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Tesla likely to import cars from Germany, skip China


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NEW DELHI: Tesla is likely to import cars from its German factory and will skip shipping them from China in view of concerns raised by govt.

As it prepares to begin sales in India - initially through the import route and thereafter through local manufacturing - the electric carmaker is now being approached by a host of state govts for setting up its manufacturing unit, with Gujarat, Maharashtra, Tamil Nadu and Telangana being the frontrunners.

MAJOR APPEAL

<ul style="list-style-type: none">➤ Tesla is likely to apply for benefits under the new EV policy➤ This will allow the company to import 8,000 cars annually at 15% customs duty (against 110% now), after it commits to invest \$500mn for a local factory, with value addition	 <ul style="list-style-type: none">➤ Gujarat, Maharashtra, Tamil Nadu have the advantage of providing easier access to ports, seen as a must for Tesla's India factory, which will also be an export hub➤ The company has decided to skip import from China after govt raised objection
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Sources said the Elon Musk-run company will "in all likelihood" apply for benefits under the new EV policy that govt had announced in March 2024. This will allow the company to import 8,000 cars annually at a highly-subsided 15% customs duty (against 110% now), only after it commits to invest Rs 4,150 crore (little less than) \$500 million for a local factory, with additional domestic value addition (DVA) mandates.

"There is excitement and nervousness in investment departments of key states as they scurry to attract the Tesla investments. The plan is to approach the company management as soon as possible and begin negotiations, including giving out any special benefits," a source said.

Tamil Nadu and Maharashtra are already key automobile manufacturing hubs, and so is Gujarat where many companies have invested over the past decade. All three have an edge as they provide easier access to the port, seen as a must for Tesla's India factory, which will also be an export hub .

In its initial plan to govt, the company had said that it plans to set up a 5 lakh capacity plant where it would invest between \$2 billion and \$3 billion. The company plans to make an all-new budget car for India, which is likely to be offered at Rs 20-25 lakh.

The prospects of a mega investment from a high-technology company is a big attraction for various govts. "Some of the states are already in discussions with the company's management, having initiated the talks last year, when the company looked close to entering India. The talks will now happen at a more advanced level as things have progressed much ahead from the previous levels. There is also an effort to understand demands of the company management, including issues around rail connectivity to the port," another source said.

Asked about the govt's demand to not to import from China, one source said Tesla "appears to be in sync" with the request, considering the Indo-China diplomatic issues. "German factory in Berlin, which produces Tesla Model Y, will now be used to manufacture right-hand drive cars, which will come to India."