

India E-Bike Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

Currently, the Indian e-bike market is valued at USD 2.1 million and is expected to reach USD 12.3 million, recording a CAGR of 37.75% during the forecast period.

In recent years, there has been a rise in the demand for e-bikes in India. However, during and after the COVID-19 pandemic, the e-bike industry, like most others, saw a decline due to a total shutdown of manufacturing sites, tight COVID-19 protocols to be followed during production, interruption of the supply chain, and other factors. However, with life slowly returning to normalcy, the market is picking up pace. Due to the pandemic and the risk of contamination through public transport, people are increasingly interested in owning vehicles for daily commutes.

Over the long term, the growing customer demand for electric bikes for recreational and adventurous activities and the use of e-bikes in other sectors, such as logistics and rentals, are likely to propel the electric bike market in India. The country's large population and improving last-mile logistics are projected to boost the e-bike market throughout the forecast period.

In India, the e-bike market is still nascent, with several local firms offering various devices. However, the expensive cost of e-bikes may hinder market expansion. Customers choose scooters/mopeds over e-bikes since the average price of an e-bike in India is the same as a basic scooter.

India E-bike Market Trends

Growing Demand for Eco-friendly Transportation

The demand for e-bikes in Tier 1 cities is fast-growing, with sales in India increasing at a double-digit yearly pace over the previous years. E-bikes are becoming increasingly popular in cities like Delhi, Mumbai, Pune, and Bangalore. Some businesses have established financing and EMI alternatives because e-bikes are more expensive than traditional bicycles.

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The firm Go Zero entered the market during the pandemic. With its website and other e-commerce channels, it focuses more on online shopping and provides no-cost EMI options. Besides being considered a cleaner and greener means of short-distance transportation, e-bikes have many applications in India.

E-bike makers are improving the user interface by creating and developing e-bikes that can interact with the riders' smartphones and deliver real-time information on the speed and battery level. Thus, customers are becoming more interested in e-bikes. The market for electric bikes in India is expected to develop rapidly throughout the forecast period, with an increasing number of companies entering the market and a growing demand for e-bikes in last-mile deliveries.

E-bikes, especially pedelecs, may be the ideal mode of transportation in the future. They are also a great mode of transportation, especially for recreational activities, as they offer the fun of cycling combined with the suitability of an automobile. These bikes allow consumers to navigate rough terrains, which are otherwise difficult to navigate without an electric motor. Such factors are boosting the popularity of e-bikes in India.

The demand for e-bikes in India has increased over the last few years. However, during and post the COVID-19 pandemic, along with most industries, e-bikes also witnessed a decline due to the complete shutdown of manufacturing sites, strict COVID-19 guidelines to be followed while manufacturing, and disruption of supply chains.

Many start-ups have started selling electric bikes in India. Since the demand for e-bikes has increased across the nation over the last few years, manufacturers are planning to expand their facilities to target markets. Leading world manufacturers have also entered the Indian market to capture the growing demand.

For instance, AlphaVector registered a massive 300% increase in revenue, growing from INR 50 crore to INR 200 (USD 24.13 million) crore in 10 months (Apr-Jan 2020). The company announced its plans to work toward INR 300 crore (USD 36.19 million) in revenue. As a part of this strategy, it started its sales online. It is expected to see a 25-30% increase in online customers by the end of March 2021.

Growing demand for eco-friendly transportation, an increase in electric bike sales, and support in government initiatives are expected to drive the Indian e-bike market during the forecast period.

High Initial Cost May Hinder the Market Growth

E-bikes are becoming more expensive than normal motorbikes due to design, wiring, motor or mini engine, and battery power. The cost of an e-bike is majorly dependent on its grade and quality. For instance, the Hero Cycles electric bike's average cost is about INR 26,000. The price can range from about INR 20,000 (USD 241) to INR 1,50,000 (USD 1810) and above.

The high costs of new e-bike batteries and the replacement of the same are also hindering the market's growth, as people prefer spending less money on buying new batteries for e-bikes.

The battery's replacement cost for a premium e-bike varies approximately from INR 12,000 to INR 18,000 (USD 145 to USD 217) or above. The basic or ordinary battery that costs INR 12,000 (USD 147) may only last for up to 3 years, compared to an advanced battery that costs about INR 18,000 (USD 217), which can last for up to 10 years if managed well.

The average maintenance cost per annum of an e-bike is around INR 1,500-INR 2,000 (USD 15-USD 25). However, the major states in India, like Telangana, Tamil Nadu, Rajasthan, and Karnataka, among others, do not provide any incentive.

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To decrease the price of electric bikes in India, Hero Cycles is investing heavily in R&D and localization of critical components. The company plans to localize the entire production, including controllers and the battery, to cut down the electric bicycles' cost and make them much more affordable to the masses. This aspect is crucial as 65% of the demand for electric bicycles is from Tier 2 and Tier 3 cities.

The average price of an electric bike is similar to that of an IC-engine motorcycle or scooter. Hence, customers may prefer an IC-engine motorcycle or scooter rather than an electric bike at the same price point.

India E-bike Market Competitor Analysis

The Indian e-bike market is moderately fragmented, with the presence of a number of start-ups and companies such as Hero Cycles, GoZero, Being Human, and Giant Bicycles Co. Ltd. The market is highly driven by factors like advanced battery technology, lightweight materials, growing investment in R&D projects, etc. To provide a more convenient experience to customers, major global e-bike manufacturers are expanding their market reach in India, and local companies are introducing new models in the market. Many manufacturers are also trying new marketing strategies to attract customers.

February 2022: Hero Cycles Ltd opened a Lectro's experience center. The experience center will meet the needs of customers while also displaying the company's products. Buyers can compare e-cycles based on their functions. It covers commuting, exercise, and adventure, among other things. Customers can explore and test different models of Hero Lectro's e-cycles at the store's test-ride section.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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