

FIRM MAY RESPOND IN 3-6 MONTHS

Govt asks Tesla to submit road map for vendor base

PRASANTA SAHU
New Delhi, May 30

THE GOVERNMENT HAS asked Elon Musk's Tesla to submit a road map on the time-frame needed to set up an indigenous supply chain for domestic manufacturing of its electric vehicles.

Official sources said the government will finalise the kind of concessions it is willing to offer and their duration, once Tesla submits the blueprint. Officials aware of the development said Tesla is expected to get back with its detailed India plan, outlining the time it needs to set up a domestic vendor base, in three to six months.

Government officials have already told the Tesla team, which visited the country during the middle of the month, that if the company looks at setting up a domestic assembly unit for its EVs, it is willing to offer import concessions on the components required for the same. Such a scheme currently works for the smartphone production-linked incentive (PLI) scheme under the phased manufacturing programme (PMP).

However, over a period of time, Tesla will have to locally manufacture the components, for which it will have to ask its vendors to set shop here. Since most of Tesla's vendors are Chinese, they need to form joint ventures with Indian firms to operate in the country.

"The government is willing to give time for setting up a domestic vendor base but Tesla

WHAT INDIA WANTS



■ Govt willing to give time to set up domestic vendor base

■ Tesla will have to indicate a period by which duty concessions on components will come to an end



■ Govt has done the same for Apple under the smartphone PLI scheme

■ Once Tesla agrees to set up plant in country, govt may modify PLI scheme for EVs, advance chemistry cell battery

will have to indicate a period by which the duty concessions on components granted to it will come to an end," officials said.

The government has done the same for Apple under the smartphone PLI scheme. Under the PMP, Apple as well as Samsung have duty protection on components required for domestic assembly of phones. But they have to source them locally within the set timeline.

Continued on Page 2

Govt asks Tesla to submit road map for vendor base

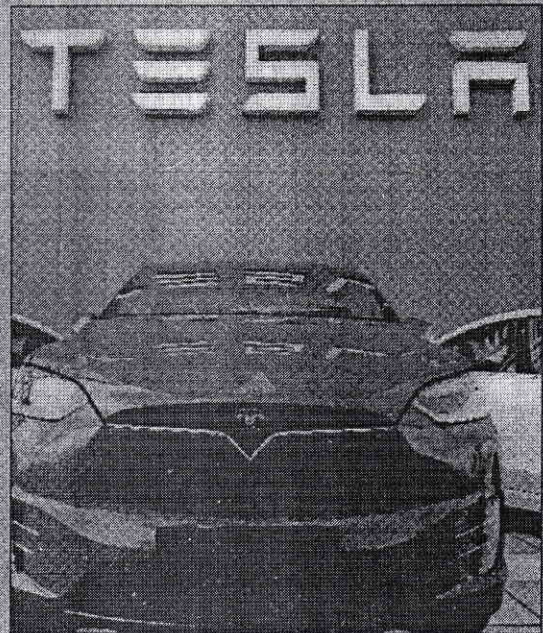
Recently, several of Apple's Chinese vendors have agreed to set up joint ventures with Indian firms to set up their supply chain in the country.

Officials said that if a fixed timeline for localisation is set for Tesla, the domestic auto industry would not have any objection with regard to a non-level playing field.

Once Tesla agrees to set up a manufacturing plant in the country along with a timeline for meeting indigenisation levels, the government may come out with a modified PLI scheme for electric vehicles and advance chemistry cell battery, to invite fresh investments by companies which did not participate earlier.

Official sources said that modifying or coming out with a PLI 2.0 will not be a new thing, which would be done only to include Tesla in the the scheme, as it had earlier been done for telecom products and IT Hardware PLI schemes.

The current outlay for the advanced chemistry cell batteries is ₹18,100 crore and that for automobiles and auto compo-



nents is ₹25,938 crore. Sources said in the modified PLI scheme for the two, the outlay may be increased, incentives can also be tweaked, and participating companies would be given the option to migrate to the new one.

As earlier reported by FE, Tesla is no longer pressing with its earlier demand for first lowering import duty on completely built units, which is at 100% for cars costing \$40,000 and above. The duty on cars costing below this is at 60%.

Tesla's demand in the past was to slash the duty to 40%.