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# INNOVATION KEEPS BICYCLES GOING

Innovation has played a key role in keeping the bicycle industry alive. Today, one can pick and choose from an entire range of bicycles beginning from children bikes to all-terrain mountain bikes, city urban bikes, sports/race bikes, utility bikes and roadsters.

**T**he bicycle, once a poor man's vehicle, has now acquired a sporty, recreational tag. It has become very popular amongst the urban youth. But the rural demand for bicycles is not picking up. This can be attributed to better public transport and easy availability of two-wheelers at low monthly installments.

## Growing popularity

The conventional set of wheels that ruled the roads for ages has been replaced with futuristic and trendy models having sleek features. India is the second largest producer of bicycles in the world, next only to China.

An ecologically sound means of transport, the bicycle does not contribute to the greenhouse effect. It is the only ecologically sound means of transport ever invented. Yet, because of this simplicity, it gets ignored.

While choosing a bike, the buyer has to keep a few things in mind. One has to select a frame height that ensures comfortable ride. Frame length is also important. One should be able to reach the handlebars easily. Of course, the bicycle seat is ad-



justable. Regarding safety features, the pedal should have an anti-slip grip. There should be standard reflectors at the front, rear and the spoke of the bike for making the bike more visible at night. It is better to take a test ride.

The industry is concentrated in Ludhiana (Punjab), which accounts for 80 per cent of the bicycles and parts, Kanpur (Uttar Pradesh), Mumbai (Maharashtra), Sonapat (Haryana), Chennai (Tamil Nadu)

and Kolkata (West Bengal).

Even in rich countries, high fuel prices are compelling people to go for bicycles. About 18 million bicycles have been sold annually in the US over the past few years, accounting for about \$6 billion in annual sales.

## Steady progress

The industry recorded a turnover of Rs 29 billion in 2002-03 from sales of around 12.5 million units with the

Table I  
Production of Bicycles in India

Year	Production (thousands)
1950-51	99.0
1960-61	1,063.0
1970-71	2,042.0
1980-81	4,189.0
1990-91	7,084.0
1999-2000	13,734.0
2000-01	14,975.0
2003-04	12,341.0
2004-05	8,030.0
2005-06	8,267.8
2006-07	10,598.8
2007-08	11,397.4
2008-09	11,123.4

Source: Economic Survey 2009-10, p. A-32

East accounting for over 35 per cent of the sales.

India manufactures around 12 million bicycles annually. Ludhiana manufactures more than 6.5 per cent of the total bicycles.

Hero has a production capacity of about 5.5 million bicycles per annum and manufactures 35 to 40 per cent of the country's production. In 2007-08, it sold 1.6 million fancy bicycles.

There is a change in demand pattern. Earlier, villagers preferred standard cycles, but now even they demand fancy cycles. The fancy segment is growing by 12-15 per cent per year.

The future of the bicycle industry is bright. However, for survival, the companies have to successfully restructure and modernise to achieve global competitiveness in terms of quality, cost and distribution system. The industry needs latest research and development facilities.

Some companies have launched battery-operated electric bikes called 'e-bikes.' These are eco-friendly, pollution-free as they save petrol and protect environment. The two-wheeler does not require any licence, registration, insurance and maintenance. It is easy to operate. There is no difficulty in recharging the battery.

Innovation has played a key role in keeping the industry alive. Today, one can pick and choose from an entire range of bicycles beginning from children bikes to all-terrain mountain bikes, city urban bikes, sports/race bikes, utility bikes and roadsters.

With bicycles becoming more technically advanced and costly, the industry is also planning to introduce financing options for bicycle buyers.

A major problem facing bicycle manufacturers, however, is the rising steel prices. Also, the industry is facing stiff competition from countries like China.

Domestic demand for bicycles is falling in many countries. This has happened even in China. China is therefore bank-



ing on exports. Every year China produces around 75 million units. In 2005, it had 450 million bicycles. More than two-thirds of production is meant for exports, mainly to South America, the Middle East, Europe and the United States. More than nine in ten bikes bought by Americans are made in China. However, the Chinese industry is facing rough weather, particularly on the export front.

### Bicycle exports

India's exports of bicycles and bicycle parts and components were worth Rs 8602.5 million in 2003-04. This fell to Rs 7984.8 million in 2004-05 and to Rs 7772.0 million in 2005-06, but increased to Rs 8265 million in 2006-07. For tapping the export potential, the industry needs to pay special attention to R&D, design and marketing.

For boosting the domestic demand, there is a need for special focus on the youth to change their mindset by sensitising them to the concept of cycling. The best way to achieve this is to customise the product to the customer's expectations apart from paying attention to the comfort factor.

Table II  
India's Exports of Bicycles and Bicycle Parts and Components

Item	(Rs million)			
	2003-04	2004-05	2005-06	2006-07
Bicycles	2,013.6	1,683.3	1,116.8	1,336.9
Bicycle parts and components	6,588.9	6,301.5	6,655.2	6,928.1
<b>Total</b>	<b>8,602.5</b>	<b>7,984.8</b>	<b>7,772.0</b>	<b>8,265.0</b>

The author is a regular contributor to FFY