

E-scooter sales take a plunge in June on FAME-II subsidy cut

Only 60% of NITI Aayog's sales projection of 2.3 million units in FY24 possible, says association

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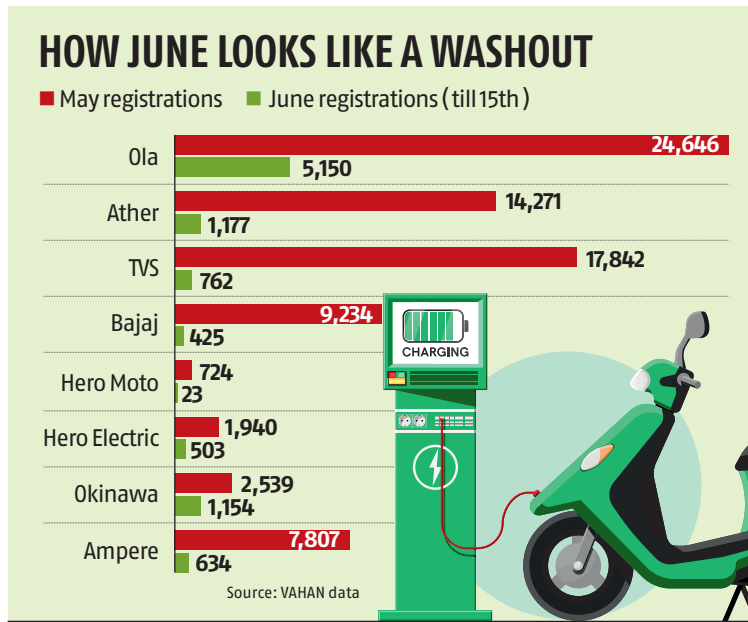
New Delhi, 15 June

June could turn out to be the worst month for electric two-wheeler registrations since February 2022 when only 29,000 vehicles were registered, say electric two-wheeler companies as they brace up for tough times again.

After the government announced a reduction in the subsidy on electric two-wheelers, there has been a hefty increase in the prices of vehicles from June 1. This has led to a sharp decline in the number of registrations. Data from VAHAN, the government's vehicles department portal, shows that a mere 11,862 registrations took place in the first half of June, which is about a fourth of what it achieved in May for the same period, with around 44,700 vehicles.

The Society of Manufacturers of Electric Vehicles (SMEV) projects that registrations will not cross even 30,000 vehicles this month. Says Sohinder Gill, director general of SMEV and CEO of Hero Electric: "The month of June will be particularly subdued and we might not be able to cross 30,000 vehicles as there was almost a stock clearance in May of 55K to 60K vehicles in the premium segment."

As a result, says Gill, they are taking their projections for FY24 downwards, which NITI Aayog had estimated



would hit the sales of 2.3 million units. "Our estimate is that it will not be more than 60 per cent of NITI Aayog's projections," he says.

However, at least one leading electric two-wheeler company has a contrarian view. It believes that the blip in sales will not last for more than a few months, and that sales will grow substantially over the whole year.

The impact of the cutback on the

425 vehicles. (In May, the company posted one of its best numbers — 9224). The new kid on the block, Hero Motocorp, registered merely 23 vehicles in the first half of June whereas in May it did 724.

The leader of the pack, Ola Electric, is also way behind matching its performance in May when it hit registrations of 24,646. Till June 15, its numbers are a mere 5150. In other words, it will have to sell nearly four times that number of EVs in the next 15 days to come up to its May performance

Ather Energy, which had seen a substantial rise in the registration of its electric two-wheelers in May (14,271) has plummeted to 1127 registrations so far in June. And the collective numbers of Hero Electric and Okinawa is a mere 1657 for the first half of June, compared to 4479 for the entire month of May. The government last month reduced the FAME-II subsidy on electric two-wheelers from ₹15,000 per kWh to ₹10,000 a kWh and also capped the subsidy from 40 per cent of factory price to only 15 per cent. This has forced manufacturers like Ather, Ola, TVS, Bajaj and others to increase their electric scooter prices by ₹6000 to ₹32,000, depending on the model. Most of them are absorbing a substantial part of the loss of subsidy, which ranged between ₹25,000 and ₹40,000 a vehicle.

subsidy has been more severe on the premium scooter segment, priced at over ₹1 lakh. According to VAHAN data, in many cases, registrations in this category in the first half of June have fallen to three digit figures.

These include the two incumbent players — TVS Motors, with registrations of only 762 till 15 June (compared to 17,842 for the full month of May) and Bajaj Auto, with registrations of only