

## **Travails of The Cycle Industry in India in The Last 50 Years: A Case Study of “Hero Cycles”, “Sona Cycles” and “TI Cycles”**

Vihaan Gupta

The International School Bangalore

DOI: 10.46609/IJSSER.2024.v09i05.017 URL: <https://doi.org/10.46609/IJSSER.2024.v09i05.017>

Received: 30 April 2024 / Accepted: 15 May 2024 / Published: 31 May 2024

### **ABSTRACT**

*The cycle industry in India since independence has faced a number of issues, both good and bad. The recent adversities with respect to Chinese imports and decreasing demands have led most of the profitable companies to look for alternatives products under the same domain. This diversification will help in the firms' in maintaining their profit margins.*

**Keywords:** Chinese Imports, independence, sustainable goals, “cycle man of India”, sustainability, urbanisation, juvenile, competition, customer centric, engineering satisfaction, “Hero Cycle Valley”, export potential, market share, cost-conscious, differentiate, effective value chain, collaboration, customer satisfaction, fitness, adventure treks.

**Research Question:** An attempt would be made to understand the growth of the cycle industry in the Ludhiana. What made Ludhiana a ‘cycle industry hub’? Which are the prominent industries that came up? What were the reasons? Has the industry encountered problems in its growth process? How have they overcome it? What are the linkage impact that this industry has had on the Indian economy? These and other such questions would be attempted to be answered in the course of research paper.

### **1. Introduction**

Major manufacturing activities for bicycles as well as their components started only after independence, since until then all the parts were being imported. This industry, within a period of a decade, became self-sufficient and required no imports.

The 19<sup>th</sup> century was a century of innovations throughout the world. People in India started to leave their villages and move towards the cities, searching for jobs and better living conditions. Commodities like cameras, electric batteries, telephones, and sewing machines were all

introduced during this century. The increased requirement for faster modes of transport led to the invention of the bicycle.

It was invented by Baron Karl von Drais in the early 19<sup>th</sup> century. The first bicycle had a wooden frame, and the rider pushed the vehicle with his feet. In 1860, Pierre Mishaux and Pierre Lallement added a mechanical crank drive and peddles to the front wheel.

**Figure 1: Picture of the first bicycle**



Source: <https://www.bricsys.com/blog/the-first-bicycles>

The bicycle in India can be attributed to colonial history. The British used to ride it for leisurely purposes, and initially it was a symbol of the elite and the upper middle class. As its popularity grew, so did the production, and eventually the bicycle found its way into many households.

In recent years, as other public modes of transport increased, cycling disappeared from the public eye, but it is still an integral part of India.

A large number of paratroopers in the Second World War used bicycles built by Birmingham Small Arms (BSA), which could be folded in half and carried in the soldiers backpacks. They were used by them when they were airdropped into enemy territory.

As the use of the bicycle trickled down to the lower and middle classes, different cycle brands emerged for different sections of society. The labour class primarily rode Hercules bicycles, while the elite favoured Raleigh.

**Figure 2.a: Raleigh bicycle**



Source: <https://www.alamy.com/stock-photo-advertisement-advertising-raleigh-bicycles-original-old-vintage-advert-110324005.html>

**Figure 2.b:Hercules bicycle**



Source: <https://amzn.eu/d/3wxoLBD>

## **2. Background of the Cycle Industry in Ludhiana**

The origin of Ludhiana's bicycle industry dates back to before partition India and has its roots in Kamalia, in the then area of Lyallpur (now in Pakistan). Brij Mohan Lal Munjal and his three brothers, Dayanand Munjal, Satyanand Munjal, and Omprakash Munjal, arrived in Punjab post office empty-handed. Hero Cycles was established in 1956 in Ludhiana to manufacture bicycle

components. This industry, which is more than 60 years old, has experienced a number of changes in structure, organisation, and growth. The changes started occurring in the mid-70's. Hero Cycles started with a modest 639 bicycles per year and currently makes 19,000 cycles per day with a sales volume of over 5 million units per year (financial year FY2020).

In the beginning, business was slow and was further affected by politics, which is when the Munjal brothers decided to shift base to Ludhiana. In 1956, they acquired a licence from the Punjab government to set up a cycle factory named Hero Cycles with a bank loan of about Rs. 50,000. Four brothers started the company, and by the turn of the 21st century, there were 21 family members in the business.

