

## Production Linked Incentive (PLI) Scheme –

*Manufacturers  
of Components  
of New Age  
Bicycles*

## An Overview - Bicycle Industry in India

- India produces about 15 million bicycles annually and has a low 10% bicycle penetration compared to neighbouring China or Indonesia, where it is 25-30%.
- The bicycle market in India is expected to register a CAGR of more than 17% in terms of value during the forecasted period of 2022-23 to 2027-28.
- In FY 22, India was the second largest producer of bicycles globally and the export value of bicycles and related components from India reached over \$ 461 Mn.
- The Indian bicycle industry is largely located in the mega cluster of Ludhiana (in Punjab), comprising 4000 MSMEs and employing a workforce of 10 lakh in the entire value chain, including sales and repair shops, and producing more than 2 crore bicycles per annum.
- Revenue in the Bicycles market is projected to reach US\$4.16bn in 2023. Revenue is expected to show an annual growth rate (CAGR 2023-2027) of 10.40%, resulting in a projected market volume of US\$6.18bn by 2027.
- From an international perspective it is shown that the most revenue will be generated in China (US\$12,640m in 2023).

### Industry wide critical needs:

- ❑ Availability of correct grades of appropriate raw materials with a focus on aluminium.
- ❑ Marketing and sales channels for international markets.
- ❑ Expert handholding for modern manufacturing processes.
- ❑ Technology sharing mechanisms for adoption of superior raw materials (aluminium, plastic, etc.) and production of high-specialty components.
- ❑ Design competence (aesthetic design; industrial design & componentry; supporting tooling/ machining).
- ❑ Robust testing and certification - testing for various international standards, raw material testing, environmental/chemical testing, component-specific tests and benchmarking of high-quality components for development of quality-based tests.
- ❑ Technology development for new products (such as e-bikes, load bearing hybrid roadsters, carbon fibre/ titanium/ bamboo bicycles).
- ❑ Market research for industry trends, demand analysis & market scoping, futuristic trend projections, reporting/ exploration of emerging technologies and related developments.
- ❑ Active advocacy mechanisms for key infrastructure/ policy-driven issues (import duties, freight charges, promotion of indigenous production, cycling infrastructure, promotion of cycling, etc.)

# PLI Scheme - Manufacturers of Components of New Age Bicycles in India

## Financial Outlay – Rs. 3597 crore

Financial year	Proposed Outlay (Rs. In crore)
2023-24	2.4
2024-25	2.4
2025-26	152.7
2026-27	557.5
2027-28	917.9
2028-29	934.9
2029-30	637.6
2030-31	389.9
2031-32	1.2
<b>Total</b>	<b>3597</b>

**Incentive Rate** – 10% to 3% on minimum qualifying yearly sales (net of taxes) over the base year of goods manufactured in India.

**Targeted Bicycles** – Aluminium alloy and Carbon fibre

**Proposed No. of components to be Incentivized** - 28

## Investment categories:

Investment Category	(Rs. In crore)
Category – 1	300
Category – 2	100
Category – 3	50
Category – 4	10

## Bicycle Industry Associations

The bicycle industry is supported by two industry associations:

The All India Cycle Manufacturers' Association (AICMA) and the United Cycle and Parts Manufacturers (UCPMA). Both the associations provide institutional/advocacy support to bicycles and bicycle parts manufacturers, and their interventions and support are inherently less 'technical' in nature.

### The All India Cycle Manufacturers' Association (AICMA)

- It represents large-scale Indian bicycle manufacturers, contributing to 85% of the bicycle production in the country.
- The aims and objectives of the association include:
  - a) protecting the interests of the member companies
  - b) promoting cycling in India
  - c) coordinating the overall growth and development of the Indian bicycle industry
  - d) acting as a think tank for spearheading innovation, transformation and a global outlook for the Indian bicycle industry, and
  - e) supporting the building-up of a bicycle-friendly ecosystem in India.

### The United Cycle and Parts Manufacturers Association (UCPMA)

- It is among the largest associations worldwide in terms of the number of members (more than 2250 MSME members). Similar to the AICMA, the primary objective of the association is to bring about sustained growth of the Indian bicycle industry, with enhanced focus on the needs of component manufacturers.
- The association works to safeguard the common interests of the industry members, to communicate with the government regarding the main challenges and requirements, and also facilitate the participation of the Indian bicycle industry in international trade fairs for increased exposure.
- The activities of the association are largely advocacy and policy focused.

# Industry Opportunities

Opportunities can arise as a result of a variety of reasons, including rising consumer income, economic growth, political issues, and government policy changes, new technology, and customer views.

