

Tesla, Starlink and India-US Partnership

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Summary

India and the United States could be on the cusp of engineering a new economic partnership for the future focused less on tariffs but on increased market access and investments. That dynamic could further embolden the strategic logics that have driven bilateral ties for nearly three decades.

Elon Musk has long wanted to increase his commercial presence in India. Finally, that wish may be realised with Tesla and Starlink poised to enter the Indian market. Starlink, Musk's satellite communications firm, has long battled for access to the tough Indian telecommunication market, which is dominated by Jio and Airtel. Similarly, after a decade of trying, Tesla, the prolific electric vehicle (EV) maker, appears ready for the Indian market. Competition in these two India sectors is fierce and has thwarted foreign firms. Musk's grand entry raises questions over Tesla and Starlink's entry in India at this particular juncture. Simply put, why now? And which company matters more for India – Tesla or Starlink?

In the last few weeks, [Tesla](#) and [Starlink](#) have announced plans for expansion into India following Musk's meeting with Indian Prime Minister Narendra Modi in Washington in mid-February 2025. Days after the meeting, Tesla announced plans to open showrooms in New Delhi and Mumbai to sell its cars. India's electric car market is growing but largely dominated by domestic players like Tata that controls 60 per cent of the market. Tesla will have to compete with Tata while managing a litany of infrastructural gaps and competitive pressures in terms of price. Moreover, Tesla will also have to contend with India's high auto tariffs. That said, though the market is small, it is growing: [India's EV market](#) is currently worth US\$54.41 billion (S\$72.43 billion), but could reach US\$111 billion (S\$147.8 billion) by 2029.

Tesla needs [the Indian market](#), given ongoing difficulties in the United States (US), Europe and China and with customers increasingly turning away from Tesla, given Musk's overt political activities. One potential benefit for Tesla in India is that it will not compete with Chinese EVs in India, given New Delhi's ongoing geopolitical difficulties with Beijing. India continues to remain wary of Chinese EV firms, as exemplified by the government's rejection of BYD's proposal to establish a local EV factory in India. Tesla will likely have to initially export cars before establishing operations to produce EVs in India. The path to acquiring a high market share in India through EVs will be a long-term endeavour. Going forward, New Delhi might have to concede to Musk's wishes to avoid a broader trade conflict with the Donald Trump administration, given Musk's proximity to Trump.

Last week, Musk's satellite firm, Starlink, also announced its entry to the Indian market, partnering with two dominant telecommunication providers – Airtel and Reliance Jio. Airtel

has signed an agreement to bring Starlink to India and expand Starlink's internet services domestically. [Starlink holds value for India](#) – the firm's low earth orbit satellites enable the expansion of high quality internet access in areas with patchy and irregular internet. Airtel will offer Starlink services in its bundle to its customers across India, helping connect industries and communities. The arrangement is mutual and necessary to facilitate Starlink's entry, given Starlink's propensity to disrupt markets by outperforming incumbent telecommunication service providers. It is ostensible that this feature could have prevented Starlink from gaining regulatory approval from the Indian government that vigorously protects domestic companies like Airtel and Jio. Starlink's partnership with both companies to operate in India remains subject to regulatory approval.

The belated entry of Tesla and Starlink points to a larger shift in India's political economy and its partnership with the US. In terms of political economy, it would have come as a surprise that India's two dominant telecommunication and wireless companies – Jio and Airtel – are shepherding Starlink's entry into the Indian market. The Indian government has supported these and other domestic telecommunication and technology firms with subsidies, incentives, import tariffs and regular government contracts. The Modi government has hinged its economic strategy on a small coterie of large companies, expecting them to drive growth under sufficient protection. In fact, the government did raise tariffs on [some inputs and commodities](#) from 2022. On e-commerce, the government has steadfastly supported the interests of domestic firms on issues like data localisation with some exceptions. India's broad internet sector has very little competition. If the Trump administration has its way, then New Delhi will likely have to concede more on tariffs and non-tariff barriers and further open the Indian market to US goods and services. The onus then falls on big Indian conglomerates to withstand and surmount foreign competition.

Musk's commercial entry into India has implications for India's relationship with the US. The recent Tesla and Starlink announcements following the Indian prime minister's US trip has led some [opposition members](#) to suggest that the moves were made to curry favour with the Trump administration and keep the bilateral relationship on good terms. That may be the case but Musk's companies will face immense regulatory scrutiny in India and will have to adhere to a litany of rules and restrictions; so New Delhi holds immense clout over their operations and businesses. Proximity to Trump may enable entry, not longevity. Conversely, if Tesla and Starlink's entry into India does remove some irritants from the strategic relationship, allowing both sides to focus on core issues like defence and technology cooperation, then that is a net positive for India. That said, it's likely Tesla and Starlink's entry and progress will feed into ongoing discussions for a bilateral trade agreement between the US and India. Such an agreement will help Indian firms reliant on investment and technologies from the US and drive their transition into a non-China centric supply chain architecture, which also aligns with New Delhi's strategic desire.

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