Brij Mohan Munjal earned the title "Cycle Man of India" as he was responsible for ensuring that Ludhiana got the unique identity of being the city of cycles and also ensured that India entered the international club as a leading cycle manufacturer. A large number of other manufacturers claimed that "Ludhiana is synonymous with Hero Cycles, which eventually entered the Guinness Book in 1986 for being the world's largest cycle manufacturer."

The turning point for this company came with its collaboration with the Japanese automobile conglomerate- Honda.

**Figure 3:Hero Cycle in 1956**



Source: [https://en.wikipedia.org/wiki/Hero\\_Cycles](https://en.wikipedia.org/wiki/Hero_Cycles)

**Figure 4: Munjal Brothers- From left to right  
Satyanand, Brij Mohan, Omprakash, Dayanand Munjal**



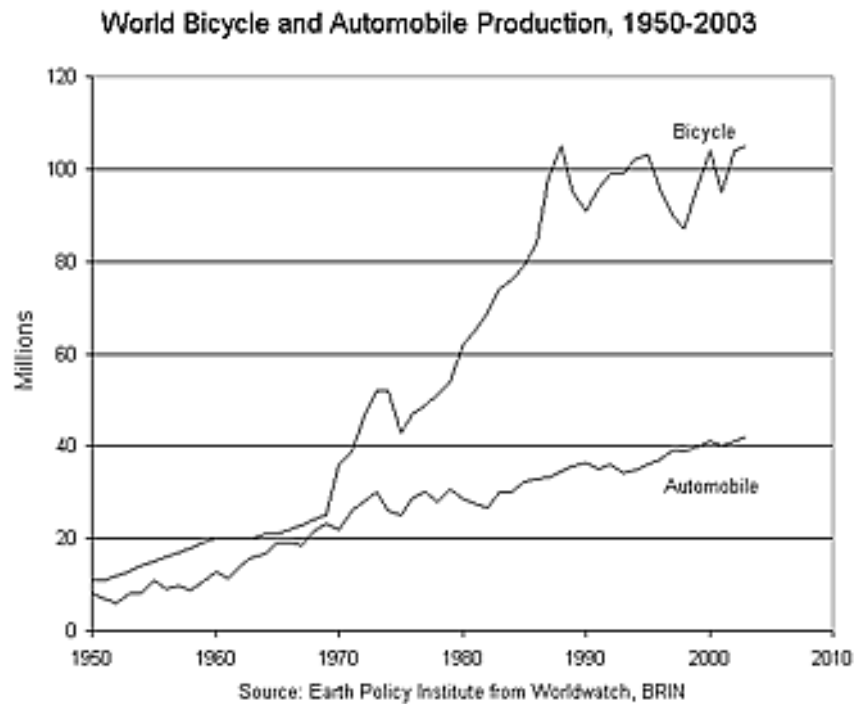
Source: <https://herogroup.com/history.htm>

The Indian bicycle industry is dominated by roadster, fancy, and teenagers who use different types of bicycles like mountain bikes, sports bikes, hybrid bikes, etc. This system of transport has basically been personal transport for decades. As technology has advanced, the demand for such a system of transport has decreased among the middle and high-income brackets. It has remained a personal form of transportation for the poor, both in the urban and rural sectors. In recent years, the return to increasing demand for vehicles has been primarily due to fitness and adventure biking. Punjab was the largest producer, with 10.5 million units reduced in 2017. 80% of the population belonging to the medium- and low-income groups are the main consumers of bicycles.

Besides just 2-wheelers, e-bikes have increased in the economy; this demand has been fueled by the requirement of achieving adequate sustainable goals.

