

# Electric vehicles on digital drive

**CHARGING AHEAD.** Two-wheeler segment exhibited resilience despite subsidy being slashed

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The electric vehicle (EV) industry started 2023 with a lot of optimism after a successful run in 2022.

The transition from petrol/diesel-powered vehicles to battery-powered vehicles gained momentum in 2023, and the year witnessed remarkable progress in technology, with electric vehicle OEMs coming out with newer models promising improved range and charging speed.

Increased awareness about EVs and government incentives also played their part in driving sales. The electric vehicle market will end 2023 with total sales of 1.5 million-plus units (including all segments) compared with 1.03 million units in 2022.

The electric two-wheeler (E2W) industry may close the calendar year with total sales of 8.5 lakh-plus units, translating to an impressive 35 per cent growth over CY2022 volumes, but missing the target of 1 million units projected by many.

Electric three-wheelers are expected to record significant growth at 5.8 lakh units in 2023 (3.5 lakh units in 2022). The E2W industry may miss the target of 1 million units for 2023 projected by many, but it exhibited remarkable resilience in year amid setbacks due to reduced FAME subsidy.

Electric two-wheelers hit a speed bump in June as the Centre slashed the subsidy amount for E2Ws under the FAME II programme.

Effective June 1, the cap on FAME incentives for E2Ws was scaled back from 40 per cent of the cost of an E2W to 15 per cent of the ex-factory price of an E2W. This pushed up the retail price of E2Ws significantly,



**IMPRESSIVE SHOW.** Electric three-wheelers are expected to record significant growth at 5.8 lakh units in 2023 against 3.5 lakh units in 2022

antly, causing a decline in sales.

#### AFFORDABLE VARIANTS

However, the industry bounced back gradually, with E2W manufacturers managing to optimise their product portfolio by launching more affordable variants with lower battery size for the new subsidy regime.

The year was also a period of recalibration for start-ups in the E2W space as there were learnings for them to focus on a sustainable business, backed by a robust revenue-generating model.

“Despite a competitive landscape with over 150 players, the top 10 OEMs remarkably account for 90 per cent of the total sales in 2023. This concentration highlights the significance of market leadership and brand positioning in determining success in the electric two-wheeler market,” said Suraj Ghosh, an independent automotive market analyst.

Ola Electric Mobility, which is planning to enter the capital

market with an IPO, continues to assert its dominance in the market. Its strategic positioning and product offerings, including the recently launched S1 series, contributed to its strong show even in the post-subsidy reduction months.

TVS Motor, the second-largest E2W player, managed to hold an impressive share with a single product — iQube — emphasising the impact of focussed offerings in the market. Its upcoming premium E2W — TVS — highlights the brand’s focus on innovation in the space and its intent to expand its EV portfolio to boost sales and share. Ather Energy’s efforts to facilitate easy finance options for potential buyers boosted adoption in the E2W segment.

Meanwhile, it is still not clear whether the FAME subsidy will be extended beyond March 2024, though the Parliamentary Standing Committee on Industry has recommended a three-year extension.

In 2023, the Indian electric

passenger vehicle market experienced a surge in the first 11 months and is expected to close CY2023 with more than 80,000 units, reflecting a more than 110 per cent increase over CY2022.

“Despite the higher initial costs, a significant number of buyers are making the eco-conscious choice, driving the growth of the electric PV segment. Higher product availability of EV models on offer, relatively easier financing options, and high petrol costs are the other main drivers behind this growth,” said Ghosh.

The electric bus segment also witnessed healthy traction, driven by subsidy support via the evolving gross cost contract model, which helps significantly alleviate the upfront cost burden of cash-strapped State road transport undertakings. The Centre’s PM e-Bus Sewa scheme, which aims to provide 10,000 e-buses to 169 cities under a public-private partnership (PPP) model, is expected to drive e-bus volumes.

#### BATTERY PRICES

Among other developments, such as the introduction of diverse product options and reduction in cell prices, an important development that 2023 witnessed was the adoption of a collaborative ecosystem approach. “EV-makers, charging service providers, battery companies, and financial institutions forged partnerships to improve overall EV ecosystem. This trend is likely to continue strongly in 2024,” says Varun Goenka, Co-founder and CEO, Chargup, a leading battery-swapping network.

The Indian EV market is expanding dynamically with rejuvenated plans from most of the automakers and wider product offerings to woo buyers.