Defence Industrial Corridor in Uttar Pradesh

...विकास की साझेदारी, सुरक्षा की जिम्मेदारी
Country’s 4th largest state, 3rd largest economy

Home to 16.5% of India’s population

Largest market and consumer place

Amongst the top 5 manufacturing state

2nd highest number of SMEs in India

13.26% growth in exports (CAGR) (2012-17)
DEFENCE & AEROSPACE SECTOR

Existing Manufacturing base

Home to prominent PSUs –
• Three HAL manufacturing units, Nine Ordnance Factories, Bharat Electronics Ltd, etc.

R&D and Innovation Base
• Key R&D institutes including DRDO, ASERDC-HAL, etc.
• Prominent Forensics Science Laboratories

List of Prominent Ordnance Factories in UP
1. Ordnance Factory, Kanpur
2. Small Arms Factory, Kanpur
3. Field Gun Factory, Kanpur
4. Ordnance Equipment Factory, Kanpur
5. Ordnance Parachute Factory, Kanpur
6. Ordnance Equipment Factory, Tundla
7. Ordnance Factory, Korwa
8. Ordnance Factory, Muradnagar, Ghaziabad
9. Ordnance Clothing Factory, Shahjahanpur

List of Prominent manufacturing units of HAL
1. HAL Transport Aircraft Division, Kanpur
2. HAL Accessories Division Lucknow
3. HAL Avionics Division Korwa

Others -
1. Bharat Electronics Ltd, Ghaziabad
2. Naini Aerospace Ltd – HAL
The Announcement

- Announced by Hon’ble Prime Minister, Shri Narendra Modi at UP Investors Summit in February 2018
- Worth INR 20,000 crore proposed in Bundelkhand region
- Estimated to create over 2.5 lakh employment opportunities
DEFENCE CORRIDOR

Contours

- Passing through Aligarh, Agra, Jhansi, Chitrakut including Kanpur, Lucknow
- These districts have strong ancillary base to support the needs of defence manufacturing and ensure continuous supply of raw materials, labour, etc.
- Large parcels of affordable land available in the Bundelkhand region
- Region is best suited for developing economic testing and R&D facilities for the sector
- Nearly 3000 hectares of land to be notified and purchased
DEFENCE INDUSTRIAL CORRIDOR – UP

Catchment Area

Agra-Lucknow Expressway
(operational)

Bundelkhand Exp’way
(Proposed Alignment)

Primary Catchment Area~ 50 km

Secondary Catchment Area~ 100 km
Connectivity
- Air: Operational Airport at Agra
- Rail: Connected directly to National Network, ~50 Kms from EDFC (Tundla)
- Road: Connected via AL Expressway & National Highways

Kudrail Node
Connectivity
- Air: Operational Airport at Kanpur ~125 Kms
- Rail: Connected directly to National Network, ~50 Kms from EDFC (Bhaupur)
- Road: Connected via National Highway & proposed Bundelkhand Expressway

Jhansi Node
Connectivity
- Air: Operational Airport at Gwalior ~100 Kms
- Rail: Connected directly to National Network, ~250 Kms from EDFC (Prempur)
- Road: Connected via National Highway & ~50 Kms from proposed Bundelkhand Expressway

Chitrakoot Node
Connectivity
- Air: Operational Airport at Khajuraho ~200 Kms
- Rail: Connected directly to National Network, ~180 Kms from EDFC (Prempur)
- Road: Connected via National Highway & proposed Bundelkhand Expressway

Jalaun Node
Connectivity
- Air: Operational Airport at Agra
- Rail: Connected directly to National Network, ~50 Kms from EDFC (Tundla)
- Road: Connected via AL Expressway & National Highways

Kanpur Node
Connectivity
- Air: Operational Airport at Kanpur
- Rail: Connected directly to National Network, ~50 Kms from EDFC (Bhaupur)
- Road: Connected via National Highways & ~65 Kms from AL Expressway