**Expanding Market Size and Changing Consumer Preferences** – The market has risen at a rapid pace during the previous decade and a half. Consumer preferences, views and tastes have evolved because of the entry of new clients.

**Increase in Consumer Disposable Income** – Bicycle can take advantage of rising disposable income to create a new business model in which customers pay progressively for their use of the company's products.

**Artificial Intelligence Advancements** - Bicycle can leverage artificial intelligence (AI) advancements to better predict consumer demand, cater to niche segments, and improve recommendation engines.

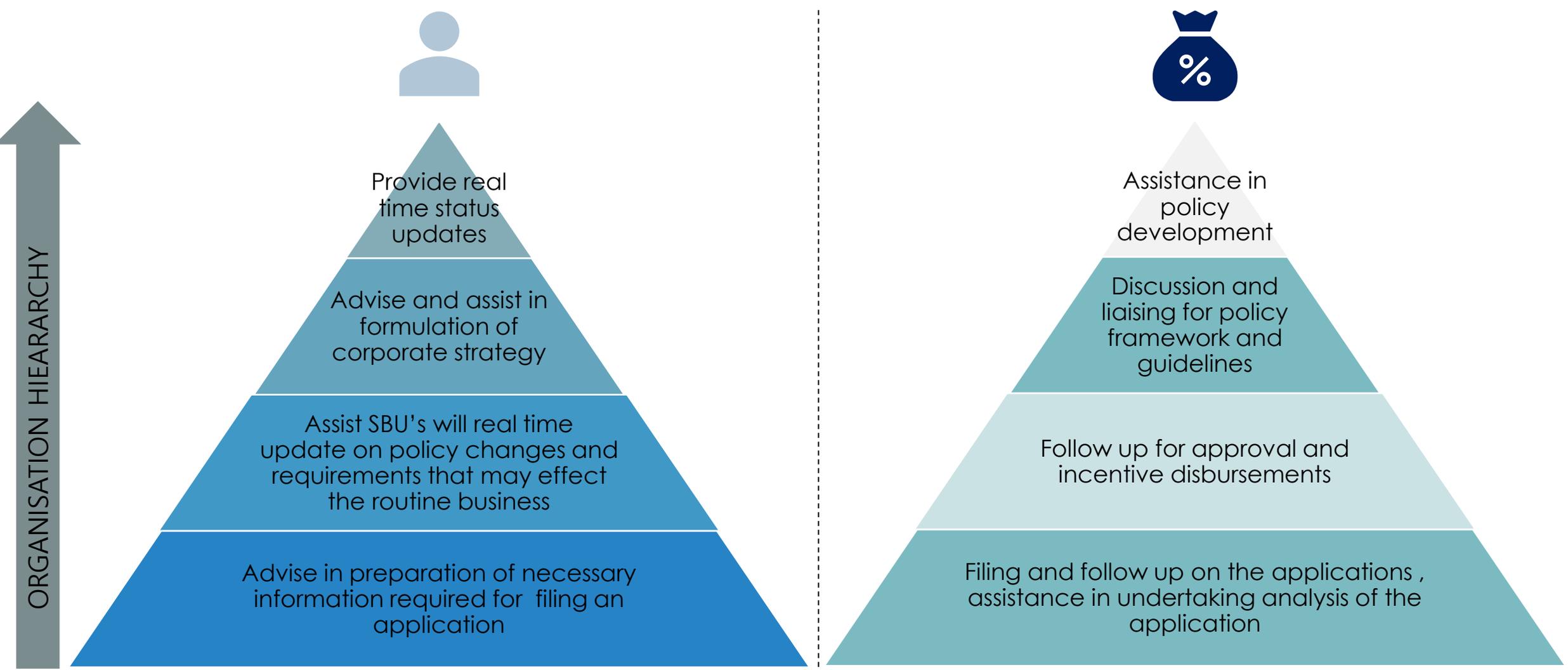
**Changing Technology Landscape** - Machine learning and Artificial Intelligence may be used to improve efficiencies, cut costs, and revolutionize processes.

**Import Substitution** – Currently India imports high end bicycles, same can be substituted with domestically manufactured bicycles which serves the need of those requirements.

