

# Three-wheeler exports may continue to skid in FY25 over subdued demand

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India's three-wheeler exports, which have been on a downhill trajectory over the past few years, are showing no signs of recovery in FY25, with key markets like Sri Lanka, Bangladesh, Nigeria, and Egypt witnessing subdued demand.

In May, the country's exports plummeted 11.3 per cent year-on-year (Y-o-Y). In the first two months of FY25, auto majors Piaggio and TVS Motor Company witnessed a 16 per cent and 19.9 per cent decline in exports.

In FY23, exports fell by 26 per cent, followed by a 17 per cent decline in FY24, according to the Society of Indian Automobile Manufacturers (SIAM) data.

Anurag Singh, managing director at Primus Partners, said countries like Sri Lanka, Bangladesh, Nigeria, and Egypt are grappling with severe economic crises, which have significantly

dampened their demand for three-wheelers.

"Sri Lanka's economy is struggling, Nigeria is facing high inflation and political risks, and Bangladesh is experiencing increased political uncertainty. These factors contribute to a bleak outlook for three-wheeler exports," Singh explained.

Sanket Kelaskar, an analyst from Ashika Group, says high inflation, currency devaluation, import restrictions in key African markets, and a shift towards quadricycles in some regions are to be blamed for the dip in exports from India.

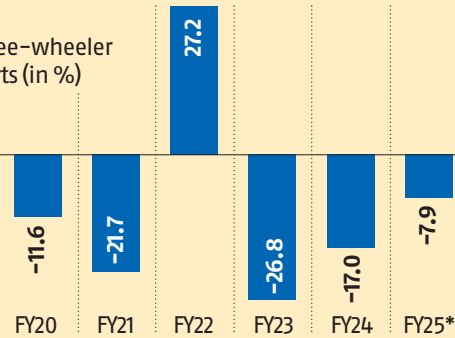
Egypt and Somalia have banned three-wheeler imports due to congestion and safety concerns.

Some African nations are prioritising essential goods imports and restricting vehicle imports, adding to the woes. Egypt and Somalia have banned three-wheeler imports due to safety concerns



NO RELIEF

■ Three-wheeler exports (in %)



\*FY25 data is for April, May

Source: SIAM data

and congestion issues.

Kinjal Shah, vice-president and co-group head at credit rating agency Icra, said the export slowdown is manageable given they have never constituted a significant portion of the overall sales of commercial vehicles, including

three-wheelers.

Shah acknowledged the domestic market is expected to face a slowdown in FY25, which will add to the industry's challenges.

The three-wheeler segment in India has witnessed a 41 per cent Y-o-Y

growth, buoyed by a surge in electric three-wheeler sales.

TVS Motor Company, a leading player in the three-wheeler market, said in its recent Q4 investor call that it is planning to bolster its presence in the domestic market by launching more

electric three-wheelers.

KN Radhakrishnan, director and chief executive officer, TVS Motor Company, said: "Three-wheelers is an important domain. This year, our focus is to improve our presence in the domestic market with new product launches in the EV space. We are also planning to introduce E3-wheeler models with various battery capacities and range options catering to customer preferences, by aiming to build the brand and expand their domestic market share in the three-wheeler segment."

Singh elaborated that while the current export situation is challenging, the industry's ability to cater to these markets remains intact should the economic conditions improve.

"If these economies show an uptick, companies like Bajaj and TVS are well-positioned to meet the demand swiftly," he added.