

With Tamil Nadu's EV Plant, VinFast Dreams Far and Wide

Category: Business

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VinFast, the Vietnamese EV maker, has done it again.

First it was in the port city of Haiphong, turning a swamp into a state-of-the-art factory. Now, the company is attempting a similar feat in southern India, where the contours of its second major plant are beginning to emerge.

Over a year ago, the land outside Thoothukudi was little more than sun-baked scrubland. Today, assembly lines stand ready, the machinery set to stamp, weld and paint the first Vietnamese-designed electric cars meant for Indian roads.



VinFast factory in Hai Phong city, northern Vietnam

Phase one alone carries a \$500 million investment, part of a \$2 billion commitment. The assembly facility can turn out 50,000 vehicles annually, with room to triple output if demand rises, and is expected to create 3,000 to 3,500 jobs. Construction has stayed on schedule since the memorandum of understanding was signed in early 2024, and the first VF 6 and VF 7 models are set to reach Indian customers soon after the ribbon-cutting.

Why India, Why Now

As it scouts the next stop in its global expansion, VinFast sees India, where electric vehicles still make up only a single-digit share of the market, as a market on the edge of rapid growth. Rising environmental concerns and a demand for affordable mobility are reshaping consumer choices. By assembling locally, the company can bypass steep import duties and bring its premium SUVs closer to the budgets of India's expanding middle class.

But the Tamil Nadu plant is meant to be more than an assembly site. VinFast hopes to replicate a strategy that has served it well in Vietnam: building an ecosystem that integrates production, a network of charging stations, sales to taxi and bus operators, and comprehensive after-sales support, including software updates, repairs and financing.

To deliver this in India, the company has signed 13 distribution partners to open 32 outlets across 27 cities. It has also teamed with RoadGrid, myTVS and Global Assure to establish a charging and service backbone, while working with BatX Energies on recycling and second-life applications to build a closed battery loop and lower lifetime ownership costs.

This ecosystem can require heavy amount of effort and investment, but it may be essential to easing range anxiety and making EV ownership routine.

Tamil Nadu as Launchpad

Tamil Nadu's 2023 EV policy offers land concessions, subsidies and expedited permits. State officials often point to the deep-sea Ro-Ro port at Thoothukudi as a springboard for exports. For the state, VinFast's plant represents a significant auto investment, reinforcing Tamil Nadu's status as India's most diverse automotive hub.

The plant's modular design allows production to scale for nearby South Asian countries, Gulf states and African markets. Interest has already come from Nepal, Sri Lanka and Middle Eastern distributors, and trade analysts suggest Thoothukudi could become a hub for right-hand-drive exports if tariff agreements with the United States advance.

For India, the gains may extend well beyond the state. The facility is expected to strengthen the country's EV supply chain, generating thousands of direct jobs and supporting many more in component manufacturing, logistics and software. Local

sourcing requirements could draw dozens of suppliers into Tamil Nadu, accelerating technology transfer and giving Indian firms a foothold in Southeast Asian and Middle Eastern EV markets.

The project is also expected to speed the Inia's transition to cleaner transport. A widespread network of service centers and chargers can help reduce one of the biggest barriers to EV adoption. By delivering competitively priced vehicles with reliable after-sales support, VinFast may pressure local automakers to expand their EV lineups, nudging India closer to its target of electrifying 30 percent of new car sales by 2030.

Yet competition looms. Homegrown manufacturers dominate the EV market, and global giants are recalibrating their India strategies. But VinFast is betting that "premium yet accessible" models – mid-range pricing paired with strong connectivity and after-sales packages – will sway drivers away from gasoline.

