

TALKS HELD WITH GOVT OFFICIALS

Tesla Looking to Drive its Supply Chain to India

US company asked to evaluate existing ecosystem in India; incentives and tax breaks also discussed

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Chennai | New Delhi: Tesla has held discussions with union government officials, exploring the possibility of bringing its auto parts and electronics chain to India and of getting incentives and tax breaks in the process, said people with knowledge of the matter.

The development signals the US-headquartered electric vehicle maker's renewed interest in India, close on the heels of Prime Minister Narendra Modi's meeting with the company's chief executive Elon Musk during his trip to the US last month, said the people. They said Tesla has expressed interest in bringing its own supply chain ecosystem to India, even as the government has asked the company to evaluate the existing auto components supply chain in the country. "We asked them about their specific needs and also urged them to consider sourcing their needs from the Indian ecosystem," said a senior government official, who did not wish to be

identified. "But these companies have a well-oiled system of their suppliers. These are initial talks so we are hopeful of making some headway."

In the meetings, Tesla US and Tesla India executives also sought to know the structure of incentives the company and its partners are likely to receive to bring their manufacturing unit to India along with the supportive ecosystem, said people in the know. The executives also sought to know additional details of incentives and tax breaks that could be made available to the company, they said.

Besides holding discussions with the government, the company has also been meeting industry executives. At a Society of Indian Automobile Manufacturers (SIAM) meeting recently in the capital, Tesla said it would want to bring its own suppliers to India. The industry body battled for Indian component manufacturers and said the country has several mature and well-established auto players. However, Tesla maintained its "all in-house" stance and said it relies on a certain level of quality standards that can only be replicated with its established partners.

ET's queries sent to Tesla and SIAM did not elicit a response till press time.

Like many other multinational companies, Tesla too could be exploring a 'China plus one' strategy, which includes diversifying to India, said experts.