

California-Based Car Producer To Launch In India, Lobbying For Lower Taxes On Imports

To begin sales in India Tesla aims this year. The company is likely to set up a factory in India if successful with imported vehicles, Chief Executive Elon Musk said on Twitter, after the company wrote to Indian ministries seeking a big reduction in import duties on electric vehicles, according to two sources with knowledge of the matter.

Musk in a tweet said, "We want to do [launch EVs in India] so, but import duties are the highest in the world by far of any large country! Moreover, clean energy vehicles are treated the same as diesel or petrol, which does not seem entirely consistent with the climate goals of India."

The company announced its plans to launch by January in India. Since then the company has hired key top executives to look after local operations.

"But we are hopeful that there will be at least a temporary tariff relief for electric vehicles. That would be much appreciated," Musk said in another tweet.

The car producer is currently lobbying for lower taxes on imports as it considers plans to expand into India, one of the world's biggest emerging car markets, people with knowledge of the details said Friday.

"Import duties are the highest in the world by far of any large country," Musk said on Twitter, replying to a question about the prospect of sales in the nation. "Moreover, clean energy vehicles are treated the same as diesel or petrol, which does not seem entirely consistent with the climate goals of India."

The firm is hopeful India will offer “at least a temporary tariff relief for electric vehicles,” Musk said. “If Tesla is able to succeed with imported vehicles, then a factory in India is quite likely.”

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“First you pay import duties (100 per cent) then you pay GST which is 48 per cent and then you have registration tax of another 15 per cent. So, it’s duties on duties on duties – a multiple layers of duties which is keeping this sector very niche,” Balbir Singh Dhillon, Head of Audi India, told BusinessLine recently. That is why for the last five-six years, the luxury car market has been stuck in the range of 30,000-40,000 units a year.

Former Managing Director of Mahindra and Mahindra Pawan Goenka came out in support of Musk’s demand. “Tesla wants a reduction in the import duty. I think the Government should consider lowering the 100 per cent slab to 60 per cent for electric vehicles.”