

Mood among EV dealers isn't electric

They are in a fix as sales dwindle and losses mount

NITIN KUMAR
New Delhi, 26 February

Business is turning tough for dealers of several electric vehicle (EV) makers whose subsidies under the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME) scheme have been stopped by the Centre.

With dwindling supplies from manufacturers, these dealers say, customers are moving to other brands. Most dealers of the defaulter original equipment manufacturers (OEMs) this paper spoke to said they were rethinking their decision to stay in business because their losses had piled up and sales dwindled. The decline in sales is largely because of price hikes and longer waiting periods as the OEMs await a decision on the resumption of subsidies.

Subsidies have been stopped for several manufacturers that are under investigation for alleged violations of local-sourcing rules.

Okinawa Scooters and Hero Electric were on the first list of the OEMs to have their subsidies arrested in September last year, as reported by Business Standard.

Of the 64 OEMs registered under FAME II so far, at least 17 have been debarred from subsidies, according to the data on the website of the Ministry of Heavy Industries.

A majority of the dealers facing the brunt of this sell products of Okinawa Scooters and Hero Electric. The two together contributed to close to 83 per cent of the EVs sold by the 17 defaulter OEMs in during 2022.

Anil Singh, an Okinawa Scooters dealer in Mumbai who received around 200 bookings in January, said he got just 50 vehicles in the month. "I have no idea how to convince my customers to wait. Our waiting period has crossed one month. Since October, we are getting assurances of supplies but not orders," Singh said.

Despite price hikes denting Okinawa Scooters' market, Singh said, people are willing to buy the vehicles but are wary of the waiting period.

"We are losing customers because other brands are giving products on the same day or have a waiting period of barely 7-15 days," Singh added.

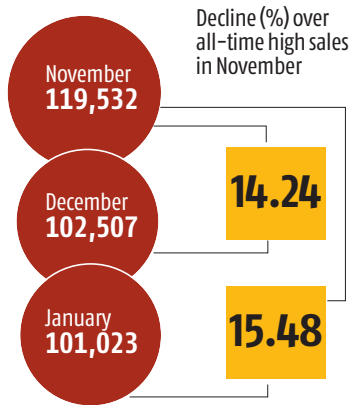
Emails sent to Okinawa Scooters to respond to the concerns remained unanswered till press time.

In January sales of electric vehicles declined over 15 per cent as against the all-time monthly high of 119,483 units recorded in November, according to the data on the VAHAN portal of the Ministry of Road Transport and Highways.

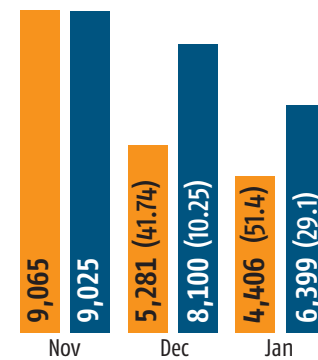


LOW ON CHARGE

EV industry: Sales report
Number of units



Under pressure
Number of units



Figures in brackets are decline (%) over all-time high sales in November

*The numbers do not include data from Telangana and Lakshadweep Source: VAHAN

Sales of largest barred OEMs — Okinawa Scooters and Hero Electric — declined 51 per cent and 29 per cent, respectively.

When asked about the decline in sales, Sohinder Gill, chief executive officer, Hero Electric, told this paper: "An acute shortage of working capital is being faced by the start-ups and micro, small and medium enterprises like us and that is leading to a further loss in volumes."

Arun Kumar, another Okinawa Scooters dealer in Delhi-NCR, who received supplies in the first week of January after a delay of over one month, said buyers had moved to another brands.

"I sold 10 vehicles in January as against 60 in October. Buyers are switching to cheaper brands because Okinawa Scooters has increased the prices of its popular products by 30-40 per cent," Kumar said.

Kumar said he was generating revenues of around ₹50,000 a month as against an expenditure of ₹2.5 lakh. "I am planning to close down operations if Okinawa Scooters does not come up with a solution soon."

Ram Sharma, a Hero Electric dealer in north Rajasthan, said the

company was asking them to sell single-battery scooters because it had a subsidy of ₹24,000 as against ₹45,000 for a double-battery scooter. The company wants to avoid the loss of an additional ₹21,000 on each product, Sharma said.

"It is easy to convince a single-battery scooter buyer to purchase a double-battery scooter by explaining the performance quality. Doing the opposite is almost impossible because there are better options from other brands."

More than 80 per cent of demand is for double-battery scooters because the price difference is just ₹17,000.