Bundelkhand Exp'way
(Proposed Alignment)
### SME Base - Agra

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>No of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile &amp; Apparel</td>
<td>857</td>
</tr>
<tr>
<td>Engineering Goods</td>
<td>309</td>
</tr>
<tr>
<td>Leather based</td>
<td>932</td>
</tr>
<tr>
<td>Electrical, Metal &amp; Mineral based</td>
<td>188</td>
</tr>
<tr>
<td>Agro based</td>
<td>561</td>
</tr>
</tbody>
</table>

### SME Base - Aligarh

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>No of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rerpairing and Servicing</td>
<td>3180</td>
</tr>
<tr>
<td>Metal based</td>
<td>971</td>
</tr>
<tr>
<td>Engineering Units and Electrical Machinery</td>
<td>630</td>
</tr>
<tr>
<td>Agro Based</td>
<td>860</td>
</tr>
<tr>
<td>RG &amp; Textile</td>
<td>745</td>
</tr>
</tbody>
</table>

### SME Industry base - Agra

- **Textile & Apparel**: 857 units
- **Engineering Goods**: 309 units
- **Leather based**: 932 units
- **Electrical, Metal & Mineral based**: 188 units
- **Agro based**: 561 units

### SME Industry base - Aligarh

- **Rerpairing and Servicing**: 3180 units
- **Metal based**: 971 units
- **Engineering Units and Electrical Machinery**: 630 units
- **Agro Based**: 860 units
- **RG & Textile**: 745 units
DEFENCE INDUSTRIAL CORRIDOR - UP
SME Base (2/3)

SME Base - Kanpur

- Repairing and Servicing: 3189
- Leather Based: 2428
- Ready-made Garments and Embroidery: 1970
- Engineering Units and Electrical Machinery: 1396
- Agro Based: 994

SME Industry base - Lucknow

- Textile & Apparel: 3808
- Repairing & Services: 2892
- Agro based & paper: 531
- Mineral based, plastic & petro based: 337
- Metal based, Engineering & electrical: 234
DEFENCE INDUSTRIAL CORRIDOR – UP
SME Base (3/3)

SME Industry base - Jhansi

Textile & Apparel: 1071
Engineering Goods: 1130
Agro & Food based: 1074
Electrical, Metal & Mineral based: 628

Agro Based: 180
Repairing and Servicing: 124
Metal Based (Steel Fab.): 98
Wood/wooden based furniture: 82
Ready-made garments & embroidery: 40

SME Base - Chitrakoot
DEFENCE INDUSTRIAL CORRIDOR - UP

Strategy

► Expanding the Ordnance factories in the state
► Mobilising Private investments
► Mobilising the SME ecosystem in the state
► Bridging the market gaps and connect the ancillary units in the state to meet the requirements of Defence PSUs
► Developing the export oriented manufacturing base for defence sector
DEFENCE INDUSTRIAL CORRIDOR – UP
Enabling Infrastructure

Existing
► Located on Golden Quadrilateral with excellent road network
► Alongside the catchment area of AKIC and EDFC
► Agra Lucknow Expressway
► Major national & international airports connecting the rest of India
► Strong Logistics infrastructure – at Kanpur, Dadri, Boraki, Varanasi

Upcoming
► Proposed Bundelkhand Expressway linking Chitrakoot to Agra Lucknow Expressway
► Proposed Poorvanchal Expressway linking Lucknow to Ghazipur
► Upcoming international airports at Jewar in NCR
► Proposed NW-1 connecting Allahabad to Haldia port
DEFENCE INDUSTRIAL CORRIDOR - UP
Investment Opportunities

► Defence Park at Jhansi, Agra, Kanpur

► Aerospace Park at Lucknow, Kanpur, Agra

► Expansion of Defence Public Sector Units (DPSUs)

Indigenisation of items imported

- Auto related components & Automobile manufacturing for military
- Police modernization, Forensics Centres
- Aircraft/ Helicopter Manufacturing/ Assembling Units
- Testing facilities - Development testing range for artillery and other military equipment
- Drones Manufacturing and Testing facilities
- Leather & Textile hub at Agra for development of technical textile
- Engineering/Electronics manufacturing hub at Agra, Kanpur, Gautambuddha Nagar, Ghaziabad
DEFENCE INDUSTRIAL CORRIDOR – UP

