around managing household expenses. Men (51%) report this more than women (43%), and GenZ (51%) and Millennials (51%) feel it more than Gen X (44%) - a pattern consistent with this study's broader finding that younger India has responded most readily to this year's policy-driven relief. The urban divide is unmistakable: Tier-1 cities report the strongest stress relief at 57%, ahead of metros (44%) and Tier-2 (42%). Regionally, the East (59%) and West (56%) lead, while the South trails sharply at just 31% - this study's now-familiar pattern repeating itself once again. At the city level, Ranchi (61%), Lucknow (63%), and Ludhiana (58%) report the strongest relief, while Kochi, at just 19%, remains the clearest holdout in the country.



50%

"I feel less stressed about managing my household expenses"

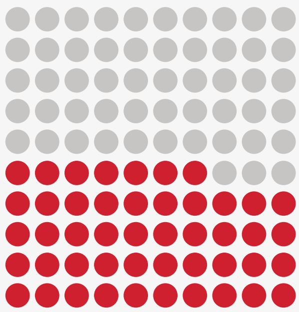


62%

"I am able to spend better on my family's well-being (food, health, education)"

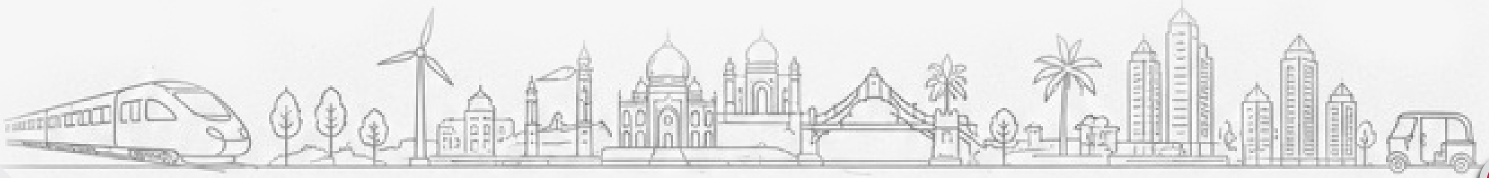
A clear majority, 62%, say they can now spend more meaningfully on their family's wellbeing, a figure that jumps to a striking 76% in the East and 71% in Tier-1 cities. Men (64%) and GenZ (64%) again lead the way, while the South, at just 32%, remains the region least able to translate GST relief into better family spending. City-level standouts include Patna (80%), Lucknow (79%), and Ludhiana (78%) - three cities that consistently emerge as this year's biggest beneficiaries of GST 2.0's impact - while Kochi (24%) and Bengaluru (28%) report the weakest gains.

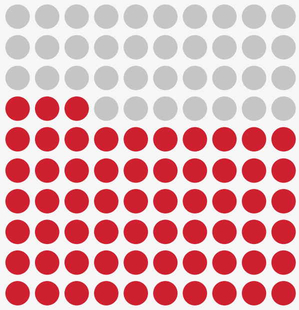
Almost half, 47%, feel more equipped to handle a financial emergency than they did before GST 2.0, a figure that climbs to 53% in Tier-1 cities and 54% each in the East and West. This is arguably the most meaningful of all five statements - a household's ability to absorb an unplanned expense is one of the clearest markers of genuine financial resilience, not just comfort. Once again, the South lags well behind at just 29%, and Kochi posts the lowest score in the entire section at 21% - a city where, by nearly every measure in this section, GST 2.0's relief simply hasn't landed the way it has elsewhere.



47%

"Handling unexpected expenses feels easier than before"



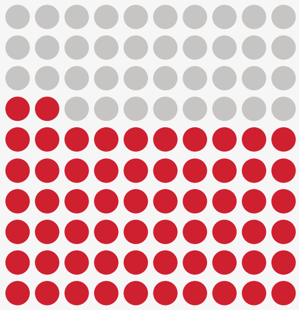


63%

"I feel more confident about working towards my future goals"

Confidence about the future runs highest of all five statements, at 63% overall - with Tier-1 cities (72%) and the East (75%) posting the strongest scores, and men (65%), Gen Z (67%), and Millennials (63%) leading their respective demographic cuts. City-level standouts are striking: Lucknow (83%), Ludhiana (81%), and Patna (79%) all show more than three-quarters of respondents feeling genuinely more confident about their future because of this year's price changes - concrete evidence that GST relief isn't just being felt in the moment, it's reshaping how households think about tomorrow. The South (33%) and Kochi (35%) remain the clear exceptions to this national mood.

