

# e2W sales get recharged as pain of subsidy cut eases

Average daily sales in the first 17 days of July double to 1,702 units from 852 units during the corresponding period last month

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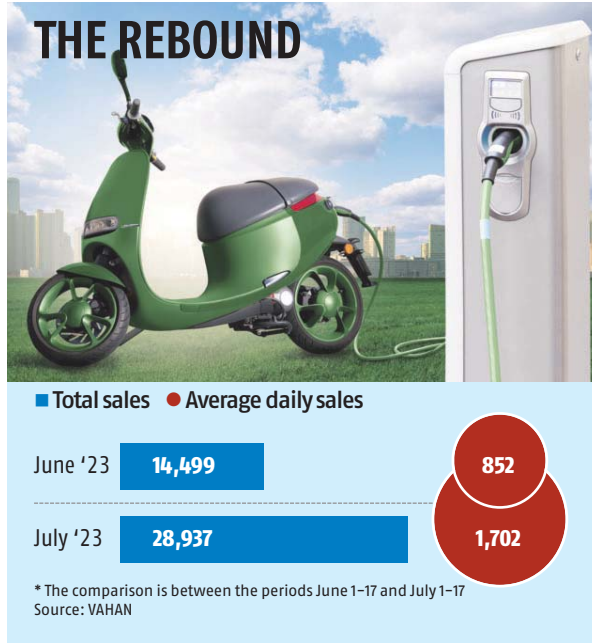
In a promising development for the country's electric vehicle (EV) industry, the adverse effects of the cut in subsidy provided under the Faster Adoption and Manufacturing of (Hybrid & Electric Vehicles (FAME-II) scheme seem to be receding. The average daily sales of electric two-wheelers (e2W) have increased around 100 per cent in the first 17 days of July over the same period last month.

According to data from the VAHAN portal of the Ministry of Road Transport and Highways (MoRTH), the average daily sales of e2Ws in the first 17 days of July surged to 1,702 units, against the average daily sales of 852 units in the corresponding period of June. A total of 28,937 units of e2W were sold from July 1 to July 17, as against 14,499 units during the same period last month.

Initially, the subsidy cut had cast a shadow over the e2W market, leading to a decline in sales as potential buyers assessed the hit to the advantage of buying an e-two-wheeler.

Sales of e2W declined around 60 per cent to 42,124 units in June from an all-time high of 105,348 units in May. Sales had shot up in May with customers rushing to cash in on the high incentives offered under FAME-II.

From June 1, the Centre reduced the maximum subsidy for an e2W to ₹22,500 from ₹60,000. With this, the average price of an e2W, which costs between ₹80,000 and ₹150,000, increased by over 20 per cent.



## The rebound

Automotive industry experts say that consumers are now gradually showing resilience and adaptability, despite the subsidy being reduced.

"This uptick in sales indicates a positive shift in consumer sentiment towards e2W, and it is likely to continue," said Himanshu Singh, research analyst, Prabhudas Lilladher, adding, "Sales started recovering in the second half of June."

If the June trend were to follow, sales are likely to see a significant rise going ahead. In the first 15 days of June, 721 units were sold on average daily. This increased to 2,332 units in the second half of the month (from June 16 to June 30).

Though the average daily sales of 1,702 units in the first half of July were lower than those recorded in the second

half of June (2,332), these are likely to see an exponential increase after the monsoon, industry experts said.

"The average daily sales could have been lower in the first half of July because of the heavy rainfall, which impacted a major e2W market like Delhi and other parts of North India," Singh said.

In the first 11 days of July, Delhi recorded more than 300 mm of rainfall, making it the third wettest July in 15 years, according to the India Meteorological Department (IMD). Schools, shops, and other businesses in the region remained shut due to the rains.

## Affordability boost

With affordable e2Ws coming into the market and original equipment manufacturers (OEMs) getting certification under the production-linked

incentive scheme for automobiles (auto PLI), the situation is likely to improve further, industry experts said.

Currently, the majority of e2Ws sold are priced between ₹120,000 and ₹150,000. Petrol-run two-wheelers cost less (₹90,000-₹110,000), which makes them relatively attractive.

However, with more OEMs planning an affordable range of vehicles, the price equilibrium will help e2Ws gain momentum.

Ola Electric, the leading e2W manufacturer, plans to deliver its cheapest model, Ola S1 Air, in July.

The Ola S1 Air, with a 3 kWh battery, is priced at ₹109,000. Other major players are also coming up with products in a similar price range to compete with Ola and petrol-powered vehicles. Ather, HeroMoto Corp, and others are working on computing in the ₹90,000-₹115,000 price segment, industry insiders said.

Hero Electric has already launched three new products in the same price segment.

Puneet Gupta, director, S&P Global, feels that EV sales will rise again with OEMs getting benefits under the auto PLI. "The EV industry will be able to reduce the cost after getting PLI benefits," Gupta said.

Though those who are part of Champion OEM will get the maximum, the Champion Component players will help in reducing the price of components for the overall market. A total of 95 OEMs — 20 Champion OEMs and 75 Champion Components — were selected for the ₹25,938-crore auto PLI.