

Quote Anurag Singh, Advisor, Primus Partners

Published in LiveMint  
August 01, 2025 | 08:25 AM IST

## Two-wheeler EV sales skid for first time in FY26 in July, legacy cos retain lead

*Electric two-wheeler sales dipped a little over 4% to 102,871 units in July, compared with 107,654 units in the same month last fiscal, after monthly sales in the first quarter of FY26 rose about 31% year-on-year.*

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### Article Content:

New Delhi: Monthly sales of electric two-wheelers in India slid for the first time this financial year in July, after recording considerable year-on-year increases in the previous three months, data from the Union government's Vahan registry portal showed.

Legacy manufacturers TVS Motor Co Ltd and Bajaj Auto Ltd, however, kept the top two spots, followed by Ola Electric Mobility Ltd in the third place in July.

Bengaluru-based electric vehicle maker startup Ather Energy Ltd saw a significant jump in its market share in July compared with the same month of the previous fiscal year.

Electric two-wheeler sales dipped a little over 4% to 102,871 units in July, compared with 107,654 units in the same month last fiscal, after monthly sales in the first quarter of FY26 rose about 31% year-on-year.

TVS Motor sold over 22,000 units in July, followed by Bajaj Auto with 19,650 units and Ola Electric with about 17,848 units. Hot on Ola's heels was peer pure-play electric vehicle (EV) maker Ather, selling 16,231 units in the month.

Ather's sales made up about 15.77% of the total electric two-wheeler pie in July, significantly higher than 9.49% in the same month last year.

"July sales for 2W ev have dropped significantly, from 107k in July 2024 & 105k in June 2025 to 101k levels in July 2025. The biggest drop is from Ola, where they are having a crisis of customer confidence. Both supply and demand-side factors are contributing to decline - supply is constrained due to rare earth magnet shortage and demand due to lower interest and limited subsidies," said Anurag Singh, advisor, Primus Partners.

The industry is currently dealing with a shortage of rare earth magnets imported from China due to an export control instituted by the Chinese commerce ministry. The rare earth magnet issue has threatened production of electric vehicles as it is a key component in motors used to run the vehicles. With China imposing restrictions on exports and Indian players failing to get any shipments, Bajaj has threatened a "zero-Chetak" month in August.

Meanwhile, Ola Electric will soon start rolling out rare earth free motors in its vehicles which can help it achieve production without any disruption. While TVS has not given an exact commentary on the situation, the management mentioned during their Q1 FY26 earnings call that the company is "managing day to day production".

Ola Electric, which was market leader in the 2-wheeler EV space in FY25, has been struggling to hold its ground as legacy players surge. Ola Electric chairman and managing director Bhavish Aggarwal recently told investors that the company will focus on a profitable approach rather than aggressively pursuing leadership, at a time when TVS has taken its crown.

The company has also struggled with registration issues this year, which led to a backlog of vehicles in February to April but has now been cleared. As per its guidance, the company needs to sell 25,000 vehicles per month to break even at an operating profit level.

Meanwhile, Ather's Tarun Mehta told Mint earlier that the industry can use light rare earths in motors that have relatively diversified supply chain and whose exports have not been restricted by China.

Electric two-wheeler buyers get demand-side incentives under the PM E-drive scheme, which allows a maximum subsidy of ₹5,000 per vehicle till FY26. Under the scheme set to run for two fiscals – FY25 and FY26 – the initial subsidy available for consumers was ₹10,000 per two-wheeler. The scheme, however, followed the principle of tapering of subsidies and reduced the amount to ₹5,000 in FY26, according to scheme guidelines.

Under this scheme, manufacturers have to sell electric vehicles at a discount to consumers and later claim reimbursements from the government for the difference.

Additionally, the production-linked incentive scheme for automobiles and auto parts provides incentives to original equipment manufacturers for sales of electric vehicles. But the scheme has seen a tepid response from the industry in its first year of disbursement. In FY25, the government doled out ₹322 crore to four automakers – one of which was Ola Electric. This amount is expected to rise to ₹2,000 crore in FY26, Union heavy industries minister HD Kumaraswamy told Mint in an interview in June.