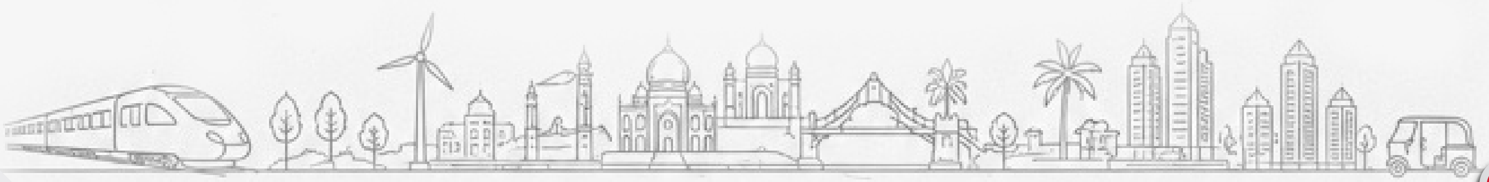
Finally, 62% of respondents say GST-era relief has made them more confident using credit or EMIs for planned purchases - nearly identical to the family wellbeing statement, and a clear signal that this year's price relief and this year's rising credit confidence are two sides of the same story. Tier-1 residents (71%) and the East (73%) lead once again, with Lucknow (81%), Ludhiana (79%), and Patna (77%) posting this statement's strongest city-level scores. The South (32%) and Kochi (30%) again bring up the rear - a pattern so consistent across all five statements that it points to something structural: Southern India, and Kochi in particular, has simply not experienced GST 2.0 the way the rest of the country has.



62%

"I feel more confident using credit or EMIs for planned and important purchases"

Five statements, one consistent story: GST 2.0 didn't just change what things cost, it changed how India feels about its own financial future. And nowhere is that story more consistent than in its geography: the North, East, and West have embraced this shift wholeheartedly, while the South, and Kochi especially, remain the clearest reminder that relief hasn't reached every household equally.



BIGGER DREAMS, BUILT ON FIRMER GROUND

Four editions in, this study has followed the same households through anxiety, adaptation, and aspiration. In 2026, for the first time, it follows them through relief and watches, closely, what they choose to do with it.

What emerges is not a story of a windfall spent carelessly, but of a segment that has quietly, consistently made the same choice again and again: given a little more room, India's lower middle class chooses to build, not just to spend. Savings climbed to their highest point in this study's history. Investment confidence rebounded from last year's caution. Home ownership overtook every other five-year goal, as a genuine plan rather than a distant hope. And when GST 2.0 lowered the cost of everyday life, the money it freed up went first towards food quality, children's education, and family wellbeing - not indulgence.

This isn't a segment that stopped dreaming big. It's a segment that started dreaming with better footing beneath it. Credit is no longer viewed with hesitation, but as an accelerant - 82% now believe affordable credit helps them reach their goals faster, and digital tools have moved from convenience to genuine financial companion. Even confidence in the future, this study's most consistent measure across four editions, has never run higher.

Yet this story isn't universal, and this report hasn't tried to make it one. The North, East, and West have felt this year's relief distinctly; the South, and cities like Kochi and Bengaluru in particular, have felt it far less. Tier-1 cities have surged ahead of metros. Gen Z and Millennials carry this year's optimism further than Gen X. These aren't footnotes, they're the map of where India's next decade of financial inclusion still needs to reach.

What ties all of it together is the same thread this study has followed since its very first edition: India's lower middle class doesn't wait for opportunity to arrive fully formed. It takes whatever room it's given - a lower GST rate, a slightly bigger paycheck, a little more savings in the bank - and turns it into something durable. A home. A business. A child's education. A future that feels, for the first time in years, within reach rather than merely imagined.

Lighter bills didn't just ease this year's budget, they rewired what India believes is possible with the years ahead. A home once deferred, a business once postponed, a child's future once uncertain - all of it now feels closer, because relief was met with resolve. That is the story this study set out to find, and the one it found in every wallet it opened.

NOTE TO THE READER

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