



Centre asks Tesla to take a leaf out of Apple's book

Says 'critical' Chinese suppliers should team up with local companies

REUTERS

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As Tesla examines building a plant in India, officials have asked the company to emulate Apple in finding local firms to partner with any Chinese suppliers involved, according to three government sources with direct knowledge of the matter.

Tesla has been in talks with the government for weeks about setting up a factory which will potentially build a \$24,000 car for local sales and exports.

However, strained India-China ties threaten to complicate Tesla's plans for bringing in Chinese suppliers.

Tesla founder Elon Musk is seeking to expand beyond the company's biggest foreign base of China, where regulatory approvals for expansion are slow to come.

But Chinese suppliers could be critical if Tesla were to establish a plant in India and keep costs in check for a cheap EV.

India does not have local suppliers for components such as battery cells, with even India's largest EV maker, Tata Motors, importing them from China.

In meetings with officials in New Delhi, Tesla executives informed the government that it would like to have some of its vendors from China set up base locally to boost its supply chain, three officials with direct knowledge of talks said.

In response, officials told Tesla that granting approvals for wholly owned Chinese companies in India could be difficult due to intense scrutiny of Chinese firms since a 2020 border clash between the two countries.

Instead, the officials said they had suggested a work-around in which Tesla would emulate the approach of Apple. The US smartphone giant in recent months has obtained approvals to bring Chinese suppliers to India after they found local joint-venture partners.