

Tesla proposes plant in India to manufacture electric cars

Senior Tesla executives meet officials from PMO and other ministries

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Tesla has proposed setting up a factory in India to build electric cars for domestic sale and export, the carmaker told government officials on Wednesday, according to a source with knowledge of the matter.

The proposal comes after India refused to agree to Tesla's request last year to lower the import tax on cars, which can reach as much as 100 per cent. Centre wanted the carmaker to build vehicles locally but Tesla wanted to test the market first with imports and the talks ended in deadlock.

While Tesla did not discuss lower import taxes with the officials, it proposed setting up a new factory, albeit



CHANGING GEAR

- ▶ **Factory may cater** to both domestic and export markets
- ▶ **Location or investment for the plant** not specified during discussions
- ▶ **Last year, India refused to agree** to Tesla's request for lowering import duty on cars
- ▶ **Proposal comes as companies look** to diversify their supply chains beyond China

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without specifying a location or investment, said the source, who declined to be named as the talks were private. Making cars locally aligns with Prime Minister Narendra Modi's pitch to

attract companies with his "Make in India" campaign, especially as companies look to diversify their supply chains beyond China.

REUTERS

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Tesla...

Senior Tesla executives are in India this week to meet the government to discuss local sourcing of parts and other issues, Reuters reported on Tuesday.

Tesla met officials from Modi's office and other ministries on Wednesday, said the person and another source familiar with the matter.

Tesla did not respond to Reuters' request for comment.

The electric carmaker's renewed interest in India comes nearly a year after it put on hold plans to sell cars in the country after failing to secure lower import taxes, which its CEO Elon Musk said are among the highest in the world.

Tesla had hired a local team and began a search for showroom space, but that was also abandoned last year.

'No duty cut considered'

An official told *PTI* that "no duty cut" is being contemplated at present as the country seeks to promote domestic manufacturing. "They (Tesla) have approached us (for a meeting)," he said. "...Now, we do not know whether they are coming with the same proposal or bringing another proposal," the official said, requesting anonymity. However, the official added that "no duty cut" was being contemplated at present by the heavy industries ministry, which recommends such proposals to its finance counterpart for consideration.

(With inputs from PTI)