

# Driving ambition

## Musk leverages his Washington role to take Tesla to India

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It is easy to believe that Elon Musk's reach knows no limits. But while the world's richest man may control a space satellite empire, own one of the largest social media platforms, produce the world's bestselling electric car and been given carte blanche by Donald Trump, the US president, to gut the government, there is one market that he has yet to crack: India.

But with his newfound influence over the Trump administration and global geopolitics, it appears likely that Musk's entrance into the Indian market, both with his Tesla electric cars and his Starlink satellite internet, could now be smoother and faster.

When the Indian prime minister, Narendra Modi, met Trump in Washington earlier this month, he sat down privately with Musk, where, according to the Indian government, they discussed "strengthening collaboration between Indian and US entities in innovation, space exploration, artificial intelligence, and sustainable development".

Trump, however, put it more bluntly: "I assume he [Musk] wants to do business in India."

Until now, India's tariffs of up to 110% on imported electric vehicles have prevented Tesla from entering the fast-growing Indian market. However, Musk pledged last year that Tesla would be in India "as soon as humanly possible" - and following his recent encounter with Modi, it seems he is now keen to make that a reality.

Tesla has already begun advertising for jobs both in Mumbai and Delhi, and has signed a lease on a showroom in Mumbai. Tesla could take advantage of a new Indian government scheme lowering import tariffs on electric vehicles to 15% if they commit to investing \$500m within three years in a factory that will manufacture them. However, the tax break only applies to the first 8,000 vehicles, a limit Tesla is likely to push back on.

A Tesla factory would be a boon for India, a country that is desperate for foreign investment and job creation, particularly in manufacturing. Nonetheless, Musk has a chequered record for his commitments to investing in India. Last year, he left the Modi government reeling after he made



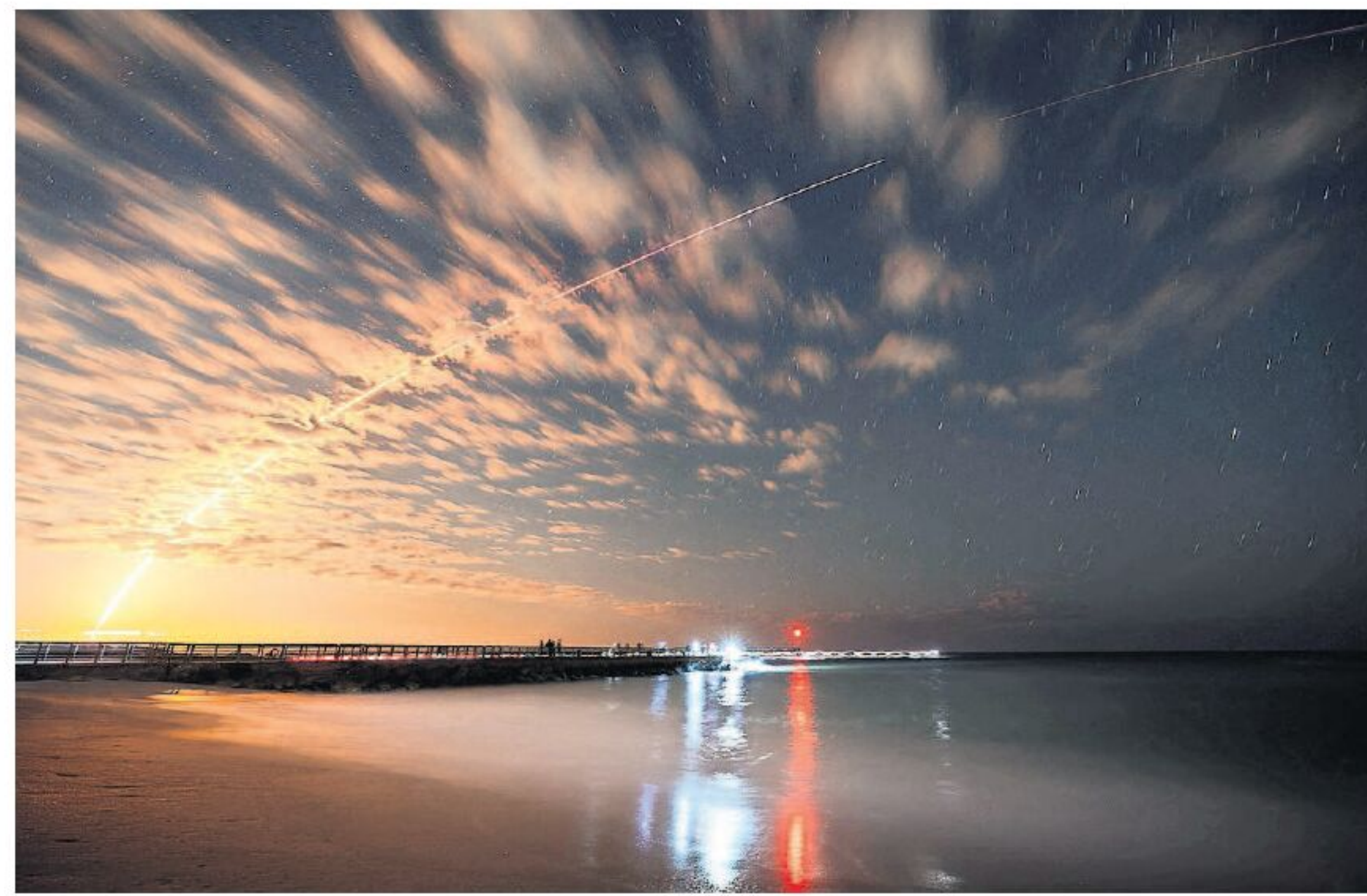
high-profile plans to travel to India, and had dangled the possibility of a \$3bn investment to build a Tesla factory, only to cancel the trip at the last minute. Instead, he travelled to India's rival China, another huge market that the billionaire has been equally keen to capitalise on, to cut a deal.