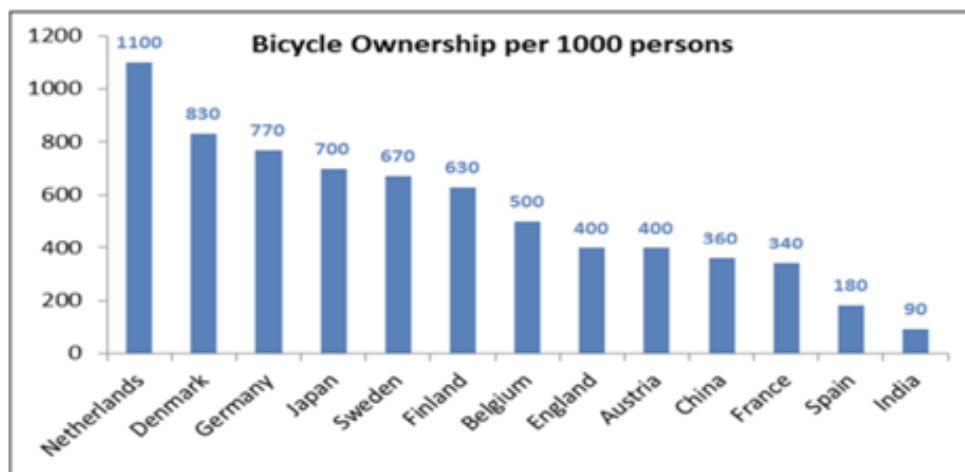
India is the second-largest manufacturer in the world and the third-largest exporter of bicycles. From 1978 to 1991, India was the fourth largest behind China, the USA, and Japan; in 1992, it outsmarted the USA and Japan to become the world's second largest bicycle manufacturer.

Fig 5: Indicating growth rate of the cycle industry



Source: <https://www.worldometers.info/bicycles/>

Fig 6: Bicycle ownership in various countries



Source: 'Pedaling Towards a Greener India: A Report on Promoting Cycling in the Country', TERI, 2014.

**Fig 7 : Bicycle production**

**Table 1**  
**Bicycle Production**

Parameter	Numbers in Crore		
	2016–17	2017–18	2018–19
AICMA Companies (Organized)	1.59	1.52	1.61
Non-AICMA (Mostly Unorganized)	0.47	0.53	0.59
Total	2.06	2.05	2.2

**Fig 8: Analysis of Bicycle growth rate**

**Table 2**  
**Bicycle Imports**

Country	In Numbers			Growth in 2017–18 over 2016–17 (%)	Growth in 2018–19 over 2016–17 (%)
	2016–17	2017–18	2018–19		
<b>China</b>	252100	384484	376100	52.51	49.19
<b>Bangladesh</b>	61407	50981	43330	-16.98	-29.44
<b>Sri Lanka</b>	129693	117841	256330	-9.14	97.64
<b>Malaysia</b>	45460	38875	40200	-14.49	-11.57
<b>Cambodia</b>	10232	5984	1120	-41.52	-89.05
<b>TW + Others</b>	7149	8213	17860	14.88	149.83
<b>Total</b>	<b>506041</b>	<b>606378</b>	<b>734940</b>	<b>19.8</b>	<b>45.23</b>

**Fig 9: Households owning vehicles**

**Table 1**  
**Households Owning Automobiles and Cycles (2001–11)**

Sr. No	Vehicle	Increase in times	Annual Growth Rate (R: Rural and U: Urban)
1	Cars	2.4	R: 11%, U: 15%
2	Two-wheelers	2.3	R: 16%, U: 11%
3	Cycles	1.3	R: 3%, U: 3%

Source: 'Pedaling towards a Greener India: A report on Promoting Cycling in the Country', TERI. 2014.

### **3. Growth path of the cycle industry from the 1950s to date**

The cycle industry in India has grown in more ways than one with respect to the numbers manufactured as well as the large number of prototypes of the 'cycle' of the original cycle that have emerged. A large number of these cycles have been characterised by

- Function (racing, recreation, etc.)
- Number of riders (one, two, or more)
- by construction or frame type (upright folding, etc.)
- by gears (single speed, derailleurs, etc.)
- by sport (mountain biking, BMX, triathlon, etc.)
- By means of propulsion (human-powered, motor-assisted, etc.)
- By rider position (upright recumbent, etc.)
- miscellaneous types (pedicabs, rikshaws, and clown bikes)

These categories are not mutually exclusive, as a bike type may appear in more than one category. In India, there are twenty-one different types of cycles, and these are the two-wheeler ones. Some of them are hybrid bikes, road bikes, electric bikes, MTB cycles, folding cycles, and gearless cycles. The difference between them is basically between the types of tyres; some of them have thin tyres, while other type has heavier tyres. The frame, the speed, and the handle bar of the bicycle also vary among them. The research paper concentrates on two-wheeled bicycles that have peddles. It is interesting to note that over the years, most of the original bicycle manufacturing companies have diversified enormously to prop up their sales revenue and profit, mainly because the original two-wheeler has faced immense competition from three- and four-wheeler vehicles.

