



# Defence Industrial Corridor in Uttar Pradesh

... विकास की साझेदारी, सुरक्षा की  
ज़िम्मेदारी



# ADVANTAGE UTTAR PRADESH

The background of the slide is a collage of images. On the left, there's a large industrial machine, possibly a part of an aircraft or a heavy-duty vehicle. In the center, there's a person working on a machine. On the right, there's a blue and white image of a person in a helmet, possibly a soldier or a pilot, and a blue and white image of a person in a helmet. There are also images of military aircraft and tanks.

Country's 4<sup>th</sup> largest state, 3<sup>rd</sup> largest economy

Home to 16.5% of India's population

Largest market and consumerplace

Amongst the top 5 manufacturing state

2<sup>nd</sup> 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







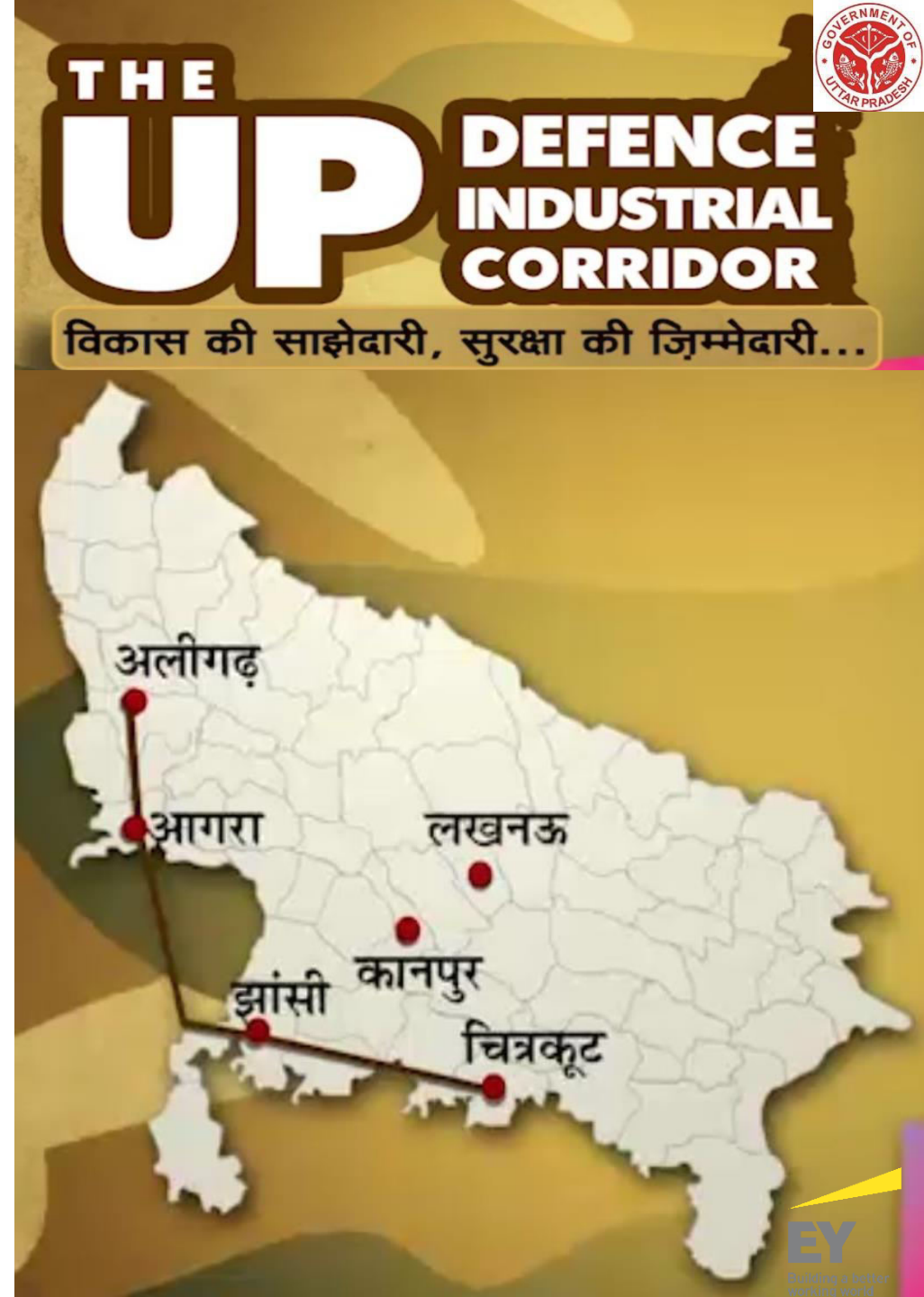
## *The Announcement*

- 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

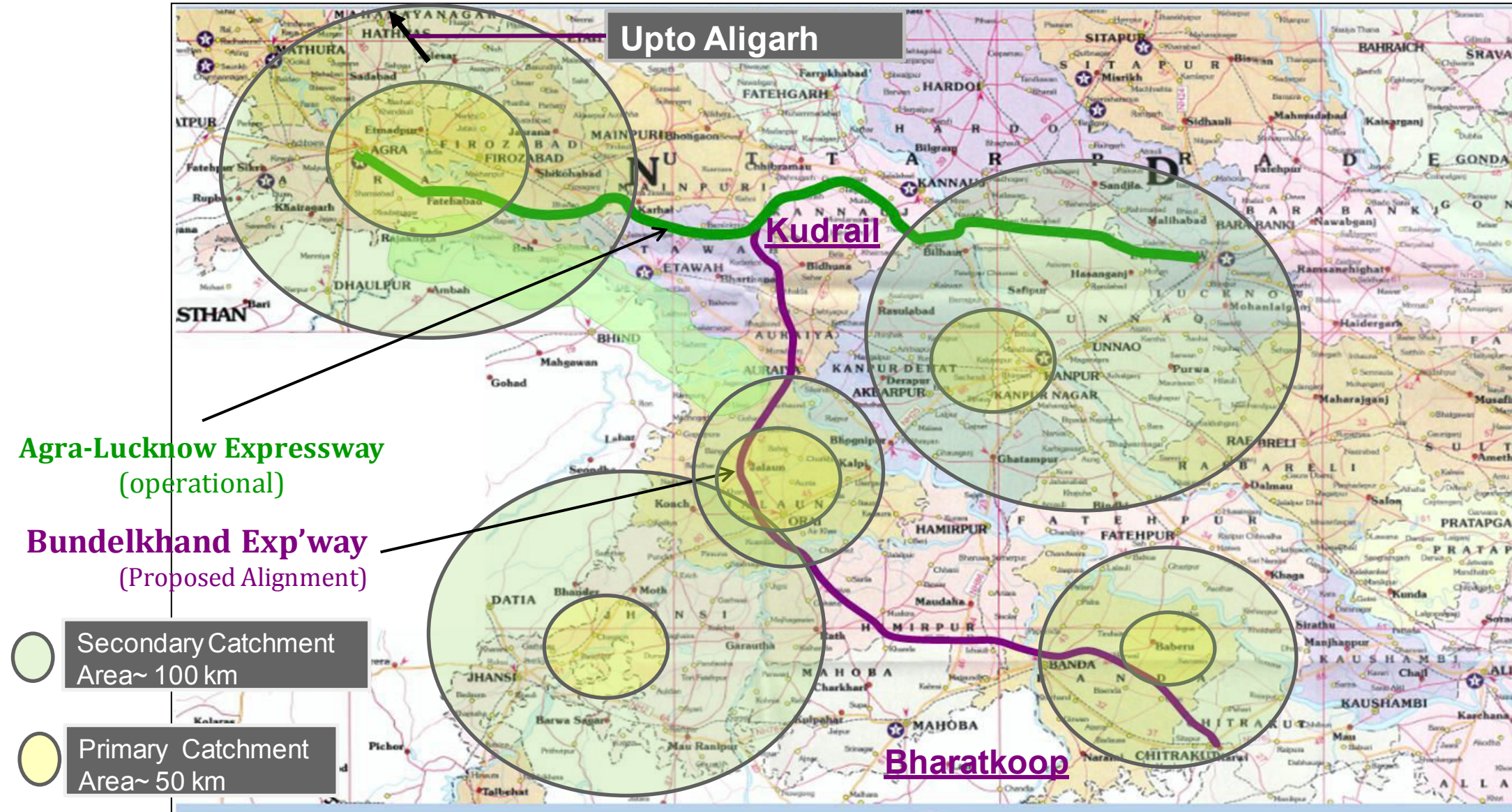
- ▶ Passing through Aligarh, Agra, Jhansi, Chitrakut including Kanpur, Lucknow
- ▶ These districts have strong ancillary base to support the needs of defence manufacturing and ensure continuous supply of raw materials, labour, etc.
- ▶ Large parcels of affordable land available in the Bundelkhand region
- ▶ 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