Proposed UP Defence & Aerospace Manufacturing Policy
DEFENCE INDUSTRIAL CORRIDOR – UP

Proposed Defence & Aerospace Manufacturing (D&A) Policy

Salient Features

► Attracting Defence PSUs, Mega and Anchor projects
► Promoting development of Private Defence Parks with plug & play facilities
► More incentives are offered for investments made in Defence Corridor
► Promoting Investments in Bundelkhand & Poorvanchal
► Supporting industry specific incentives including rebate on freight and transportation charges, for developing R&D and testing facilities, capacity building, towards patent & registration fee is also offered
DEFENCE INDUSTRIAL CORRIDOR – UP

Proposed Defence & Aerospace Manufacturing (D&A) Policy

Incentives to Private D&A Park

- Parks providing ‘plug-and-play’ industrial infrastructure, including –
  - Manufacturing area (components, sub-components, sub-assemblies, aerospace parts) and SEZ, Testing centre, Hardware/Embedded Technology Centre, Technology innovation centre, and Housing & Common facility centre

- Developed on >150 acres in Bundelkhand & Purvanchal Region, >100 acres in Madhyanchal & Paschimanchal

- Incentives at par to those given to Private Industrial Parks under UP IIEPP 2017 –

<table>
<thead>
<tr>
<th>Particular</th>
<th>Incentive (as under <strong>UP IIEPP 2017</strong>)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan taken to buy land</td>
<td>Interest reimbursement @50% of annual interest, for 7 years up to INR 50 lakh p.a per park</td>
</tr>
<tr>
<td>Loan taken to build infrastructure</td>
<td>Interest reimbursement @60% of annual interest, for 7 years up to INR 10 crores p.a with an overall ceiling of INR 50 crores per park</td>
</tr>
<tr>
<td>Loan taken to build common facility</td>
<td>Interest reimbursement @60% of annual interest, for 7 years up to INR 5 crores p.a with an overall ceiling of INR 30 crores per park</td>
</tr>
<tr>
<td>Stamp duty</td>
<td>100% exemption to the developer</td>
</tr>
</tbody>
</table>
DEFENCE INDUSTRIAL CORRIDOR – UP

Proposed Defence & Aerospace Manufacturing (D&A) Policy

Incentives to D&A Units (1/4)

Case to case incentives to –

- Mega units
  - Capex >INR 300 crores or atleast 1000 direct employment in Bundelkhand/ Poorvanchal
  - Capex >INR 400 crores or atleast 1500 direct employment in Madhyanchal/ Paschimanchal**
  - Capex >INR 500 crores or atleast 2000 direct employment in GB Nagar/Ghaziabad

- Anchor unit along with their Vendor units

- Defence PSUs (DPSU) with min fixed capex of INR 1000 crores, located anywhere in the state

<table>
<thead>
<tr>
<th>Incentive on Land</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land on lease at subsidised rates anywhere in the state</td>
<td>DPSUs</td>
</tr>
<tr>
<td>Reimbursement upto 25% of the cost of land in the notified areas of Defence Corridor</td>
<td>Mega units &amp; Anchor units</td>
</tr>
<tr>
<td>Reimbursement upto 15% of the cost of land in the notified areas of Defence Corridor</td>
<td>Large units</td>
</tr>
<tr>
<td>Reimbursement upto 10% of the cost of land in the notified areas of Defence Corridor</td>
<td>MSME units</td>
</tr>
</tbody>
</table>
## Incentives to D&A Units (2/4)