The Indian economy has expanded, especially after the 1990 reforms. The automotive industry has developed by leaps and bounds and has allowed the entry of various car manufacturers, which have substantially increased supply and, at the same time, been in a position to supply quality products at competitive prices. With the increase in population and urbanisation as well as per capita income, there has been a substantive shift towards three- and four-wheeler vehicles versus bicycles.



Increased urbanisation has made cycling or two wheelers extremely difficult and dangerous. The Indian economy, in its endearment to keep infrastructure growing at the same pace as the demands of an urban centre, has tended to ignore pathways for cyclists and pedestrians.

Besides the replacement of bicycles as the main mode of transport after the 1990 reforms, there has been a movement in recent years towards sustainable development, which implies a movement towards e-bikes. This does not indicate that there is a major decline in the manufacturing of bicycles, as there has been a shift in demand from them being a major form of transport to fitness and adventure-biking priorities. Besides just domestic demand, there has been an increasing emphasis on exports. By 2022, e-bikes were close to 50% of the overall bicycle market globally. The major brands in India, like Hero Cycles, Sona, and TI, have a massive consumer presence, and they produce both low- and medium-priced bikes. The major areas that need to be considered as far as bicycle manufacturing is concerned are the following:

- Health strategy
- Electric bicycles
- Innovation
- global bicycle logistics

The bicycles on the Indian market can be divided into two categories:

1. standard
2. special
3. Juvenile
4. kids segment

The rural economy in India requires low-cost, tough bicycles that have essentially remained unchanged for decades. The special category is the higher-priced new-generation bicycles. The juvenile bicycles are basically standard bicycles with an urban appearance and are used by young people in semi-urban areas. This segment grew at 12.6% compound annual growth rate (CAGR), while just the pure standard segment grew at 2.7% (CAGR, 2021). This increase in the juvenile area was primarily due to the marketing efforts as well as the products being attractively priced. India, as one knows, is primarily a price-driven economy.

The kids segment accounts for 6.4% of the overall market share. It is a rapidly growing segment of the consumer market, and they have appealing styles as well as useful features. A large

number of cycles in this segment are imported from China, and it is a challenge for the domestic industry to match the quality and price that the Chinese have made available for this product. All the figures mentioned above are for 2021.

## **4. CASE STUDY**

### **4.1 A case study of Hero Cycles**

This company is originally based in Ludhiana, Punjab. It exports to 70 international locations, and today it is one of the world's largest manufacturers, producing close to 19,000 cycles every day. Starting from a small unit to creating a huge global footprint, their unit in Ludhiana is fully equipped with an in-house research and development facility that produces major bicycle components under stringent quality standards that comply with global standards. It was established in 1956, and it has over 250 supplier networks, approximately 2,800 dealerships, and over 4,300 employees, as well as ISO 9001 and ISO 14001 certifications from BVC UK and recognised research and development by the government of India. It continues to manufacture cycles under brand names like Hero Sprint and Hero Sprint Pro to take advantage of both the medium- and premium-cycle segments in India. This company continuously strives for synergy between technology, systems, and human resources to provide products and services that meet quality, performance, and price standards.

Hero is a name that is synonymous with two-wheelers, and due to their fully integrated operations, the Munjals roll their own steel and make critical components such as free wheels for their bicycles, as well as diversifying into:

1. product designing
2. IT-enabled services
3. finance and insurance
4. others

After the major economic reforms, the bicycle industry might have faced competition from new, high-quality, affordable automotive cars. In recent times, it has been seen that the popularity of the use of cycles has returned on account of health priorities and adventure cycling sports. There is a move towards increasing demand for this product because of:

1. Increased congestion
2. increased urbanisation

3. responsibility towards sustainability

The effective use of digital and online advertisements and sales has further boosted the demand for this product. Though the numbers that are sold offline are still preferred by the middle- and lower-income groups, The moto of the Hero Group is “to provide excellent transportation to the common man at easily affordable prices and to provide total satisfaction in all its spheres of activity.” Apart from this group being customer centric, the Hero Group also provides its employees with a fine quality of life and its business associates with a total sense of belonging. “Engineering satisfaction” is the prime slogan of the Hero Group, and it has become a way of life and a With an emphasis on sustainability, Hero Cycles has cleverly diversified into the production of e-bikes, which is very likely to contribute 50% of the value share by 2023.

