

# Low import duty for Tesla, others if they promise to manufacture locally

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**New Delhi:** The Centre is considering a policy regime for high end, technologically sophisticated vehicle manufacturers, such as Tesla, which focus on creating a framework for domestic manufacturing, involving local sourcing, along with a reduction in import duty on fully built units in the initial years.

The plan involves a steep reduction in import duty on green cars — to as low as 15% from the current peak of 100% — provided the carmakers agree to soon start work

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- Plan to lower import tariffs could be **setback for ambitious green plans of firms like Tata and Mahindra**
- Will be big boost for **Tesla, BMW and Audi** that want to enter India, but **first want to test-market their products**
- Tesla has indicated to govt it wants to set up a factory with **annual vehicle capacity of 5L units**. Its line-up will have cars with entry price upwards of ₹20 lakh

on manufacturing their vehicles in India, promise to start

sourcing components locally in a big way, and provide bank guarantees towards any defaults in their commitments.

“The government will also take guarantees from the companies towards creating an ecosystem for suppliers, with around 20% of parts being sourced locally in the first two years which would go up to 40% by the fourth year,” a highly placed source said.

The move is aimed at giving a big fillip to the production of electric cars in India over the medium term.

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