

'India losing e-cycle manufacturing to Europe, China'

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NEW DELHI: At a time when the government is focused on sustainability in mobility, the Indian cycle and electric-cycle industry (powered by battery) is losing production and sales to China, Europe, Japan and the US. This is due to the absence of government incentives on manufacturing or at the time of consumer purchase, Hero Cycles, the country's largest cycle maker, has said.

Pankaj Munjal, chairman of HMC (Hero Motors Company), said the company is being forced to part-manufacture at locations outside India due to the absence of a robust supplier eco-system in the country and below-potential sales, especially of e-cycles, which though are selling strongly across global markets.

"Why is the cycle industry in India being kept out of key government schemes such as production-linked incentive (PLI) policy or Fame 2? The government has been talking about the need to promote sustainable mobility and tackling climate change, something which was also enumerated during the COP26 global climate summit," Munjal told TOI.

“For example, people buy e-cycles in large numbers across Europe. In India, demand is below par when you consider the high acquisition cost of over ₹30,000. For the common man, we can achieve a price of around ₹15,000 for e-cycles in case government provides subsidy under Fame 2 scheme. This will be a cycle that caters to real Bharat

—PANKAJ MUNJAL, CHAIRMAN, HERO MOTORS COMPANY



Hero Cycles is the top cycle seller in India, and has also started sales of battery-powered e-cycles (under Hero Lectro brand) over the past few years, though volumes still lag the expected potential. "For example, people buy e-cycles in large numbers across Europe. But in India, demand is below par when you consider the high acquisition cost of over Rs 30,000. For the common man, we can achieve a price of around Rs 15,000 for e-cycles in case the government provides subsidy under Fame 2 scheme. This will be a cycle that caters to the real Bharat."

The battery-powered cycles have a top speed of 25 kmph, with an average range of around 40 km on a single charge. The time to fully charge the battery is around three hours, the cycle can also be pedalled if the battery gets discharged.

While Hero builds its e-cycles in India, it also does production of high-end models in markets such as Slovakia and Germany in Europe due to the presence of a good parts supplier network. "If we do not get benefits here, we will be forced to move out a substantial portion of our e-cycle production out of India to other markets. We are already producing overseas and will grow that number if the current situation continues. In fact, we are even buying from Bangladesh and Sri Lanka as they too have better supply chain and cost structures," Munjal said.

For its requirements, the company manufactures around 4,000 e-cycle units monthly at its factory in Ghaziabad (UP), 3,000 in Ludhiana (Punjab), while making 7,000 units in Slovakia and 1,000 in Berlin.

"The cycle and e-cycle industry gets big support from governments across Europe, US and China," Aditya Munjal, CEO of Hero Lectro, said.