

Tesla's hunt for India factory site takes it to Andhra

State has likely offered pre-acquired land at three potential locations

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Elon Musk's Tesla is scouting locations for a completely knocked-down (CKD) assembly unit, despite opposition from US President Donald Trump to its plans for electric vehicle manufacturing in India, according to sources.

In recent days, Tesla has been in talks with Andhra Pradesh, which is offering pre-acquired land options in Nellore district, Sri City in Tirupati district, and close to the Kia cluster in Anantapur district, a source familiar with the discussions confirmed.

Earlier, Maharashtra and Gujarat were also under consideration, but sources indicate Tesla is reluctant to engage in land acquisition and rehabilitation. Tamil Nadu has also been in talks with the multinational company, leveraging its established automotive ecosystem with global manufacturers such as Hyundai, BMW, Ford, and Tata Motors-JLR.

Tesla did not respond to queries from *Business Standard*.



The plan includes a completely knocked-down assembly unit, marking Tesla's first step into Indian manufacturing. The company may import vehicles from Germany before local production begins

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If Chief Minister Nara Chandrababu Naidu succeeds in bringing Tesla to Andhra Pradesh, it would be another milestone for him, echoing his role in persuading Microsoft in the 1990s to set up its India Development Centre in the state after a meeting with founder Bill Gates.

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“They have shown interest in the past few days, and we are presenting land options with easy port access,” said a source close to the talks. The discussions were first initiated during a visit by Andhra Pradesh’s IT Minister Nara Lokesh to Tesla’s headquarters in Austin, Texas, where he met Chief Financial Officer Vaibhav Taneja and other senior executives. Anantapur’s suitability for electric vehicle and battery production was highlighted during the meeting.

“Andhra Pradesh’s Economic Development Board has continued the discussions. We have large parcels of land, which is an advantage for them. The company can also be closer to customers, as South India has the highest demand for luxury EVs,” the source added. Sri City, another proposed location, is just 80 kilometres from Chennai Port, offering

access to both Chennai and Karnataka markets. Separately, Tesla representatives are believed to have visited Maharashtra and inspected sites near Chakan, an established automotive hub near Pune.

When asked about Tesla’s visit, P Velrasu, chief executive officer of Maharashtra Industrial Development Corporation (MIDC), said: “We welcome any new technology or innovation-driven company. We have several land parcels available in the state.”

The developments come as Trump, in a Fox News interview, expressed displeasure over Tesla’s India plans, calling them “unfair” due to high import tariffs. “Every country in the world takes advantage of us, and they do it with tariffs... It is impossible to sell a car, practically, in, as an example, India,” he said.

Tesla is expected to

invest \$2-3 billion if it proceeds with local manufacturing, including plans for a low-cost car tailored to India. The company already sources between \$1 billion and \$2 billion worth of auto parts from India.

Trump has repeatedly objected to India’s high import duties on cars, which exceed 100 per cent. Fully built electric vehicles (EVs) priced above \$40,000 face a 70 percent Basic Customs Duty (BCD) and an additional 40 per cent Agriculture Infrastructure and Development Cess (AIDC), pushing the effective tariff to around 110 per cent. For lower-priced EVs, the duty is about 70 per cent.

Tesla currently offers five key models -- Model 3, Model Y, Model S, Model X, and Cybertruck -- with prices ranging from \$29,990 to \$101,985. The entry-level Model 3 remains its most affordable offering.