Tesla also faces stiff competition from Indian manufacturers, who are already making and selling popular electric SUVs for about a quarter of the £40,000 starting price for a Tesla, which would be far above the budget of most Indian families. Sales of Tesla cars are also plummeting globally, with a 45% decline in Europe in January.

Trump too has appeared less enthusiastic about Musk's ambitions to start making Teslas in India. "Now, if he built the factory in India, that's okay, but that's unfair to us. It's very unfair," the president told Fox News last month.

Another possibly more lucrative venture for Musk in India could be Starlink, the satellite internet technology operated by his SpaceX company. Globally, Musk already has a dominant lead on satellite internet, with more than half of all satellites in the skies.

Since 2021, he has been fixated on getting Starlink into India. While the appetite for satellite internet



◀ The SpaceX Falcon 9 rocket carrying Starlink satellites shortly after launching in Florida last week

PHOTOGRAPH: SAM WOLFE/REUTERS

Yet, after the election of Trump, some believe that the Indian government may now be more willing to side-step those concerns. "I think before the US election results came through, India would have had their doubts about giving Musk's Starlink security clearance," said Nikhil Pahwa, the founder of MediaNama, an Indian tech news platform.

"One of the things that India relies on is control over internet access and control over its operators. But now that Musk is a part of the US government, his leverage in India has certainly increased and his chances of Starlink clearing security approvals have probably improved dramatically - or at least will happen much faster."

Pahwa said the decision on Starlink by the Indian government was now "as much of a political decision as a security decision".

What has been dubbed "Starlink diplomacy" - opening up the country to Musk's satellites in an apparent bid to gratify the Trump administration - has already been evident in neighbouring Bangladesh, where this week the country's interim leader, Muhammad Yunus, suddenly extended an invitation for Musk to launch Starlink in the country within 90 days.

Even prior to the re-election of Trump, the Indian government had already made manoeuvres favourable to Starlink's ambitions. In October, the government announced that satellite spectrum for broadband would be allocated administratively rather than through auction, something that Musk had lobbied hard for. "We will do our best to serve the people of India with Starlink," said Musk on X in response.

The decision means that Starlink has a far better opportunity to compete against Indian telecoms giants in the battle for control over the country's satellite internet market. It was met with anger by some of the country's biggest operators, such as Jio, which also has vast ambitions in the satellite internet space, and has been lobbying the government to reverse its decision on the auction.

"Starlink won't find it as easy in India as it has in other markets, there is very strong competition here so it will be hard for it to gain a monopoly, even with low prices," said Prasanto K Roy, a technology analyst, who said that Starlink would be out of reach economically for most people living in rural India unless the company repeated what it did in Africa by heavily reducing its prices. Starlink costs about \$10 in Africa compared with \$120 in the US. Roy said such a move could lead to a price war in India.

He added: "Those using Starlink are obviously going to be a very tiny niche at the top of the socioeconomic pyramid. But once he's got a hold, it is something Musk could really leverage in India."

in India is tiny at the moment, it is expected to grow to \$1.9bn by 2030, according to Deloitte, and is seen as a crucial entry point into India's flourishing telecoms industry.

Speaking to reporters earlier this year, after Trump's inauguration where Musk was highly prominent, India's communications minister, Jyotiraditya Scindia confirmed that Starlink was in the process of seeking necessary security permissions to operate in India.

"When you check all the boxes, you get the licence. If they [Starlink] do that, we will be very happy," said Scindia.

Yet in India, telecoms, including satellite internet, is among the most strictly regulated and controlled industries, and vast obstacles are put in the way of foreign companies such as Musk's which stop them from being granted the

▲ Elon Musk held a meeting with the Indian prime minister, Narendra Modi, at the White House last month

PHOTOGRAPH: REUTERS

security permissions to operate. In particular, Musk's close connections and business interests in China and the use of Starlink in the Russia-Ukraine war were seen as possibly insurmountable cybersecurity issues, as well as the ability of SpaceX to be able to control access to Starlink's satellite internet from outside the country. Modi's government has routinely ordered Indian internet providers to block critical online content and used internet blackouts as a means of information control.

These fears could be heightened after sources in the Indian state of Manipur, which borders Myanmar, told the Guardian earlier this year that Starlink was already being used by militant groups in the state to circumvent regular internet shutdowns being imposed after outbreaks of ethnic violence, despite not having security clearance to operate in the country.

A recent report by an Indian thinktank warned that Starlink was a "wolf in sheep's clothing", citing its use by US intelligence agencies and military, and warned of its potential to be used to undermine Indian security.

## \$1.9bn

Forecast size of the Indian market - in US dollars - for satellite internet by 2030, according to Deloitte

## \$500m

The investment an electric carmaker must put into an Indian factory in three years to lower tariffs to 15%