

Tesla seeks import duty cuts but gives PLI scheme a skip

Synopsis

CEO Elon Musk, who ended 2021 as the richest person in the world with a personal fortune of \$273.5 billion as per Bloomberg Billionaires Index, last month said his company is facing a lot of challenges and working with the government to launch operations in India. The company had registered an Indian arm, Tesla Motors India and Energy, in Bengaluru in January 2021, indicating that it was set to launch vehicles in the country.



Tesla (FILE PHOTO)

The dream of driving a Made-in-India [Tesla](#) may continue to elude vehicle buyers for some more time with the American electric car maker - which has pitched for a cut in import duties ahead of a local launch - not applying to avail of incentives under the ₹44,000 crore [PLI scheme](#) approved by the government.

The schemes are for manufacturing eco-friendly automobiles, auto components and advanced chemistry cells in India.

"They (Tesla) have not applied. Tesla can avail of benefits under the PLI schemes for the [auto sector](#), for making advanced chemistry cells but the company wants concessional duties without showing any commitment to produce here," a senior government source told ET.

The government has lined up incentives of up to 18% to address cost disabilities and encourage auto and parts makers to deepen localisation of the supply chain and indigenously manufacture products with advanced auto technologies. It has already received investment proposals to the tune of ₹45,016 crore from the 20 approved applicants of PLI auto scheme.

This includes [Hyundai Motor India](#), [Suzuki Motor Gujarat](#), [Ashok Leyland](#), Mahindra & Mahindra (M&M), Hero MotoCorp, Bajaj Auto and Ola Electric Technologies. The list of approved candidates from the component sector will be announced next month, separately.

The government has also announced a scheme to incentivise advanced chemistry cell manufacturing in the country.

Tesla has said that the levies imposed by India on automobiles are the highest among large countries and that it can only consider setting up a factory locally if it succeeds with imported models.

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The source added, "The government wants to enable Tesla to manufacture vehicles in India. But they have to first submit firm business plans."

Tesla could not be reached immediately for a comment.

India imposes 100% import duty on cars with cost, insurance and freight value of more than \$40,000 and 60% on cheaper vehicles. In a letter to the road transport and highways ministry last year, Tesla had sought 40% import duty on fully assembled [electric cars](#). Musk had earlier said that the duty structure for cars running on the electric powertrain should not be out of kilter with India's climate-change objectives.