Financing demand for luxury 2-wheeler EVs

Sumeru Shah, Business Head of EV 2-Wheeler, shares his insights on the current scenario of the luxury 2-wheeler finance business:

Ravi Lalwani: What is the size of the luxury EV 2-wheeler finance market in India, and what percentage of it do you own?

Sumeru Shah: India has been a consumption-led economy and the purchasing power of the growing middle class has increased exponentially. With easy financing options now available, consumers are embracing aspirational luxury brands with their purchases. The luxury 2-wheeler market in India was fairly small considering higher costs. However, OEMs have learned to cater to price-sensitive Indian consumers with special variants and models. This strategy is poised to boost growth and expand the market for luxury brands significantly. Ecofy is India's first green-only NBFC, exclusively focuses on financing electric vehicles and has already partnered with many brands.

Which luxury EV 2-wheeler brands are popular among your customers? Which Indian cities have the highest demand?

In the electric 2-wheeler space, Ultraviolette leads as the premium bike brand, while OLA Bikes and TVS X are gearing up to join this premium market segment. Demand for these luxury 2-wheelers is concentrated in cities like Mumbai, Bangalore, Delhi, Hyderabad, Ahmedabad, Pune and Surat.

Sumeru Shah sees maximum business coming from NCR, Bangalore, Surat and Pune

What is the average ticket loan size in India for luxury EV 2-wheeler financing?

The average ticket size for luxury electric 2-wheelers typically ranges between ₹2 lakhs to ₹4.5 lakh, although specific amounts can vary based on the brand.

Which are the top 5 cities in India where your company receives the most demand for luxury 2-wheeler financing?

Cities like Bangalore, NCR, Surat, and Pune represent a significant market for electric 2-wheelers, with high expectations for growth in the luxury brand segment.

As the popularity of electric 2-wheelers grows, has your organization launched any special financial product for them?

Ecofy provides a sustainability-focused EV financing product that goes beyond just purchasing an electric vehicle. Our holistic approach is centered around extending the vehicle's lifespan and ensuring the asset's second life through bundled offerings of warranties and buybacks all of which contribute to promoting sustainability. Unlike our competitors, we exclusively fund electric and not ICE vehicles. Our offerings cover both ends of the spectrum. We provide loans for purchasing electric 2-wheelers and 3-wheelers, making EV ownership more accessible. Moreover, our SME financing solutions assist businesses involved in the EV infrastructure sector, fostering a symbiotic relationship between vehicle financing and SME-level EV infrastructure funding. This synergy has driven significant growth in EV adoption over the past 2 years, with exponential expansion anticipated shortly.

Have you partnered with luxury EV 2-wheeler manufacturers? Please share more information about it.

Ecofy has already joined forces with a few current luxury 2-wheeler manufacturers and is eagerly looking forward to collaborating with future entrants in this segment.

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Industry Insights

- A report by NITI Aayog and Rocky Mountain Institute (RMI) India says that India will need a total of $266 billion (₹19.7 trillion) in EVs, charging infrastructure, and batteries over the next decade to shift towards electric vehicles.
- CRISIL expects premium motorcycles to grow at 12-15% in the current fiscal year due to an increase in new launches and the focus of 2-wheeler makers on 'premiumization.' Some of the popular premium electric 2-wheelers in India are Ather 450X, Bajaj Chetak, and TVS iQube.
- India's electric vehicle (EV) revolution requires innovative forms of vehicle ownership and financing that extend beyond traditional auto loans and cater to the evolving trends in mobility. According to a report by NITI Aayog and RMI India, the market size for EV financing in India is expected to reach $50 billion (₹3.7 trillon) by 2030. This represents approximately 80% of the current size of India's retail vehicle finance industry.
- Banks, NBFCs and fintech startups are now collaborating to offer various financing options that reduce the initial costs associated with purchasing EVs. To facilitate the purchase of electric vehicles, SBI offers a 'Green Car Loan', while HDFC Bank and Axis Bank have also announced plans to enter the EV financing space. Yes Bank has partnered with vehicle manufacturers to provide affordable EMIs for EVs.
- The future of electric vehicle financing in India appears to be promising, thanks to the government's goal of establishing 1 million public charging stations by 2030. This target has encouraged private sector investment in EV charging infrastructure. To make this segment more accessible while it still grapples with higher costs, vehicle leasing, battery subscriptions, and pay-as-you-go models are some examples that may help to boost the industry.