

US GIANT MAY SET UP FACTORY WITHIN TWO YEARS

# Tesla may hit India roads in new year, pact in Jan

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**THE GOVERNMENT IS** closing in on an agreement with Elon Musk-led Tesla that would allow the US automaker to ship its electric cars to the country from next year and set up a factory within two years, according to sources.

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consideration because they already have well-established ecosystems for electric vehicles and exports, another person said.

Tesla would commit an initial minimum investment in any plant of around \$2 billion, one person said, and would look to

An announcement could come at the Vibrant Gujarat Global Summit in January, one of the people said, declining to be identified because the talks are private. Gujarat, Maharashtra and Tamil Nadu are under

## ELECTRIC AMBITION

### \$2 billion

Likely initial minimum investment in any plant by Tesla



increase purchases of auto parts locally to as much as \$15 billion. The US automaker would also seek to make some batteries locally to bring down costs, the person said.

No final decision has been made and the plans could change, the people said. Musk had said in June that Tesla plans to make a "significant investment" in India

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An announcement likely at the Vibrant Gujarat Global Summit in January

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and he intends to visit in 2024.

Representatives from the ministries of heavy industries, finance, and commerce and industry didn't respond to requests for comment. Tesla also didn't respond to a request for comment.

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Breaking into the country where demand for electric vehicles is growing among aspirational middle-class consumers would be a boon for Tesla, which currently has factories in the US, China and Germany. New Delhi has been pushing to increase domestic manufacturing of EVs and encourage a more rapid adoption of cleaner transport.

Despite those efforts, the country's EV market hasn't taken off, with battery-powered cars accounting for just 1.3% of the total passenger vehicles sold last year, according to BloombergNEF.

Buyers are hesitant to make the switch due to electric cars' high upfront cost and a dearth of charging stations.

Tesla doesn't import cars directly into India because of the high tariffs that are levied. When its first locally-made cars do go on sale they could retail for as little as \$20,000, some of the people said.

Commerce minister Piyush Goyal, who visited Tesla's plant in Fremont, California, earlier this month, said in September that Tesla is planning to almost double purchases of auto parts from India to \$1.9 billion this year. The electric carmaker sourced parts worth \$1 billion from the nation last year, he said at an event in New Delhi at the time.