

E2Ws' penetration grows despite cut in incentives

BUMPY RIDE. However, penetration of electric three-wheelers declines marginally

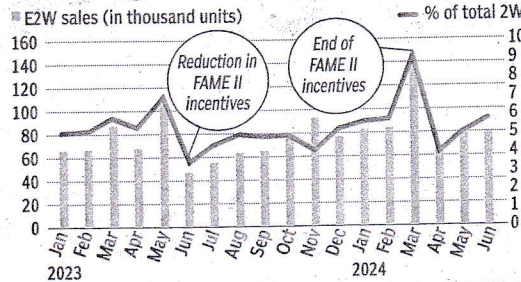
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The penetration of electric two-wheelers witnessed an increase in the past two months, while electric three-wheelers reported a marginal drop in June this year.

"Except for March when the penetration went up on pre-buying, EV penetration was coming down this year. The last two months, however, have been better relative to early this year," said Kumar Rakesh, Analyst-Auto, BNP Paribas Securities India Pvt Ltd.

Following a significant reduction in incentives in April 2024, electric two-wheeler penetration and volumes appear to have bounced back in the past two months. EV penetration in 2Ws continued to recover month-on-month to 5.8 per cent in June from 5.0 per cent in May. "We expect

On the right track



Source: GoI, BNP Paribas Exane

this trend to continue and electrification to recover gradually in the coming months, as more clarity on the new incentive policy (likely FAME III) emerges and OEMs launch more lower-priced models," he said.

E3WS

In the electric three-wheeler segment, volumes rose in

June year-on-year (y-o-y) but declined month-on-month (m-o-m). Penetration also declined marginally. "There has not been a significant drop in penetration m-o-m. The industry doesn't appear to be impacted by FAME incentive delay," said Rakesh.

The penetration of electric three-wheelers is expected to improve in the coming months as market leaders ex-

pand their network. Among the States, E3W penetration rose the most m-o-m in West Bengal and deteriorated the most in Gujarat. Bajaj Auto continues to ramp up its E3W sales in multiple cities, thereby being a catalyst to improve industry penetration.

TOP PLAYERS

Mahindra & Mahindra was the leader in the electric three-wheeler segment with a market share of 9.2 per cent in June 2024, up from 8.3 per cent in May 2024. Bajaj Auto, the second big player in the segment, also saw its market share improve to 4.9 per cent from 4.2 per cent.

According to sources, the upcoming Budget will likely announce an outlay of ₹10,000 crore under the FAME III scheme to support electric two and three-wheelers and electric passenger vehicles.