Top bicycle manufacturers in India:

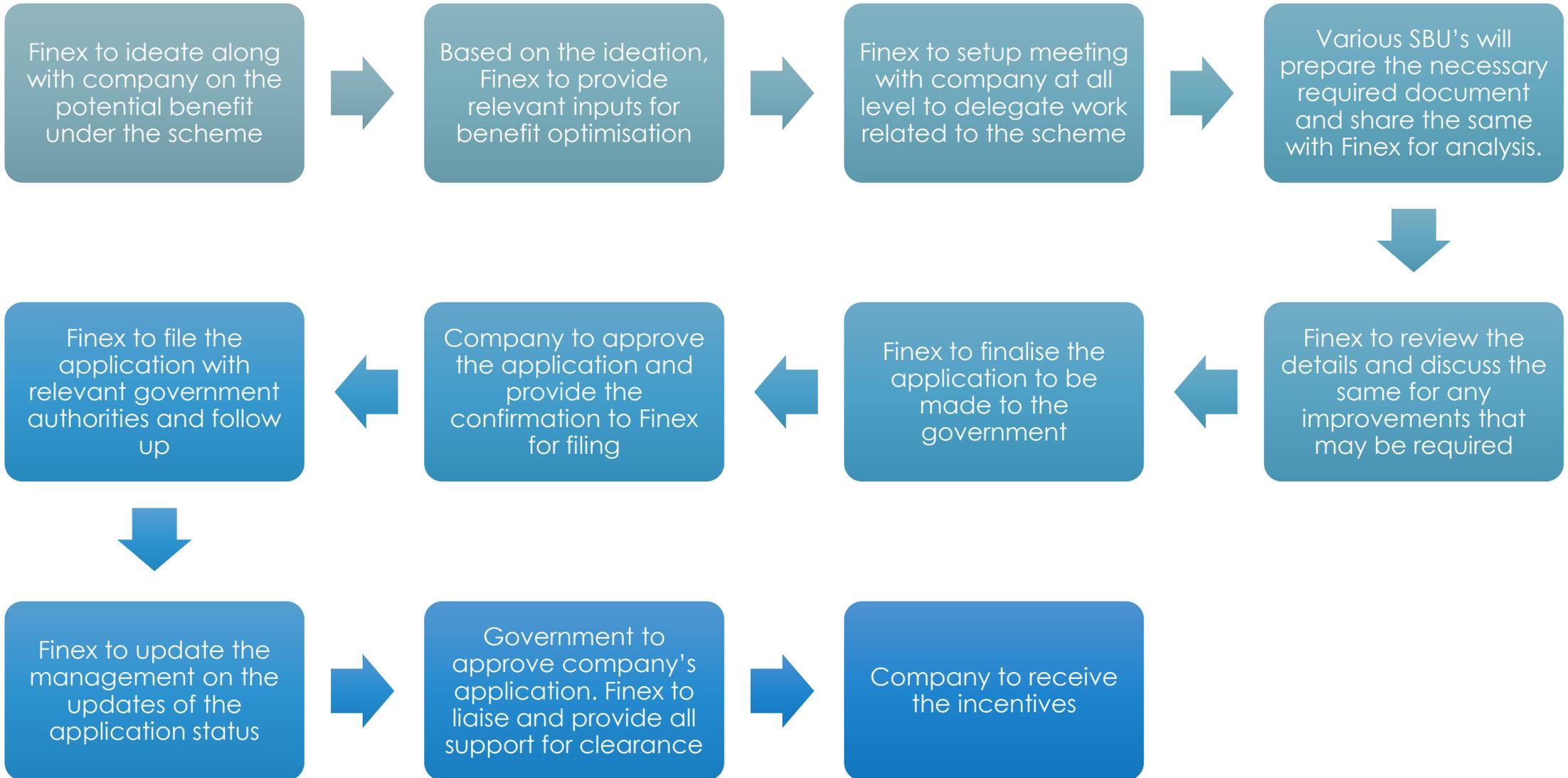
1. Hero Cycles
2. IT Hercules Cycles
3. Avon Cycles
4. Atlas Bicycles
5. Ninety One (AlphaVector Cycles)
6. Rockstar Cycles
7. Mojospin Cycles
8. Firefox Cycles
9. Roadmaster Cycles
10. Leader Bicycles

