

Tesla to source \$1.9 bn auto parts this yr, won't get tax sops: Goyal

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In the midst of mounting excitement over Tesla's plans to foray into the Indian market, the government has ruled out import-duty concession.

Union Commerce Minister Piyush Goyal, in his address at the annual convention of the Automotive Component Manufacturers Association (ACMA), underscored the government's stance, affirming that no preferential treatment would be extended to any automotive player.

The minister's statement comes in the wake of recent reports indicating that the government is working on a policy designed to grant import-duty reductions to automakers that pledge to engage in local manufacturing.

"Everything will be done equally without any differentiation or preferences. This is a government which provides equal opportunity to all," Goyal said, adding, "we will come up with a (EV) policy, which will be in consultation with all the stakeholders."

Goyal also highlighted Tesla as a major buyer of Indian auto components. The amount of import will almost double as compared to auto parts worth \$1 billion imported by Tesla from India last year, Goyal said.

"This year Tesla's target is \$1.7-\$1.9 billion," Goyal said. "I am convinced that this (electric vehicles) is the future. It is something we must try to attract," he added.

Goyal's statement comes when Tesla is showing a keen interest in the Indian market, with the company engaging in talks with the government

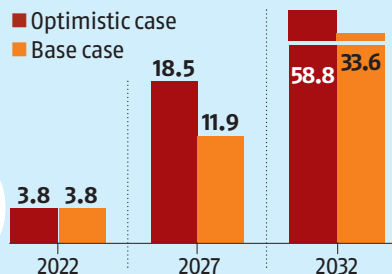


WE WILL COME OUT WITH A (EV) POLICY, WHICH WILL BE IN CONSULTATION WITH ALL STAKEHOLDERS

PIYUSH GOYAL,
Commerce minister

AUTO ELECTRONICS MANUFACTURING TARGET

India consumption and export figures (\$ bn)



Source: Grant Thornton-ACMA Auto Electronics Manufacturing: Conquering the Next Frontier

about establishing a manufacturing facility for affordable electric vehicles.

The turnaround in Tesla's plans to invest in India comes within weeks of Musk's meeting with Prime Minister Narendra Modi during the latter's state visit to the United States in June.

Musk had then said: "I am confident that Tesla will be in India and will do so as soon as humanly possible."

According to government officials,

the Prime Minister's Office (PMO) and the commerce and industry ministry are leading the talks and the government is hopeful that the US automaker will set up its local manufacturing and supplier chain. If the proposal goes through, it will be a big boost for the government's "Make in India" pitch.

The company's executives visited India in May, initiating talks about setting up manufacturing facilities for

Auto parts circularity a \$5 bn opportunity for industry: McKinsey

India's automobile parts industry could have a market opportunity of \$3.8-5 billion by financial year 2029-30 (FY30) in component circularity, said a McKinsey report on Wednesday, referring to a practice that reuses or recycles materials. The report called 'Mobility 360 degree - Sustainability for Competitiveness' was released at the 63rd annual session of the Automotive Component Manufacturers Association of India (ACMA). It said that material circularity could increase companies' top line by 10-20 per cent, reduce cost by 5-10 per cent, cut down virgin material use by 20-40 per cent, and decrease carbon emissions by 50-70 per cent.

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both vehicles and batteries.

In 2021, Tesla initially sought an entry into the Indian market by advocating a reduction in the 100 per cent import tax imposed on electric vehicles. However, negotiations between Tesla and Indian authorities faltered when officials indicated the company needed to commit itself to local manufacturing before proceeding. *Business Standard* on July 13 first reported the Texas-headquartered firm had asked its battery suppliers to initiate negotiations with the government to set up battery-manufacturing units in the country. Panasonic Energy, one of Tesla's top battery suppliers, approached the government to set up a battery-manufacturing unit.