

Quote by Nikhil Dhaka, Vice-President, Primus Partners

Published in Money Control

July 16, 2025 | 14:37 IST

Govt Tesla entry wont dent EV players' market share, say experts

The experts believe that although the arrival of Tesla may not bring a big jump in EV volumes immediately, it will change people's perception about EVs.

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Article Content:

Tesla's entry into India will not impact the electric vehicle (EV) market share of homegrown brands like Tata Motors and Mahindra & Mahindra as it is most likely to compete with players having electric models in the price range of Rs 45-60 lakh, according to sector experts.

The US EV major opened its [maiden India showroom](#) in Mumbai on July 15 and launched the [Tesla Model Y electric mid-size SUV](#) at a starting price of Rs 59.89 lakh (ex-showroom).

The Model Y is being shipped from Tesla's Shanghai factory in a completely built-up (CBU) form. The Indian government levies a 70% basic customs duty (BCD) on imported fully-built cars having a cost, insurance and freight (CIF) value of up to USD 40,000.

Due to import tariffs, the Model Y's starting price is way higher than the price of the top-of-the-line variants of the Harrier.ev and the XEV 9e, which are the flagship electric SUVs of Tata and Mahindra, respectively.

For reference, the Tata Harrier.ev is priced between Rs 21.49 lakh and Rs 30.23 lakh (ex-showroom), while the Mahindra XEV 9e sits in the price bracket of Rs 21.90 lakh to Rs 31.25 lakh (ex-showroom).

"Tesla is likely to compete more directly with players such as e, BYD, Hyundai and Kia in the Rs 45-60 lakh price range. Indian carmakers, which currently dominate the mass-market EV segment, may not face immediate volume threats," Som Kapoor, Partner and Future of Mobility Leader, EY-Parthenon, told Moneycontrol.

S&P Global Mobility Light Vehicle Production Forecasting Associate Director Gaurav Vangaal said that Tesla's presence will push Tata and Mahindra to double down on feature innovation, product agility and customer engagement. "But it is important to note that both companies currently hold a strong foothold in the sub-Rs 20 lakh EV space, and Mahindra in particular has demonstrated robust product action with timely launches and feature upgrades. If Tesla chooses not to localise aggressively, these incumbents may retain their volume advantage in the short to medium term," he added.

The passenger EV segment is still at a nascent stage in India, accounting for 3.5% of the total car sales in April 2025, 4.1% in May 2025 and 4.4% in June 2025, according to data from the industry body Federation of Automobile Dealers Associations (FADA). The share stood at merely 2.6% in FY25.

Tata led the segment in Q1 FY26 with a share of 35.8%, while Mahindra accounted for 22.9%. The Harrier.ev-maker had a share of 53.52% in FY25, in comparison to 7.6% of the XEV 9e-maker.

The sector experts believe that although the arrival of Tesla may not bring a big jump in EV volumes immediately, it will change people's perception about EVs.

"The brand is aspirational and can attract more interest in EVs across income groups. Over time, this can help increase awareness and trust, which will support volume growth in the future. So while Tesla may not sell in huge numbers now, it will help grow the market in the long run," said Nikhil Dhaka, Vice President, Primus Partners.

S&P Global Mobility's Vangaal said that the impact on segment volumes will remain modest in the near term unless Tesla commits to local manufacturing or targets the Rs 25-35 lakh price bracket. "Imported vehicles may generate aspirational interest among younger demographics, but they lack the affordability needed to drive significant volumes," he said.

Tesla, which witnessed a [decline of 13.5% year-on-year in its global electric car volumes](#) in the June quarter, has not yet officially announced any plans to set up a manufacturing unit in India.

"While Tesla's initial offerings may be priced at a premium and may not contribute significantly to overall EV volumes, its brand equity will positively impact consumer sentiments and aspirations. Over time, this could translate to increased demand across

the premium EV segment and push the envelope on what consumers expect from EVs in terms of tech, range and performance," EY-Parthenon's Kapoor said.