

Tesla team to scout sites for \$2-3 bn India EV plant

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Tesla will send a team from the United States to India by late-April to study sites for a proposed \$2 billion to \$3 billion electric car plant, the *Financial Times* reported on Wednesday, citing people familiar with the matter.

The company's reported push into India comes at a time when EV demand is slowing in its main markets of the U.S. and China while competition there is heating up. That caused Tesla to report a drop in its first-quarter deliveries and miss estimates.

The EV maker will focus on states that have automotive hubs such as Maharashtra, Gujarat and Tamil Nadu, the report said. Some automakers have plants in Haryana state, neighbouring New Delhi, and Tesla might also scout potential sites around the capital, according to the *FT* report.

Tesla did not immediately respond to a *Reuters* request for comment.

India last month lowered import taxes on certain EVs produced by automakers that commit to invest at least \$500 million and start domestic manufacturing within three years, a move that was seen as bolstering Tesla's plans for the market.



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The company has been trying to enter India for years but New Delhi wanted a commitment to local manufacturing.

India's EV market, small but growing, is dominated by domestic carmaker Tata Motors. EVs made up about 2 per cent of the total car sales in India in 2023, with the government targeting 30 per cent by 2030. Tesla's entry into the Indian market could spur more EV investments and benefit local auto parts makers, analysts have said.

Tesla officials have been in talks with government officials over the last year, with Musk meeting Prime Minister

Narendra Modi in June.

The firm said in July last year it was interested in building a factory in India to produce an EV priced at \$24,000.

Tesla has told officials it is considering building a smaller car in the proposed new factory than its current models, which would be priced at less than \$30,000. It could then sell the model in India and export to south-east Asia, the Gulf, Africa, and southern and eastern Europe.

It also called for lower taxes on more expensive models it wants to sell in India, *Reuters* has reported.