

US ELECTRIC CAR CO PRESENTS DETAILED PROPOSAL TO GOVT

Tesla Ready to Drive in up to \$2 Billion, But With Riders

Seeks 15% import duty for 2 years, links investment amount to number of cars it can import at lower tariff

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Mumbai: American electric carmaker Tesla is willing to invest up to \$2 billion for setting up a local factory if the government approves a concessional duty of 15% on imported vehicles during its first two years of operations in India.

According to sources aware of the matter, Tesla has approached the union government with a detailed proposal linking the quantum of investment to the number of cars it can import at lower duty. The company is willing to invest up to \$500 million if the government extends concessional tariff for 12,000 vehicles and can increase this up to \$2 billion if the reduced duty is approved for 30,000 vehicles.

People close to the development said the government is examining the via-

bility of the upper range of Tesla's proposal — the possible investment of \$2 billion to set up a plant.

The government also wants to reduce the number of cars that can be imported at a concessional tariff, compared to the numbers proposed by the American carmaker. It is also evaluating if concessional tariffs should be restricted to 10% of the total EVs projected to be sold in India in the current fiscal year (10,000 units) and it can be increased by 20% for the second year.

Around 50,000 EVs were sold in FY23 and is projected to hit 100,000 in FY24.

Tesla may commit to localise up to 20% of the value of made-in-India cars in 2 years and reach 40% in 4 years.

The proposal is being jointly evaluated by the department for promotion of industry and internal trade (DPIIT), ministry of heavy industries (MHI), ministry of road transport & highways (MoRTH) and the ministry of finance under the guidance of Prime Minister's Office (PMO).

Emails sent by ET to Tesla and the ministry of commerce & industry seeking comments remained unanswered at the time of going to press Thursday.

What's the Plan

Up to \$500m investment if 15% duty okayed for 12,000 cars

This may go up to \$2b if reduced duty approved for 30,000 vehicles

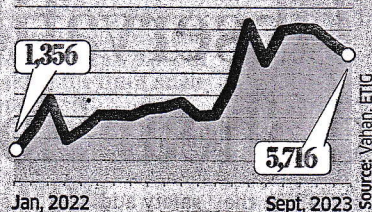


Govt examining if lower tariffs should be restricted to 10% of EVs projected to be sold in India in FY24 (10,000 units)

This can then be increased by 20% for the second year

Negotiations on and a final decision could be taken by Jan 2024

EV CARS SOLD IN INDIA (UNITS)



Source: Vahan, ETIC

