India, with nine million bikes, is the world’s second largest two-wheeler market. The two-wheeler industry sold 7.6 million vehicles in 2005-06 and 8.4 million units in 2006-07, recording a growth of 11 per cent. But, in 2007-08, the sales declined to 7,248,600 units. Motorcycle sales fell by 12 per cent from 6,547,195 units in 2006-07 to 5,768,941 units in 2007-08. But, a revival is evident in 2008-09.

Scooters and motorcycles collectively recorded a gain of 10.75 per cent in the period April-August 2008, selling more than 3.08 million units.

All the major two-wheeler manufacturers are now busy producing a variety of vehicles, ranging from gearless scooters to executive segment and premium segment of motorcycles. Higher disposable incomes and competitive lending rates offered by manufacturers has boosted sales in recent months.

At the same time, ICICI Bank, the largest two-wheeler financier, is closing its two-wheeler business. It is giving up the traditional model—loans through dealers—which accounts for bulk of the business. For various reasons, most financiers have stepped out of the business. Currently, ICICI Bank disburses Rs 1800 million every month. It has decided to re-orient the two-wheeler business through branches rather than at dealership points. The bank has around 1400 branches. Interest rates for two-wheelers currently stand at around 24 per cent.

The reason for the new policy of ICICI Bank is simple: rise in bad loans in the portfolio. It is said that one in four cheques bounced. The ICICI’s new strategy is reworking its business strategy to deal directly with customers and improve interactions with them.

**Hero Honda**

Hero Honda is the world’s biggest two-wheeler manufacturer. The more-than-a-decade-old
Market Survey

100cc Splendor, whose NXG model arrived in June 2007, has been given a facelift. It has angular body lines and loud graphics. Its visual appeal is impressive, with five-spoke alloy, rims and a matt-black paint finish for many body parts, including the engine and alloy grab-handle. The 10.3-litre fuel tank on this bike is ergonomically designed to improve rider feel and is flanked by a simple chrome fuel tank lid. Friction within the motor is minimised by roller bearings present on the rocker arms.

The Aviator deploys attractive instruments, with its speedometer calibrated up to 120 kmph and sitting stacked above its fuel gauge. Both counters use smartly illuminated needle pointers. The Aviator uses perfect grips. Under the Aviator seat is a lockable storage bay.

The Aviator has a broad floorboard, behind which sits exquisite rubberised pillion footrests. And this scooter undoubtedly looks best when viewed from behind. Its running boards blend harmoniously into chic rear panels with an adventurous tail deploying a tasteful light cluster. The four-stroke Aviator enjoys a self-starter button as well as a kick-starter, and uses a force-air-cooled, single-cylinder engine that operates two valves.

Hero Honda Motors Ltd is planning to launch a new motorcycle soon. It had to its credit eight successful product launches in 2006-07—registering an 11.2 per cent increase in sales over 2005-06. It sold, in 2006-07, 3,336,756 units, thereby consolidating its market leadership. Hero Honda’s strategy is to tap new markets in the semi-urban, rural and upcountry areas.

Inspired by Tata’s small car project, Hero Honda is also planning to build a motorcycle that will sell for Rs 12,500-Rs 15,000, and create an all-new class of buyers. At present, the cheapest motorcycle costs Rs 30,000.

Honda Motorcycle and Scooter India (HMSI), the Indian subsidiary of the Japanese superbike making company, will introduce its fifth product in the scooter segment. The HMSI is the country’s fourth largest two-wheeler maker. It has launched a 125cc executive segment bike christened CBF Stunner recently. This launch will intensify competition in the segment. This was Honda’s second of the four launches it had planned for the year 2008-09. Its earlier launch was the gearless scooter called Aviator.

Bajaj Auto

Bajaj Auto is worried about its sales. For instance, in March 2008, it sold 165,525 units (including exports) compared with 183,927 units sold in March 2007.

However, the company’s motorcycle sales during 2006-07 jumped
Market Survey

24 per cent to 2,376,518 units from 1,912,224 units sold in 2005-06.

Bajaj Auto has come up with a newer version of the Discover 135 DTSi. The Discover sells well in its segment and in its newest iteration, it is expected to become more popular. The bike retains the punchy 135cc engine and the same chassis and cycle parts. A conspicuous change is the tank-mounted scoop with integrated traffic indicators. Also, it is sharper-looking than before and looks smart. A digital speedometer with a tachometer and fuel gauge is now the standard.

Bajaj Auto also plans to follow its 125cc executive motorcycle by another new model before March 2009. These two new bikes are based on the company’s XCD 125 model.

**Suzuki**

The Access is the first scooter from Suzuki for the Indian market. It boasts of sleek styling, and is a scooter of mid-size proportions. This new Suzuki has a rounded and simple silhouette, with flush fitting clear indicators set into its front apron on both sides of a prominent and smart Suzuki logo. The Access restricts unlawful access by deterring thieves with a locking system that cuts off key entry via a shutter.

