

# Ball in Tesla's court: India on company's EV plans

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The country's industry secretary said the ball is now in Tesla Inc.'s court to lay down its investment plans for the South Asian nation after the government cut import duty on electric vehicles.

The industry department last month released a comprehensive policy for boosting EV manufacturing in the world's most-populous nation. Following that move, it's up to Elon Musk's carmaker to "make the announcements of their manufacturing plans," Rajesh Kumar Singh, secretary of department for promotion of industry and internal trade, told *Bloomberg* in an interview on Thursday.

"We will help them out in terms of giving them the contacts at state level," Singh said. "There have been contacts made at that level with state governments and the central government. VinFast has already announced and we expect a few others."

Vietnamese automaker VinFast recently broke ground on an EV manufacturing facility in India's southern state of Tamil Nadu.

Tesla is planning to send a team of people to scout for locations in India this month for a proposed \$2 billion to \$3 billion electric car plant, the *Financial Times* reported earlier this week, citing people familiar with the matter that it didn't identify. Tesla would also look to increase purchases of auto parts from the nation to as much as \$15 billion, *Bloomberg* reported in November. Musk's carmaker has for years been making a case for cutting import taxes before it commits to any significant investment in one of the world's biggest automobile markets.

To get tax concessions, companies will have to invest at least ₹41.5 billion (\$500 million) and start producing EVs from a local plant within three



RAJESH KUMAR SINGH, Secretary, DPIIT

years, India's government said in March.

Singh said on Thursday that the policy should help spur growth of EVs in the country.

"We expect it to lead to a

penetration of four-wheeler electric vehicles to at least 10 per cent by 2030," he said. "My view is that if we have these manufacturing units up and running, along with the battery infrastructure

that is now going up, it should be closer to 15 per cent by 2030, after which it will just snowball."

According to *BloombergNEF* estimates, some 96,000 passenger EVs were sold in India in 2023, nearly double a year earlier, and that could climb by another 40 per cent in 2024.

India's electric passenger vehicle market however has to date largely been driven by electric scooters, which are much cheaper. India also doesn't have very good EV charging infrastructure and the EVs that are on offer are mainly expensive.

## Tesla begins car production in Germany for export to India

REUTERS

New Delhi/Berlin, 4 April

Tesla has begun production of right-hand drive cars at its plant in Germany for export to India later this year, three people aware of the company's plans told Reuters, as it moves ahead with a possible entry into the world's third-largest car market.

A team from Tesla is expected to visit India later this month to look at sites for a local car manufacturing plant that would require an investment of about \$2 billion, said two of the three people, who declined to be named because the plans are not public yet.

India last month slashed the import tax rate on certain electric vehicles if their makers invest at least \$500 million in the country and start production there within three years. The move is a win for Tesla, which had lobbied for months for lower taxes, but faced resistance from local carmakers.

"The right-hand drive cars which will be allocated

## Telangana courts EV giant

The Telangana government is holding discussions with Tesla by putting in all efforts to establish their plant in the state, Industries Minister D Sridhar Babu said on Thursday.

In a message on X Sridhar Babu said since December 2023 the state government has been actively focusing on major investment opportunities by

global giants, and as part of its focus, Tesla's planned investment initiatives in India are also being tracked.

"We have been studying and tracking Tesla's planned investment initiatives in India. We have been making all out efforts to bring Tesla to Telangana for some time..." he said.

PTI

to India, they have started building them," one of the people said, with some cars due to be shipped to India by the end of the year.

It was not immediately clear which model Tesla plans to export to India. It currently produces only the Model Y at its factory near Berlin. Under the new Indian policy, companies can import up to 8,000 cars a year at the lower tax rate.

Tesla did not respond to an email seeking comment outside US office hours.

The plans for shipments to India are the first

indication of right-hand drive (RHD) cars being produced in Berlin. Tesla's Shanghai plant, its primary export hub located nearer to right-hand-drive markets, such as Australia and Japan, has so far handled production of such vehicles.

Tesla imported RHD Model Y vehicles for its launch in the UK from China and has not said whether it has shifted to importing from Berlin. The carmaker has eyed the Indian market for years and its officials visited the country several times over the past year.