<table>
<thead>
<tr>
<th>Particular</th>
<th>Details (as under UP IIEPP 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan taken for plant &amp; machinery</td>
<td>Interest reimbursement @5% p.a. for first 5 years upto INR 50 lacs p.a per unit.</td>
</tr>
<tr>
<td>Loan taken to build infrastructure</td>
<td>Interest reimbursement @5% p.a. for 5 years upto max INR 1 crore</td>
</tr>
<tr>
<td>Loan taken for setting up Industrial Research</td>
<td>Interest reimbursement @5% p.a. for 5 years subject to an overall ceiling of INR 1 Crore.</td>
</tr>
<tr>
<td>Stamp Duty Exemption</td>
<td>100% in Bundelkhand, Purvanchal region; 75% in Madhyanchal, Paschimanchal (except GB Nagar, Ghaziabad); 50% in GB Nagar, Ghaziabad</td>
</tr>
<tr>
<td>Electricity duty</td>
<td>100% exemption for 10 years to new units</td>
</tr>
<tr>
<td>SGST reimbursement</td>
<td>90% to MSME for 5 years, 60% to large units for 5 years, 70% to Mega units for 10 years.</td>
</tr>
<tr>
<td>EPF reimbursement</td>
<td>50% of employer’s contribution on providing direct employment to 500 or more unskilled workers, and additional 10% of employer’s contribution on direct employment to 200 skilled and unskilled workers.</td>
</tr>
</tbody>
</table>
## Incentives to D&A Units (3/4)

<table>
<thead>
<tr>
<th>Particular</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Incentive</td>
<td>100% reimbursement of net SGST on all input material (excluding Aviation Turbine Fuel) for aircrafts which are brought in specifically for MRO in UP, for 10 years to all new D&amp;A units</td>
</tr>
<tr>
<td></td>
<td>(Aviation Turbine Fuel is already subsidised under UP Civil Aviation Policy 2017 – Section 7.1.1, 8.1.1, 8.2.1, 8.5.2.1)</td>
</tr>
<tr>
<td>Rebate on Transportation charges</td>
<td>For transportation of imported equipment, plant/machinery from logistics parks/harbour/port to the production site within UP state</td>
</tr>
<tr>
<td></td>
<td>Subsidy of 50% of cost, up to max. INR 2 cr, up to the start of first year of production</td>
</tr>
<tr>
<td></td>
<td>For transportation of finished products from the unit to logistics parks, harbour/port</td>
</tr>
<tr>
<td></td>
<td>Subsidy of 30% of cost up to max. INR 1 cr, for 5 years from start of commercial production</td>
</tr>
<tr>
<td>Setting up ETP</td>
<td>20% reimb of project cost, upto maximum INR 1 cr</td>
</tr>
<tr>
<td>Setting up R&amp;D and Testing Centres</td>
<td>10% subsidy on investment &gt; INR 10 cr, @ max INR 10 cr per investment</td>
</tr>
<tr>
<td></td>
<td>In case criteria are fulfilled within 2 years of going live, the assistance will be granted retrospectively on fulfilling following order requirements -</td>
</tr>
<tr>
<td></td>
<td>► Centre should either have bagged a direct order** of at least INR 5 cr</td>
</tr>
<tr>
<td></td>
<td>► or should be service provider to a manufacturer having a minimum of INR50 crore order from authorised**</td>
</tr>
<tr>
<td></td>
<td>(**from the MoD/MHA/ or equivalent foreign governments/ civilian aerospace supplier or an MRO facility.)</td>
</tr>
</tbody>
</table>
Incentives to D&A Units (4/4)

<table>
<thead>
<tr>
<th>Particular</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement of cost of tech transfer</td>
<td>100% of cost of ToT reimb to Anchor Units towards first 5 vendors, and 50% for next 5 vendors (ceiling of INR 50 lakhs for each vendor unit)</td>
</tr>
</tbody>
</table>
| Patent filing fees               | ▶ 100% reimbursement for domestic patent registration  
▶ 50% reimb for international patent registration subject to max INR 25 lakh                                                        |
| Trade Mark Registration Fees     | 100% reimbursement subject to max INR 1 lakh                                                                                         |
| Quality certification fees       | 100% reimbursement, subject to max INR 2lacs (only MSME units eligible)                                                              |
| Building Market                  | 50% reimb of cost of participation in international exhibitions / fairs up to max INR 5Lakh  (only MSME units eligible)                 |
| Capacity building                | ▶ Reimb @INR 10000 p/m per trainee for 6 months, upto max of 50 trainees p.u. p.a. to units providing on the job training for prescribed courses in D&A sector  
▶ A&D units shall be handed over identified Government ITIs/ Polytechnics  
▶ Universities (in India and abroad) with excellence in A&D training and research to tie up with universities in the State |
THANK YOU

Kindly give your feedback & suggestions on the contact details below -

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