Hero Group has been one of India’s best-known success stories, and in 1996, it was named the largest producer of bicycles by the Guinness Book of World Records. With the introduction of newer brands, they have continued their dominance in almost all segments. As a company, astute acquisitions, for example, a majority stake in the Sri Lankan bicycle maker BSH Ventures, have given the company impetus to manufacture for overseas brands. Hero Cycles enjoyed 40% of the Indian market in 2019, but this industry is growing at 2%.

**Fig 10: Range of Hero Cycles**



source: [https://www.herocycles.com/typhoon-BCTPH26BLBK002\\_main.html](https://www.herocycles.com/typhoon-BCTPH26BLBK002_main.html)

The company has diversified into automotive components, for example, gear assemblies, gear boxes, etc., for global giants like BMW, Harley-Davidson, Nissan, Toyota, etc.

The company plans to launch its e-bike in the European and US markets. They have also launched a brand called "SPUR," which will be expanding its product portfolio soon. The group is setting up a world-class manufacturing plant in Ludhiana, which is being called “Hero Cycle Valley” and will take the installed capacity of the company to 10 million bicycles per year.

### **Product Strategy of the Company**

Due to its manufacturing division and export potential across the world, as well as the domestic demand for their cycles, The annual domestic demand is 10 million units, and out of this, 2.5 million are produced due to government schemes.

### **Pricing Strategy**

The company produces products in various ranges for men, kids, ladies, mountain bikes, hybrids, and BMX. In 2023, Hero MotoCorp reported a 5% increase in its total sales to 54.99 lakh units, compared to 54.27 lakh units sold in the previous year.

### **Generic Strategy of the Company**

This strategy involves the firm winning market share by appealing to cost-conscious and price-sensitive customers. They have managed to differentiate their products in a way that they can compete successfully. The focus of the firm is on “few target” markets, also called a segmentation strategy.

### **Core Competency**

The speed at which it can develop a new product in 2-3 days, with more complex ones taking 10 days, does make it a leader in its field. There is free availability of all its models, which helps customers quickly choose their product.

The company has a good customer base, a strong brand image, a quality product, and an innovative strategy.

The problems that arise for the company are basically from China, which has started dumping material in various parts of the world. Besides this, there are new players who have entered this segment. E-Bikes or E-Cycles seem to be the future for the company due to the emphasis on sustainable growth being followed by the world over.

**Fig 11: Hero e-bike**



Source:<https://www.heroelectro.com/bikes/>

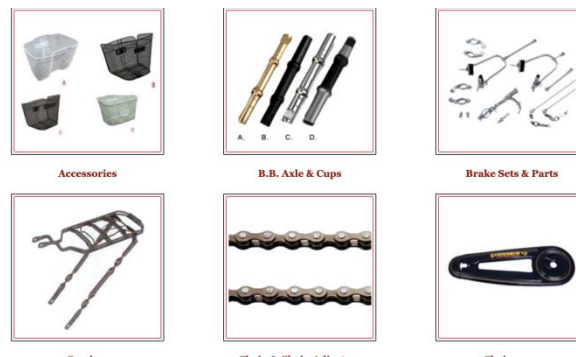
#### 4.2 SONA Koyo Steering Systems Ltd. (SKSSL)

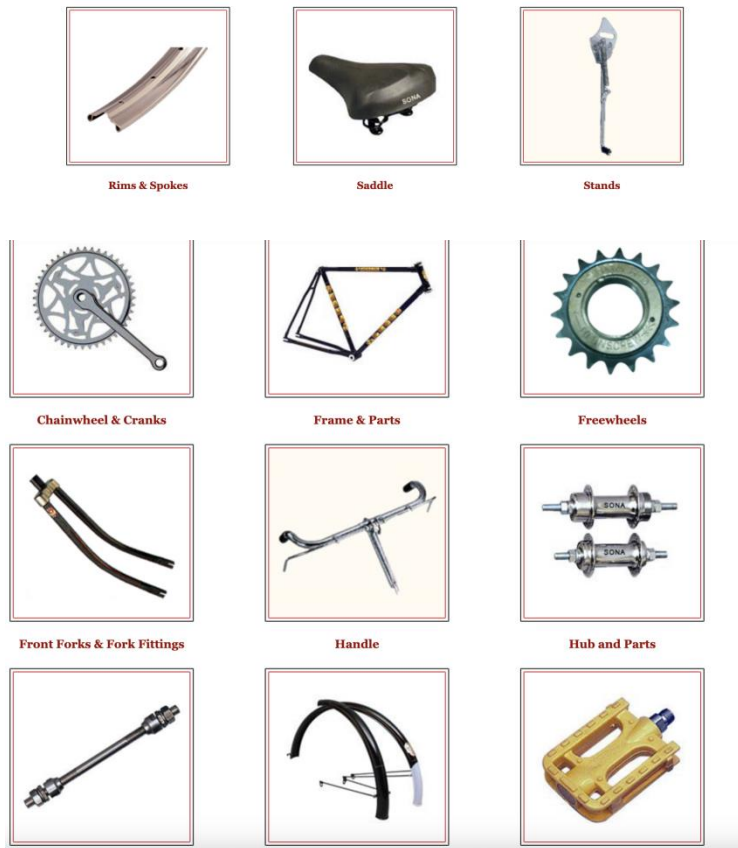
Fig 12: Logo of 'Sona'



