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Tesla lags new foreign entrants in India EV race despite global playbook



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India's electric passenger vehicle (PV) market surged to 199,923 units in FY26, accounting for 4.2 per cent of the overall PV market, up 83.6 per cent year-on-year (Y-o-Y).

Within this growing market, new foreign entrants such as Vietnamese automaker VinFast and China's BYD have significantly outperformed Tesla. This is despite all of them facing similar completely built unit (CBU) import constraints and geopolitical headwinds.

Tesla entered India in July 2025 and began deliveries in September, managing to sell 342 units in FY26, translating into just 0.17 per cent share of the EV market. VinFast also started sales around the same time.

VinFast, entering as a new brand just 12 months ago, delivered 2,390 units – about seven times Tesla's volume – capturing a 1.2 per cent EV market share.

The company gained traction by pricing its VF e34 and VF7 models in the ₹25–35 lakh range, undercutting Tesla's ₹60–67 lakh Model Y by around 50 per cent. VinFast simultaneously announced a Tamil Nadu plant with 120,000 unit annual capacity by 2027 to accelerate localisation.

BYD, meanwhile, clocked 5,361 units in FY26, up 54 per cent Y-o-Y, or around 15 times Tesla's tally, despite importing most vehicles as CBUs subject to 100–110 per cent duties.

Its expansion has also been constrained by geopolitical tensions, including the blocking of its proposed \$1 billion joint venture in India.

Even so, BYD leveraged a broader portfolio – such as the Atto 3 and eMax 7 – priced in the ₹25–35-lakh band, alongside rapid service network expansion and plans to explore semi-knocked down

(SKD) assembly.

The company operates a small Chennai facility with 10,000–15,000 unit annual capacity, even as full manufacturing plans remain on hold.

Tesla's relatively muted performance is also being linked to its limited retail footprint. The company currently operates just two showrooms in Delhi and Mumbai, compared to around 35–39 outlets for BYD and 34–35 for VinFast across more than 30 cities.

Anurag Singh of Primus Partners told Business Standard that Tesla's approach in India appears tentative, noting that its cars are "imported and expensive." And, the company still lacks a full customer ecosystem, including "dealership, service and charging" infrastructure.

In his view, Tesla is "experimenting rather than committing."

Singh added that over the long term, traditional internal combustion engine (ICE) automakers may have an edge over EV startups, given the complexity of the automobile business.

"It takes an Elon Musk to do Tesla," he said, pointing out that most EV startups globally have struggled to sustain themselves, with China being "a different story" due to strong government backing. He added that it is "easier for ICE players to get into EVs" than for startups to build an automobile business from scratch.

Tesla's global market entry performance has varied significantly across regions, shaped largely by import duties, local manufacturing timelines, and model availability.

In the United States, Tesla launched the Model S in June 2012 –its first full production vehicle – and sold 2,650 units in that debut year. The company faced zero import duty, as production was localised at its Fremont factory in California, which it had acquired in 2010 ahead of the launch.

Tesla entered Europe in mid-2013, beginning Model S deliveries in August–September across Norway, the Netherlands, Germany, France and Switzerland.

It sold around 5,000 units in its first year, despite a 10 per cent European Union (EU) tariff on imports.

Local manufacturing only came nearly a decade later, with Giga Berlin commencing production in March 2022 with an initial capacity of 250,000 units, ramping up to 500,000 units annually by 2025.

In China, Tesla began Model S shipments in April 2014, selling 2,499 units in its first year, while facing 95–100 per cent import duties. The high cost led to an inventory overhang of more than 2,300 unsold vehicles.

Tesla addressed this by setting up Giga Shanghai, which started production in September 2019 – just five years after entry – and scaled from 150,000 units annually to over 1 million units by 2025. This made China its largest market, with 657,000 units sold in 2024, a 263-fold increase from its first year.







In contrast, India marks Tesla's weakest first-year performance globally.

The company opened its first showroom in July 2025 and began retail deliveries in September, selling 225 units in calendar 2025 and 342 units in FY26, with only the Model Y rear-wheel drive variant on offer. With 100–110 percent import duties and pricing at Rs 59.89–67.89 lakh, Tesla has

yet to commit to local manufacturing, even as the government considers lowering duties to 40–70 percent for companies that invest locally.

The pattern is clear - Tesla's growth in global markets accelerated sharply only after localisation. In India, however, it remains at an entry stage—constrained by high import duties, a single-model lineup, and limited infrastructure, including roughly 25,000 EV charging stations nationwide. Without local production, industry observers say Tesla is unlikely to replicate its China or Europe growth trajectory.

Changing gear

PV OEM	FY26	Y-o-Y %	FY26 market share (%)
Tata Motors PV	78,811	35.90	39.42 
JSW MG Motor India	53,089	73.67	26.55 
Mahindra & Mahindra	42,721	407.01	21.37 
BYD India	5,361	54.01	2.68 
VinFast Auto India	2,390	NA	1.20 
Tesla India Motors and Energy	342	NA	0.17 

Source: Fada