# Government Incentives – Our role across Value Chain

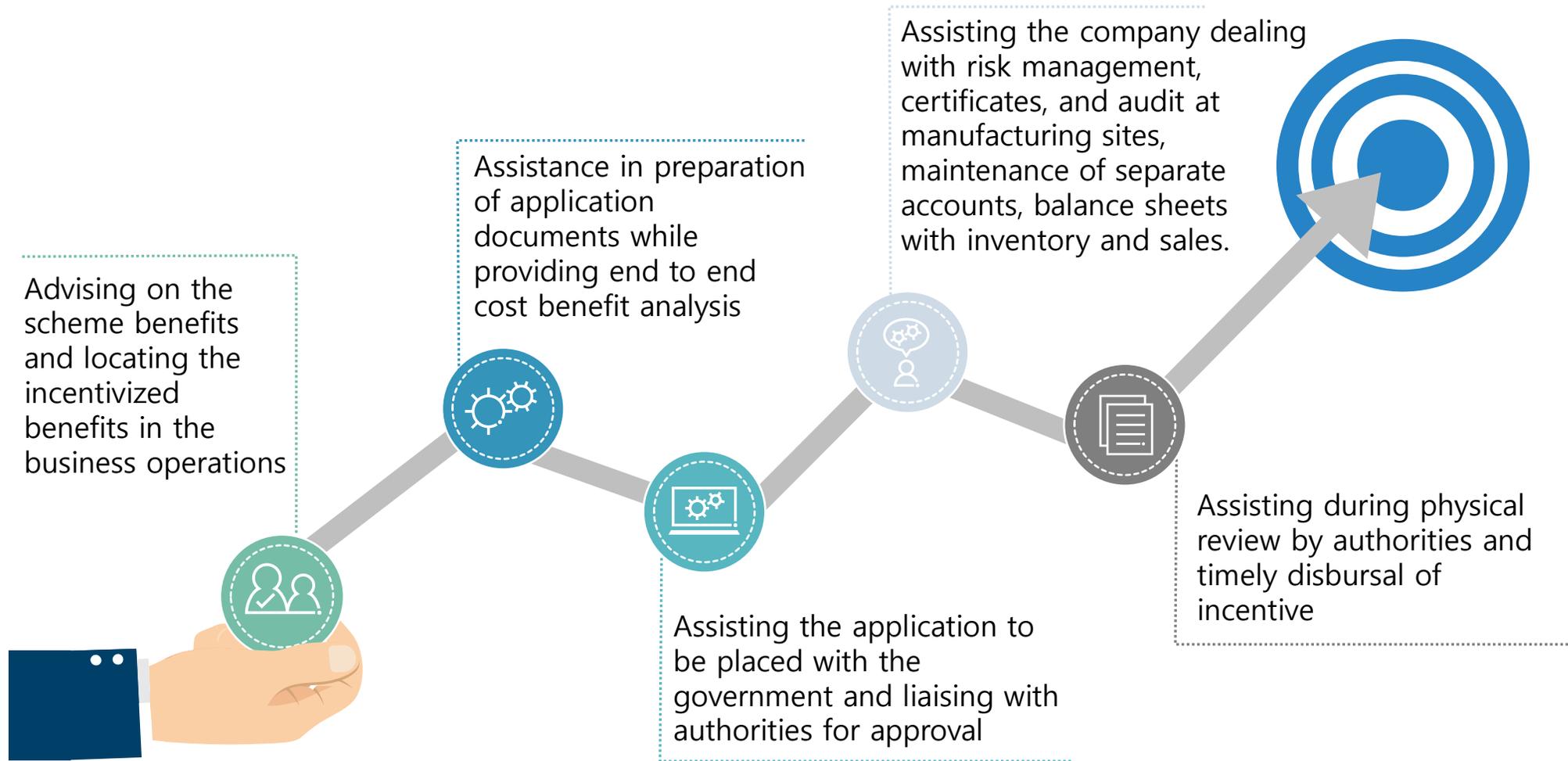


*Important Note - Working at all levels helps us guide the business to streamline the application process and optimise the incentives.*

## Government Incentives – Process



# Finex Focused Service Offerings



## Why Choose Us?

**75+** Satisfied clients    **4+** Locations & growing    **125K+** Hours consulted

Finex cares about the success of clients, preserve the integrity of our industry, committed to prosperous integration and create a new benchmark of quality.

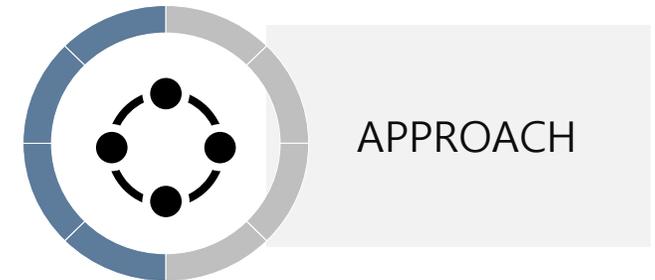
Ability to scale as your business needs evolve.

Strong track record of delivering value and exceptional service.

We have experience in relevant industry.

Commitment to investment in our professional relationship.

Our team will deliver a quality service and provide the experience to address your needs.



**OUR ADVANTAGE**



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