

ELECTRIC TWO-WHEELERS

India to be 2nd-largest market by 2030

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INDIA AND INDONESIA are on track to become two of the world's top three markets in the number of electric two-wheelers (E2W) sold by 2030, with expected growth of over 60% annually, a survey has noted.

Capturing growth in Asia's emerging EV ecosystem by McKinsey stated that while in Asian countries consumers are adopting EVs at different paces — the adoption is high in mature markets such as China and Japan, but was less than 1% of new vehicle sales in India and the ASEAN in 2021 — there are four signs of growth.

These are steady rise of China to become the largest EV

market in absolute terms, consumers in India and the ASEAN snapping up electric two-wheelers, Asian regulators ramping up EV regulations, and Asian brands on the rise.

"Emerging Asia markets today represent the largest micro-mobility markets. India, for example, overtook China to become the largest market for electric two-wheelers (E2Ws) in 2017. With the increasing cost-competitiveness of electric models and regulators incentivising consumer adoption, E2Ws will become a predominant mode of transport in the region," the report noted.

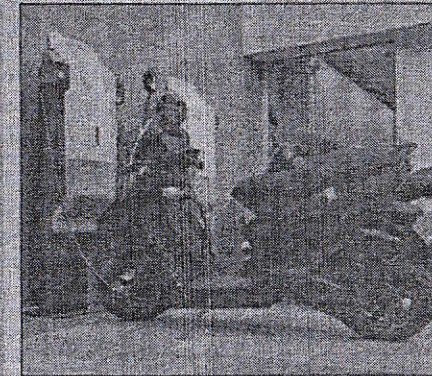
"Our modelling shows that by 2030, India and Indonesia will become the second- and third-largest E2W markets in the world after China, respec-

GUNNING FOR TOP TWO

■ India and Indonesia will grow at more than 60% annually

■ Such development will translate into an electrification rate of two-wheelers at around 36% in India and the ASEAN by 2030

■ Asian regulators are ramping up EV regulations



■ Consumers in India and the ASEAN are snapping up electric two-wheelers

tively, growing at more than 60% annually. Such development will translate into an electrification rate of two-wheelers at around 36% in

India and the ASEAN by 2030, compared with less than 1% today," it said.

Asian EV brands are also on the rise, and while China has

most big names when it comes to electric four-wheelers (such as BYD and Hongguang), India has as many as 80 EV start-ups — as per data from OTO Capital, the two-wheeler financing start-up — and most of these are in the E2W space.

"In the E2W space, we see increased innovation in ASEAN markets and India. These E2W markets, which had been traditionally dominated by Japanese incumbents, are becoming a hotbed for local entrepreneurship. Between 2011 and 2021, more than 50 E2W start-ups were founded in the region, most notably Ola and Ather Energy from India and Beam from Singapore," the McKinsey report added.

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As far as challenges to building emerging Asia's EV market are concerned, the report listed three key hurdles—parity in total cost of ownership (TCO), which is closely tied to regulatory environment; OEM model availability and supply chain readiness; and critical mass in charging infrastructure.

“When looking at mature and greatly accelerating markets, we observe strong policy frameworks driving TCO parity; OEMs from incumbents to startups delivering a wide array of attractive models, including low-cost EV models with close feature parity to ICE equivalents at similar price points; and large-scale government and corporate investment ahead of the curve on EV charging infrastructure to support the targeted volume of EVs on the road. Again, evidence points to the need to stimulate supply and demand simultaneously,” the report added. “These challenges are more pronounced in India and the ASEAN, where TCO parity and supply chain readiness are key to unlocking consumer uptake.”