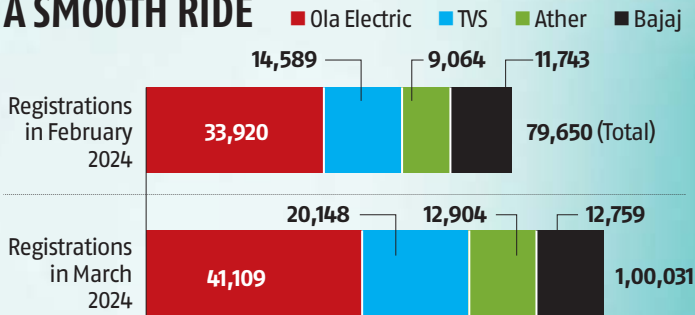


e2W registrations cross 100K in a month, again

Companies aggressively liquidating stocks, with FAME-II subsidies ending March 31

A SMOOTH RIDE



Note: March figures are till March 28, 2024. Total registrations include over 182 companies which are registered to make two wheelers
Source: VAHAN



SURAJEET DAS GUPTA
New Delhi, 28 March

Electric two-wheeler registrations on Thursday crossed the magical 100,000 mark for the second time since their launch in the country. They are now poised to create a new milestone by hitting the highest number of vehicles registered in a month, with three days remaining for March to end.

The reason: companies are aggressively liquidating their electric two-wheeler stocks through discounts and ensuring vehicle registrations by March 31, as failing to do so would result in bearing the subsidy cost under Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME 2). The scheme is being replaced by a new electric mobility promotion scheme (EMPS 2024), which spans only four months, halves subsidies across the board, and lowers the cap.

As of Thursday, registrations of electric two-wheeler vehicles have already surpassed 100,031 — an increase of over 25 per cent compared to the previous month.

In May last year, electric two-wheeler registrations also reached 101,372 vehicles, just a few vehicles ahead of March. However, with three days left for the month to end, companies anticipate their

highest registration month.

However, even last May, the reason for the sales surge was similar: companies were compelled to liquidate their stocks as the government had announced a sharp reduction in subsidies by a third starting from June 1, 2023, forcing companies to increase the prices of their models. However, as a consequence of the price increases, the market slumped in June, with registrations falling by 56 per cent, taking months to recover.

Ola Electric has once again accelerated, registering 41,109 vehicles as of Thursday, marking an increase of over 20 per cent compared to last month — the highest ever in the industry by any electric vehicle (EV) company. Based on numbers until Thursday, Ola Electric now holds a market share of 41 per cent. Observers tracking their sales movements expect registrations to touch close to 50,000 by the end of March. Additionally, with the initial public offering expected to hit the market sometime in late April, in the last three months until Thursday, Ola has collectively crossed the 100,000 registration mark with 107,073 vehicles — double the number of its nearest rival, TVS Motor Company.

The FAME 2 scheme ends at the month's end and will be replaced by EMPS 2024 starting from April 1. Under this

scheme, the government has earmarked a subsidy of ₹500 crore. The subsidy has been slashed by half to ₹5,000 per 1 kilowatt hour with a cap of ₹10,000 (previously ₹22,500).

TVS, the second-largest player in the game, has also intensified efforts after a quiet few months, registering 20,148 vehicles — up by 37 per cent over the previous month.

Ather Energy (registration of 12,904) is neck and neck with Bajaj, which is slightly behind (12,759).

Yet, the big question is whether the momentum will continue, or like last May, the market will collapse. A top executive of an electric two-wheeler company says, "What we expect is that the market will slow down, especially if the subsidy does not continue beyond July. Also, it's unclear when one will be eligible for the subsidy due to the reregistration of all models, dealers, and even companies under the EMPS scheme, which takes time."

Others are more optimistic. Another top executive of a leading EV company says, "In one year, the subsidy has been reduced from ₹60,000 to ₹10,000. But there is the production-linked incentive scheme with incentives of around 13-16 per cent, which will kick in. So, we see the market heading north from here."