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Scooter sales outpace motorcycles as GST cuts, EV boom reshape 2W market

Scooter sales outpaced motorcycles in Q1FY27 as EV adoption, lower GST, affordability and changing commuting preferences boosted demand across the segment.

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For decades, motorcycles have been the default choice for Indian two-wheeler (2W) buyers — rugged, fuel-efficient and inexpensive to maintain, particularly in rural and valueconscious markets. That preference, however, appears to be loosening its grip. Data released by the Society of Indian Automobile Manufacturers (Siam) showed domestic scooter sales rising 30.8 per cent year-on-year (Y-o-Y) in the first quarter of financial year

2026-27 (Q1FY27), from 1.665 million units to 2.179 million units. Motorcycles, still the larger segment by volume, grew at a comparatively modest 14 per cent, from 2.903 million units to 3.309 million units.

Siam attributed the divergence partly to last year's goods and services tax (GST) rate cut. "The growth in the scooter segment was higher compared to motorcycles in two-wheelers in Q1FY27, and the segment continued with the momentum created due to reduced GST," it said.

EVs drive demand:

Electric scooters (escooters) are amplifying the shift. Domestic sales in the above-250-watt scooter category — which includes models from Ather Energy, Bajaj Auto's Chetak, Hero MotoCorp's Vida, and TVS Motor's iQube — nearly doubled from 207,000 units to 393,000 units. Exports from the category rose nearly 12-fold. Kumar Rakesh, associate director at BNP Paribas, who tracks the automotive and technology sectors, said EVs contributed significantly to the overall growth in scooter sales during the quarter.

"Excluding EVs, the rest of the scooter segment grew 22 per cent Y-o-Y," he said, adding that the emerging "sports scooter" sub-segment was also outperforming the broader category. After excluding both EVs and sports scooters, growth in the remaining scooter portfolio falls to the mid-teens — only marginally higher than motorcycle growth, Rakesh said. Motorcycles continue to be weighed down by weak demand in the entry-level segment.

An analysis of Siam data broadly supports that assessment. Excluding electric models, sales of internal combustion engine (ICE) scooters rose from about 1.457 million units to 1.783 million units, an increase of around 22.4 per cent.

Convenience and affordability aid shift:

Beyond pricing and electrification, industry observers point to changing buyer preferences. Anurag Singh, managing director (MD) at Primus Partners, said scooters were gaining popularity "because they are affordable, easy to ride, offer more storage space, and are convenient for daily commuting, especially for women".

These practical advantages, he said, were helping scooter sales grow faster than that of motorcycles, even as the latter continued to dominate the two-wheeler market in volume terms.

Record quarter for auto industry:

The scooter-motorcycle divergence came against the backdrop of a record quarter for the broader Indian automobile industry.

Passenger vehicles (PVs), commercial vehicles (CVs), and three-wheelers (3Ws) posted their highest ever first-quarter domestic sales, while all vehicle segments recorded their highest ever quarterly exports.

“Passenger vehicles, commercial vehicles, and three-wheelers posted their highest ever firstquarter sales, while all vehicle segments, including two-wheelers, recorded their highest ever exports during the quarter,” said Shailesh Chandra, president of Siam.

He attributed the performance to resilient domestic demand, lower GST rates, softer financing costs, and the introduction of new models.

Overall domestic two-wheeler sales stood at 5.63 million units during the quarter, up 20.3 per cent Y-o-Y. Exports reached a record 1.55 million units, increasing 36.6 per cent, led largely by demand from Latin America.

The sustainability of scooters’ growth advantage, however, will be tested in the coming quarters as the favourable base created by last year’s GST reduction fades and EV adoption enters a more mature phase.

The shift also marks a reversal of a long-term trend in the Indian two-wheeler market. During the 1980s, scooters dominated domestic sales, but motorcycles steadily gained ground after the entry of the four Japanese joint ventures in the mid-1980s.

As consumers gravitated towards more fuel-efficient and technologically advanced motorcycles, the segment's share of the market eventually crossed 70 per cent. Industry executives say scooters are now gradually regaining some of that lost share, helped by electrification, changing urban mobility needs and improving product offerings.

Charging up:

- Siam data showed domestic scooter sales rising 30.8% Y-o-Y in the Q1FY27 from 1.7 million units to 2.2 million units
- Motorcycles, still the larger segment by volume, grew at a comparatively modest 14%
- Siam attributed the divergence partly to last year’s GST rate cut
- Escooters are amplifying the shift