The latest Suzuki uses a near-perfect four-stroke, 124cc automatic transmission-equipped power plant that adopts the acronym XTP, short for X-tra Torque Performance. It is an air-cooled, single-cylinder motor that has long stroke-bore dimensions of 53.5×55.2 mm². However, the design is conservative and does not grab any attention at all.

**Yamaha**

Yamaha Motor India is witnessing a demand rise for its new models in the premium segment. The R-15 model, priced close to Rs 1.12 lakh, has become very popular. It was launched in June 2008, and by September that year, 15,000 units were sold, accounting for 20 per cent market share in the premium segment.

Yamaha, the Japanese giant, has launched its R15 model amidst a lot of expectations. It is said to be India’s fastest bike. It can accelerate from 0 to 100 kmph in just about six seconds, which is mind-boggling. The bike can be termed as India’s first true-blue sports biking machine. It strikes a fine balance between the crucial aspects of

**Electric Scooters**

TVS Motor Company launched its first electric scooter, Scooty Teenz Electric, on April 2, 2008. It is run on a valve-regulated lead-acid (VRLA) battery. The vehicle is powered by a 800W motor and can carry up to 130 kg of load. It can deliver an average range of 40 km per nine hours of battery charge, within the maximum speed of 40 kmph. It is highly convenient to teenage girls who use vehicles to travel short distances ranging between 15 and 25 km per day.

Apart from puncture-resistant tyres and extra storage space, the two-wheeler is equipped with a mobile charger. Additional features include range selector and low charge indicator. The average cost per km will work out to 80 paise. The life span of a battery is 8000 to 10,000 km or about 18 months.

Hero Electric Scooter model Optima, which is priced at Rs 28,000 (ex-showroom), will now cost Rs 22,000, while the Maxi model, priced at Rs 27,000 (ex-showroom), will cost Rs 20,000. Ultra Motors’ Velociti model, priced at Rs 34,000 (ex-showroom), will now cost about Rs 26,000—a discount of around Rs 8000. In 2007-08, about one lakh electric scooters were sold in the country.

An ex-LML employee, Awadhesh Kumar, after years of hard work and patience, has launched an array of two-wheelers all run on electricity. Three scooter models, Gold, Bless and Pearl, and one motorbike, Puma, were launched from Lucknow on February 11, 2008. The German company, GB-Leisger, agreed to collaborate with Mishra to manufacture electric two-wheelers in India. His two plants at Dehradun and Patna would be able to produce 7500 units per month. All the vehicles are fitted with 250W-500W motors.

Electric scooter sales in India may double, thanks to the rising petrol prices and environmental concerns. By March end, 2008, the sales may go up to 240,000 units compared with 110,000 a year earlier. The cost of running a electric scooter is 10 paise a kilometre (a low-speed electric scooter with 250W capacity).
TVS Motors

TVS Motors will launch a scooter soon and also looks to strengthen its presence in the premium motorcycle segment through the launch of 180cc Apache bike. During 2008-09, it wants to launch four new two-wheelers. The new launches will be a combination of all the new bikes and scooters. It will also launch Scooty models.

The company has launched an advanced variant of Apache fitted with indigenously developed fuel injection. The 160cc bike Apache RTR FI is priced at Rs 64,990 (ex-showroom Delhi). During the period April to June 2008, the company sold 3.07 lakh units.

TVS has also launched a new scooty called Teena EV (EV stands for ‘electric vehicle’). It pushes itself and the rider forward with its 800W hub-mounted motor rated at 500 rpm and powered by four 12V/20Ah batteries situated under the seat. Though this engine puts out 3.4 kgm of torque, it does not result in as much pulling power as one would expect. A switch that changes the battery range between high, medium and low is located where one would find the starter on a more conventional motorcycle.

Innovations matter

Sea changes are taking place in the two-wheeler segment. Competition from foreign companies is also growing. For instance, Japanese bike manufacturers like Yamaha, Honda, Suzuki and Kawasaki will launch scaled-down Indian versions of their international superbike models with 800cc engines and cost upwards of Rs 10 lakh in India. They plan to offer re-engineered versions with much smaller engines and fewer trimmings at prices ranging from Rs 50,000 to Rs one lakh. The change is in favour of the fuel-efficient engine.

Automatic geared scooters are selling in large numbers amongst the women buyers. Major manufacturers are ready to launch power-packed scooters with muscle looks to attract the male class as well. For instance, Bajaj Blade (150cc) is going to hit the roads shortly. Chennai-based TVS Motors is working on a gearless scooter having much more power than its current offering in the scooter segment—Scooty.

Bologna, Italy-based Ducati, is busy launching five superbikes in India. The bikes will be imported into India as completely built units. India imposes 60 per cent as import duties on fully built bikes imported into India. Superbikes are motorcycles with engines of more than 800 cc.