Meanwhile, in February sales of both the E2W manufacturers were lower than in January. Until February 25, Okinawa Scooters and Hero Electric had sold 3,294 and 5,014 units, respectively. Okinawa touched its monthly high in October last year, when it sold 14,944 vehicles, and Hero Electric recorded its highest sales in March 2022 with 13,562 units.

The names of the dealers have been changed on request

Low penetration of e-cars? Hybrids may be the answer

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New Delhi, 26 February

EV penetration in both passenger cars and two-wheelers needs a boost if India wants to meet its aggressive green targets. Pure electric cars accounted for nearly 1 per cent (33,000) of 3.3 million car registrations in 2022. If hybrid electric cars sold last year (19,556) are included, the combined share of the two (e-cars and hybrid electric cars) would go up by only 0.5 percentage points in total car sales.

Unlike many countries in Europe and some key markets like Japan and South Korea, India does not have a vibrant hybrid (petrol and electric) car market in its quest to make a direct transition from ICE to electric.

Consider this: The share of battery electric vehicle (BEV) registrations in Europe (10 major countries) stood at 15.4 per cent (1.41 million) of overall passenger car registrations in 2022, according to PWC data. On the other hand, the share of hybrid electric cars stood at 23.9 per cent (2.18 million units). In countries such as the UK, France, Italy, and Spain, the gap was even between hybrid cars and pure electric cars.

A similar scenario prevailed in Japan where BEVs in passenger cars at 31,000 units accounted for a mere 1.4 per cent of total car registrations last year, while HEVs accounted for 49 per cent (over 1 million vehicles) of the pie. Even in South Korea, sales of hybrid cars outdid electric in 2022; the country registered 259,000 hybrid cars compared to 155,000 BEVs.

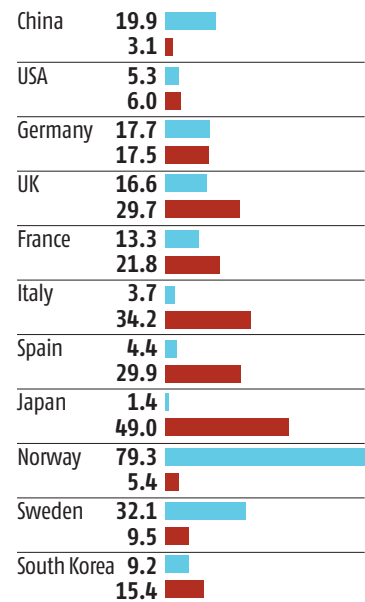
In India, it's the hybrid market that Maruti Suzuki is understandably targeting. Chairman R C Bhargava has repeatedly said alternative technologies (such as hybrid electric and CNG), besides pure electric, should be incentivised, so that consumers have a green alternative to costly electric cars.

He pointed out that hybrids would be an ideal solution for smaller cars costing ₹7 lakh — which is a large market. But the government has a direct transition from ICE vehicles to electric.

That is more like China where the penetration of electric cars hit a high of nearly 20 per cent (5.5 million) of total registration in 2022. Hybrid electric car registrations were only 0.8 million (3.1 per cent). In the US, the race is tighter; in 2022, 725,000 electric cars were registered accounting for 5.3 per cent of overall sales, the share of hybrid cars was bigger at 6 per cent, with

GREEN TRANSITION

■ Battery EV car penetration in overall new registrations (2022)
■ Share of hybrid cars in overall new registrations (2022)



EV registrations denote three categories BEV, PHEV (plug-in hybrid electric vehicles), and hybrid vehicles. Source: Electric Vehicle Sales Review Q4 2022 by Strategy& (part of PwC network)

815,000 units.

In the two-wheeler sweepstakes (scooter and mobikes), electric scooter penetration in India already went beyond 4 per cent, with 0.6 million units sold in 2022. Overall, two-wheeler sales stood at 14.5 million last year. If e-rickshaws are included, the penetration of EVs in the two-wheeler and three-wheeler space goes up to 6-7 per cent.

But the big two-wheeler markets in the world clearly have done much better. Data by IEA and International Council for Clean Transportation shows both China and Vietnam have a higher penetration of electric two-wheelers and three-wheelers; as of 2021, their penetration stood at over 10 per cent in Vietnam and nearly 50 per cent in China.

According to many electric two-wheeler companies, with the inflection point reached, the graph of EV transition would be sharp — the consensus is that e-scooters themselves would hit a penetration of 10 per cent by the end of 2023. And if Ola Electric CEO is to be believed, the segment's sales would be 100 per cent electric by 2025.