The mission of this company is to build an effective value chain, provide superior-quality products, and to produce goods that give value for money. Sona is increasing its competitiveness in the global market by ensuring a strong foothold globally. This is a trusted, respected, and valued brand in the bicycle industry. It was established as Om & Company in the year 1969 in Kolkata. The owner, Mr. Suresh Gupta, was aware when he named his firm "Om," which meant that creator God had given him SONA. In 1989, SONA expanded to Ludhiana and, since then, to other countries to cater to the demands of consumers. With globalisation, they have diversified into various sectors, including fasteners, hand tools, and auto parts. Their passion for quality is part of the organisation as well as the product and the system. Their main aim is to provide the best-quality products at competitive prices with timely delivery. Their motto emphasises on timely delivery of quality products at the best price. With customer satisfaction, they have diversified themselves and taken advantage of new opportunities. Their product strategy is to provide a product according to customer specifications at the most affordable price, adhering to strict quality control systems performed by well-trained personnel.

Fig 13: range of Products exported by 'Sona Cycles'





Source: <https://www.sonaworld.in/website/products.html>

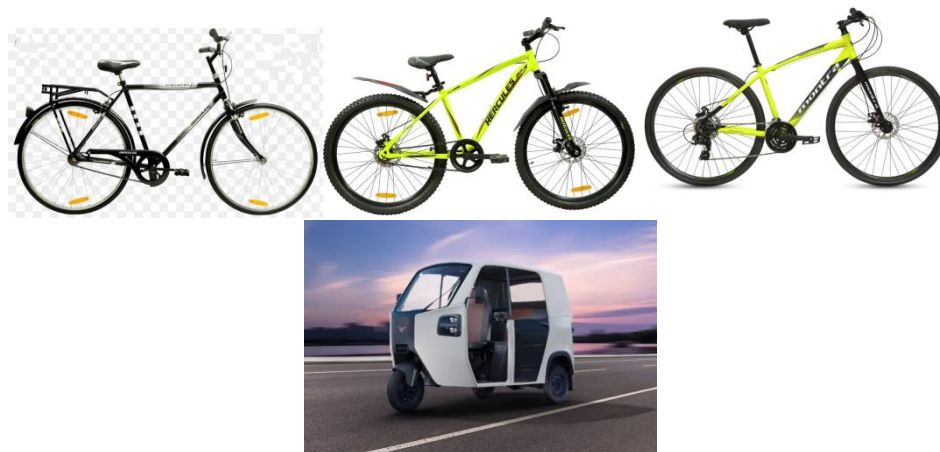
## TI CYCLES

Fig 14: Logo of TI Cycles



Source: <https://in.linkedin.com/company/ti-cycles-of-india>

This is an Indian engineering and manufacturing company that specialises in bicycles, metal-formed products, and chains. It is based in Chennai and is part of the Morrugupa Group. It was incorporated as TI Cycles of India Ltd. In 1949. They had a collaboration with Tube Investments Limited, UK. From 1990 onwards, this company has been acquiring Satavahana Chains, Steel Strips and Tubes Limited, Cholamandalam investment in finance, then French chain manufacturer Sadis, then Coimbatore-based Shanti Gears. TI Cycles is part of a larger conglomerate, the Moraguppa Group, which has a number of subsidiaries like abrasives, sugar, fertiliser, plantations, by-products, and neutraceuticals. The cycle segment owns brands like BSA, Hercules, Montra, and Montra Electric.



