

# Non-metros snapping up electric scooters

54% of Ather Energy's sales come from Tier-II and Tier-III cities

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If you thought electric scooters have caught the fancy of only people in the metros, think again. According to data from electric two-wheeler maker, Ather Energy, 54 per cent of its sales of scooters, starting from ₹1.2 lakh, come from Tier 2 and Tier 3 cities.

Based on sales per lakh population, the top five cities for the company are Calicut, followed by Kochi, Kolaphur, Trivandrum and Pune. The big metros are conspicuous by their absence in this list. Tier 2 cities



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■ Ather Energy's top model, priced at ₹1.5 lakh, dominates sales

■ Top five cities based on sales per 100,000 population are mostly smaller, non-metro cities

■ Easy financing has helped consumers in small cities buy electric scooters

account for 30 per cent of Ather Energy's sales and 24 per cent comes from Tier 3 cities.

The other myth about electric two-wheelers is that customers prefer to opt for basic models at prices below ₹1 lakh. Ather's sales data shows that the company's product split is skewed heavily towards

its most expensive model, 450X, which accounts for 84 per cent of its sales and is priced around ₹1.5 lakh. Only 16 per cent of its total sales comes from 450 Plus, which is priced at ₹1.3 lakh.

Ravneet S Phokela, chief business officer at Ather Energy, explains, "As we are selling electric

scooters starting from ₹1.3 lakh, we would have been concerned if their market was only in the metros. But our sales patterns clearly show that there is a large market in Tier 2 and Tier 3 cities where customers are ready to pay a premium for a quality product."

Phokela says that this trend is also because of the easy availability of financing for buying electric scooters. As much as 40 per cent to 45 per cent of the company's vehicles are sold through this route.

"Also, we are seeing a clear premiumisation of the electric scooter market. That is why our top model sells more than the entry model," adds Phokela. The average cost of an internal combustion engine (ICE) scooter is ₹75,000 to ₹80,000, while electric ones are over ₹1 lakh.

Phokela says that this premiumisation has similarities with the pas-

senger car market, where the entry-level market (under ₹5 lakh) has been slowing down, while the mid-market has been growing.

This is why most of the key players in the EV two-wheeler sector, such as Ola, TVS, Bajaj, and Hero Motocorp, are focusing on the premium segment. And Phokela believes that the market for electric scooters under ₹1 lakh will continue to shrink.

Ather's electric scooters are currently available in about 78 cities. The company wants to expand to 200 cities, which account for 75 per cent of scooter sales. It will soon launch a new product, but does not plan to get into the sub ₹1 lakh market.

Phokela feels that the government's FAME 2 subsidy for electric scooters should continue for another two to three years since the support will help stabilise the market.