### Connectivity

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

### Agra Node

Agra-Lucknow Expressway  
(operational)

Bundelkhand Exp'way  
(Proposed Alignment)

Kudrail

### 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

### Kanpur 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

### Jalaun 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

### Jhansi 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

Bharatkoop

### Chitrakoot Node

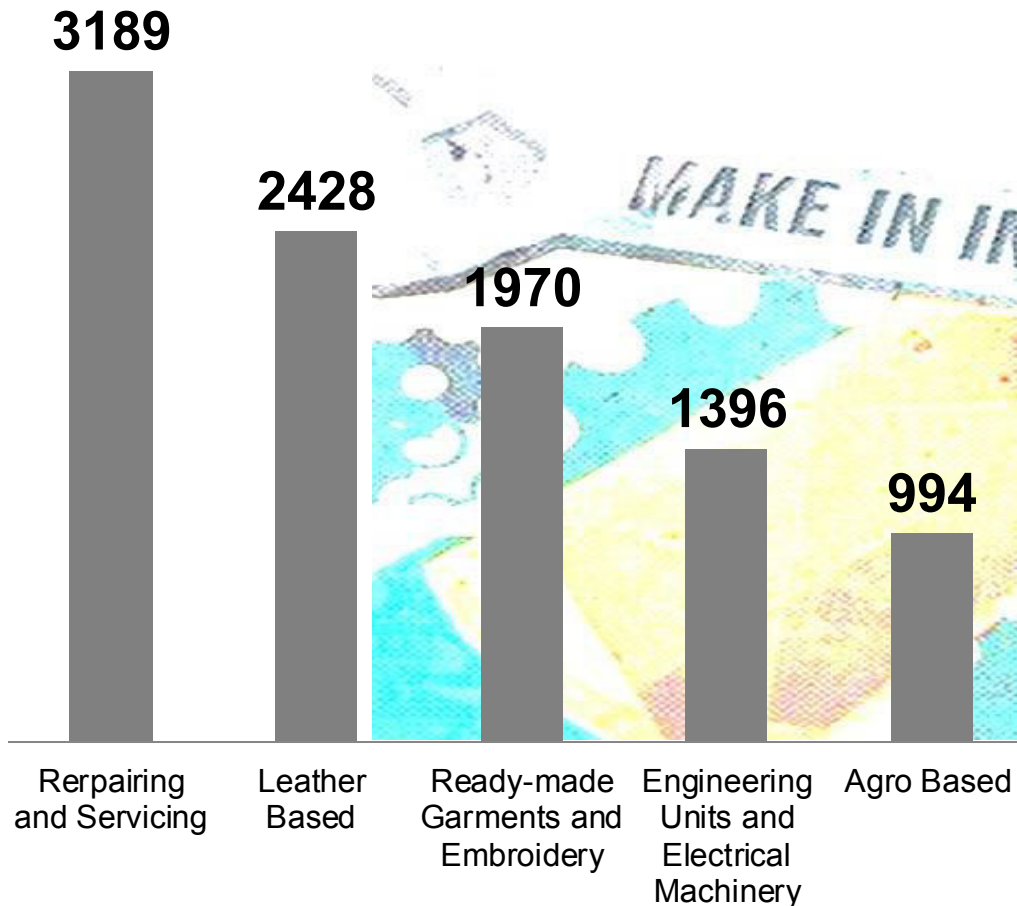


# DEFENCE INDUSTRIAL CORRIDOR - UP

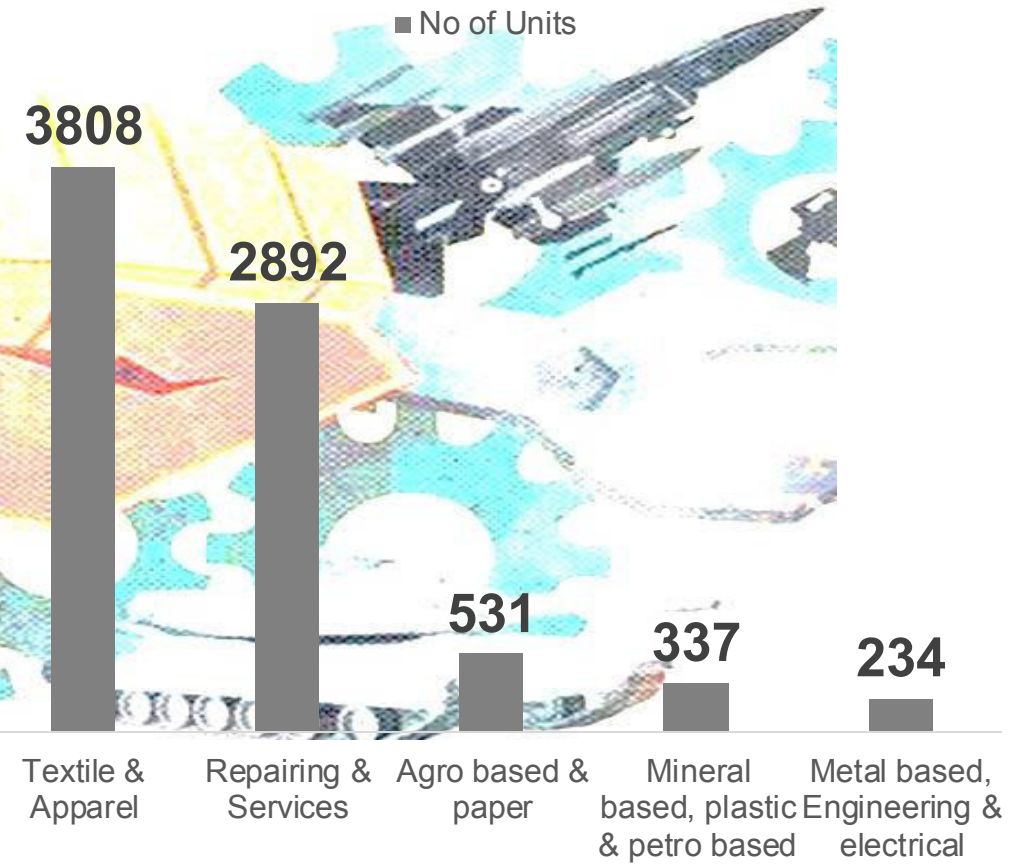
