

EV MAKER WAITS FOR RIGHT MOMENT TO ENTER INDIA

Tesla still weighs India entry amid import duty concerns

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TESLA SEEMS TO be still calibrating its India strategy, with high import duties remaining the single largest roadblock to its entry. While the electric vehicle (EV) giant has recently signed a lease for a showroom in Mumbai and reportedly imported Model Y cars to India from Germany at a shipment value of \$46,000, for testing, its leadership maintains that the timing must align with more favourable trade conditions.

Vaibhav Taneja, Tesla's chief financial officer, made it clear during the company's earnings call on Tuesday that import tariffs are a major deterrent. "The same car that we are sending is 100% more expensive than what it is. So that creates a lot of anxiety. People feel they are paying too much for the car," he said, pointing to how the high cost erodes consumer confidence. Taneja added that Tesla is being very careful in choosing

MAJOR ROADBLOCK

■ Tesla has leased a showroom in Mumbai

■ Model Y cars imported from Germany for testing



■ Tariffs make Teslas up to **100%** costlier

■ Consumer confidence hurt by high prices

■ India imposes up to **100%** duty on CBUs over **\$40,000**

■ US-India trade talks ongoing, auto tariffs a key issue

■ Domestic EV players oppose duty cuts without local investment

■ India's new EV policy offers **15%** duty for firms investing **\$500 mn**

■ CFO Vaibhav Taneja raised concerns about import tariffs

the right moment to formally launch in India.

Completely built units (CBU) imported into India face duties of up to 100% if their value exceeds \$40,000, and 70% if priced lower. This makes Tesla's offerings significantly more expensive for Indian consumers to justify.

Tesla's CFO's comments come at a time when India and the US are engaged in formalising a bilateral trade agreement (BTA), centering around tariffs. The US has flagged high import duty on auto, among other products, by India. However, domestic automakers are

not in favour of any relaxation here, fearing that duty cuts for foreign firms without local investment would hurt the emerging EV ecosystem within the country.

To address these concerns, the government recently launched an EV policy, under which global manufacturers can import up to 40,000 vehicles over a five-year period at a reduced import duty of 15%, provided they invest at least \$500 million in local manufacturing and meet phased localisation targets.

While Tesla had shown initial interest in this policy, it did

not participate later in the stakeholder consultations, suggesting that a final decision on local manufacturing investment is still pending.

However, last week, after a conversation with Prime Minister Narendra Modi, Elon Musk said that he plans to visit India later this year.

Meanwhile, Tesla is navigating its own set of global challenges. The company reported a sharp 71% drop in year-on-year profit for the January-March quarter, with net earnings falling to \$409 million. Revenue also declined 9% to \$19.34 billion.