Source: amazon.in, flipkart, choosemybicycle.com, TruckDekho.com

The Tube Industries (TI) of India boast exceptional performance across all divisions and 70 years of customer satisfaction. It took over the tubes division of the UK to increase backward integration. They have even expanded into TMT bars. After India gained independence, Mouruguppa Chetiar's vision was to start a business that would manufacture a product for the common man that they could sell in large numbers. They collaborated with the TI of the UK and then moved onto backward integration with respect to tubes, bicycle chains, and bicycle frames. In over six decades of its existence, it has built significant skills in engineering and metology, completely supported by research and development functions.

BSA and Hercules are two of the best-known brands in the cycle industry; they specially design cycles for women who wear sari's and other Indian wear. According to their mantra of "fun, fitness, and freedom," The TI was one of the first brands to have a geared bike, the first girl bike, the first light roadster, and the first carbon frame bike.

With over six decades of experience, the BSA and Hercules exclusive store format serves as a role model for other bicycle outlets. The Track and Trail stores offer an international range of bikes for serious cyclists. Montra was developed for professional cyclists; it came with a range of faster, lighter, and stronger bikes of international standards.

Their vision of continuously exploring, innovating, and evolving has equipped them with the ability to ride the trends of the future through innovative products, unique retail formats, and new areas of business.

### **Problems faced by the cycle industry in India**

The Indian bicycle industry has been facing various issues. Bicycles have been a major vehicle for personal transport for decades. As technology has advanced, the demand for bicycles has decreased among middle and high-income groups. The alternate demand has been for bicycles to improve fitness and to go on adventure treks. Growing congestion, industrialization, and sustainability are the other factors that are leading to increased cycle demand. The problems that this industry is facing are from Chinese bike manufacturers, which are incorporating lightweight technologies and are much cheaper than indigenous products. As incomes have increased, the demand for cycles as a means to commute has declined.

The Indian bicycle market is just about 1% of the global market, thanks to low-cost, low-quality goods. It is essential to strengthen the vendor base, infrastructure, and logistic problems so that high-end bicycles can be produced for the global and domestic markets.

The Indian bicycle industry believes that the value of the products may not be able to sustain competition in the international market. Thus, for the domestic industry, technology and quality improvements have to be incorporated into every aspect and facet of the bicycle.

The Indian entrepreneur is extremely adept at copying and adapting new inventions, but what they need to do is develop R&D facilities. India has fallen behind other mature economies due to a lack of modern product production and the use of lighter materials like aluminium.

### **Conclusion**

At one time, the Indian bicycle industry was the mainstay of the economy. As income has increased, the demand for two wheelers like scooters and motorcycles has gone up, while that for cycles has fallen. The Indian manufacturers have diversified into the above two products as well as two wheeler electric bicycles. To continue the growth of the cycle industry in India against serious competition from China, it is essential that the central and state governments provide subsidised finance to these companies so that they can develop lighter materials at a cheaper



cost, such that they can be a serious competitor to foreign manufacturers as well as Chinese imports.

## **BIBLIOGRAPHY**

1. Br, P. (2021). Bicycle industry in India and its challenges – a case study. *Reasearch Gate*.
2. Bicycle - Industry Assessment report. (2019). *UNIDO*.
3. Kannan, D. (2022, September 16). The Journey since 1947-III: Can the Bicycle Come Full Circle in India? *The India Forum*. <https://www.theindiaforum.in/article/journey-1947-can-bicycle-come-full-circle-india>
4. Kumar, M. (2022, March 31). *Bicycle Industry and its Growth in India – A Case Study*.
5. *MarketResearch.com*. (n.d.). <https://www.marketresearch.com/Netscribes-India-Pvt-Ltd-v3676/Bicycle-India-32809063/>
6. Markets, R. A. (2018, June 26). India Bicycle Market Competition Forecast and Opportunities, 2021: Increasing Demand for Disc Brakes in Sports Bicycles - Research and Markets. *PR Newswire*. <https://www.prnewswire.com/news-releases/india-bicycle-market-competition-forecast-and-opportunities-2021-increasing-demand-for-disc-brakes-in-sports-bicycles---research-and-markets-300455231.html>
7. Venu, U. S., Shankar, T., & Aryasri, A. R. (2019). A CASESTUDY ON HERO CYCLE: HOW IT IS EMERGING a PATHWAY OF SUCCESS (SUCCESS STORY OF a MARKET LEADER) [Journal-article]. *Journal of Emerging Technologies and Innovative Research (JETIR)*, Volume