

# Bajaj Auto studying export market for electric Chetak

## bl.interview

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While headwinds in the international market have hit exports, Bajaj Auto anticipates the demand to return soon. Rakesh Sharma, Executive Director, spoke to *businessline* about demand in the domestic motorcycle industry, the development of electric two-wheelers, exports and partnerships in the electric vehicle segment. Excerpts:

**Demand in the entry-level motorcycle segment is stagnant. Is this largely due to muted rural sentiment?**

Demand in the motorcycle industry is a story of two halves — the 100 cc motorcycle segment, which accounts for almost 50 per cent of the demand, and the 125 cc and above segments. Demand in the top half is in

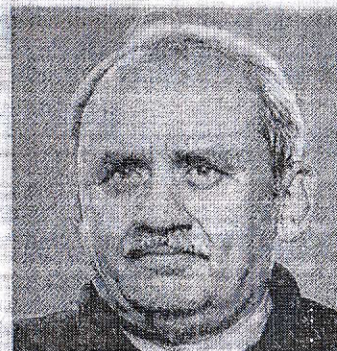
double-digits, while in the bottom half it is either negative or stagnant. Over the last three years, costs have gone up by almost 40 per cent for entry-level consumers. This has contributed to the slowing down of demand. A chunk of 100 ccs are sold both in the rural and urban areas. The phenomenon has less to do with geography and more with income class.

**How is the demand for Bajaj premium bikes? Do you foresee a dip in demand due to the increase in cost?**

The 125 cc and 200 cc segments have seen much higher growth for almost 18 months. The cost that comes with the new regulations is not very significant. I don't expect that to hurt demand, which is on a recovery path. A marginal increase in OBD-related cost will not hurt demand, particularly in the top half of the segment. It may have a very marginal impact in the

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Executive Director, Bajaj Auto



bottom half of the industry.

**Are raw material prices still volatile?**

Prices have stabilised now from our perspective.

**Bajaj Auto is setting up a dedicated EV manufacturing plant. Are you looking at exporting the electric Chetak?**

We are studying international markets and at some point intend to export the electric Chetak. But India offers a lot of opportunity and is a priority market. Given our global footprint, discussions are

ongoing, and we will introduce EVs in the global market once we gain confidence on the supply front. This will be once the Indian agenda is well under control.

**When can we expect an electric bike from Bajaj Auto?**

It is under development and we are working on it. It is still some time away.

**Bajaj Auto has a successful partnership with KTM. Are you looking at a similar partnership in EV space?**

That kind of partnership is not easy to come by, and a lot of factors have to fall in place. There has to be a congruence of business interests... We will be selective, but are open to a partnership that will strengthen us in the EV space also.

**What is the present export situation?**

Exports are going through a difficult period. A couple of things, including the valuation of certain EM currencies, have led to inflation, which has dampened demand. Second is the availability of US dollars. Central banks have taken a cautious stand towards conserving foreign exchange.

We hope that in the next few months, equilibrium is achieved in all of this and the central banks become more relaxed about dollar availability.

It could take two or four months; it is difficult to predict and we hope it resolves itself.