## *SME Base (1/3)*



### SME Base - Kanpur



### SME Industry base – Lucknow



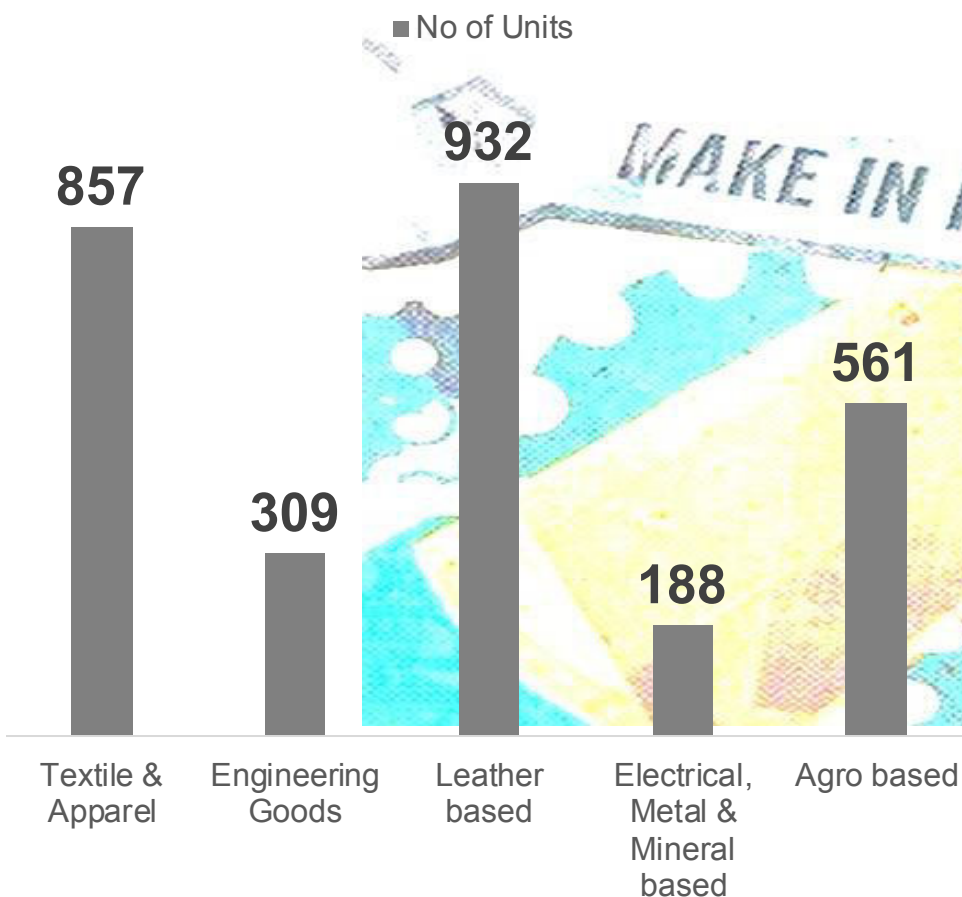


# DEFENCE INDUSTRIAL CORRIDOR - UP

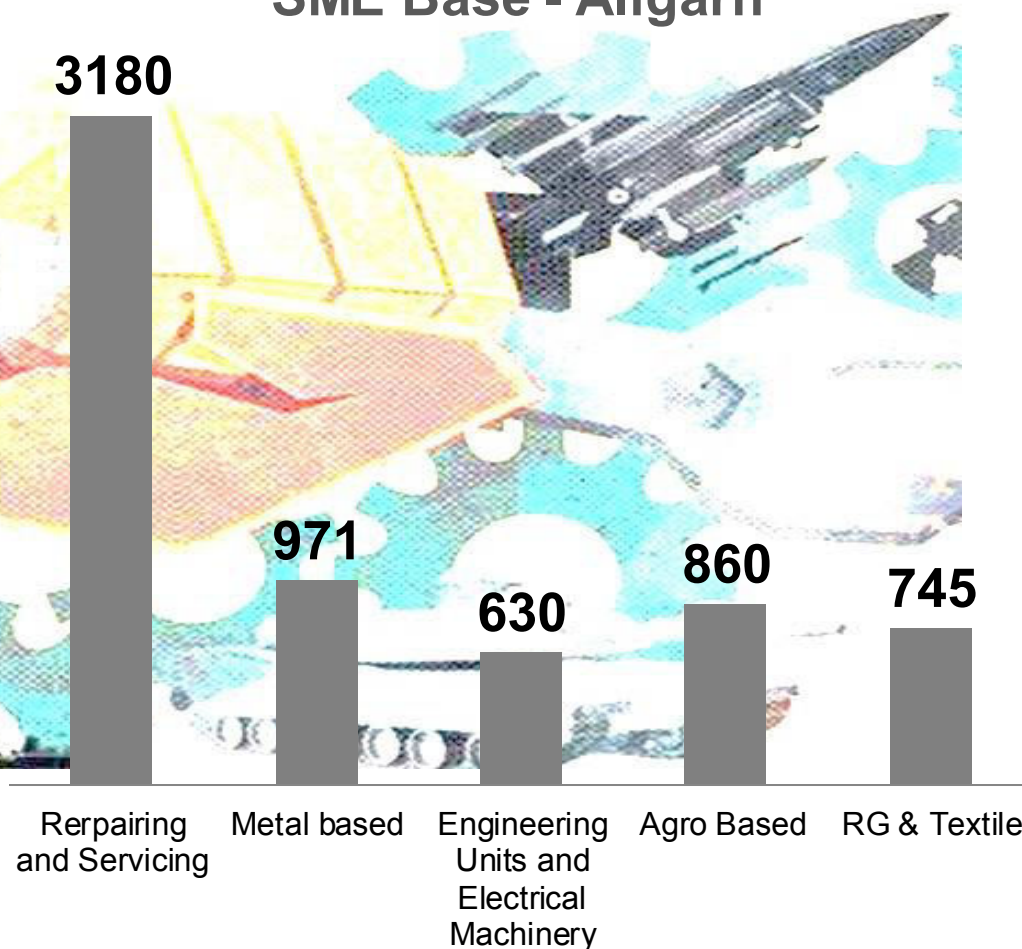
## *SME Base (2/3)*



### SME Industry base - Agra



### SME Base - Aligarh



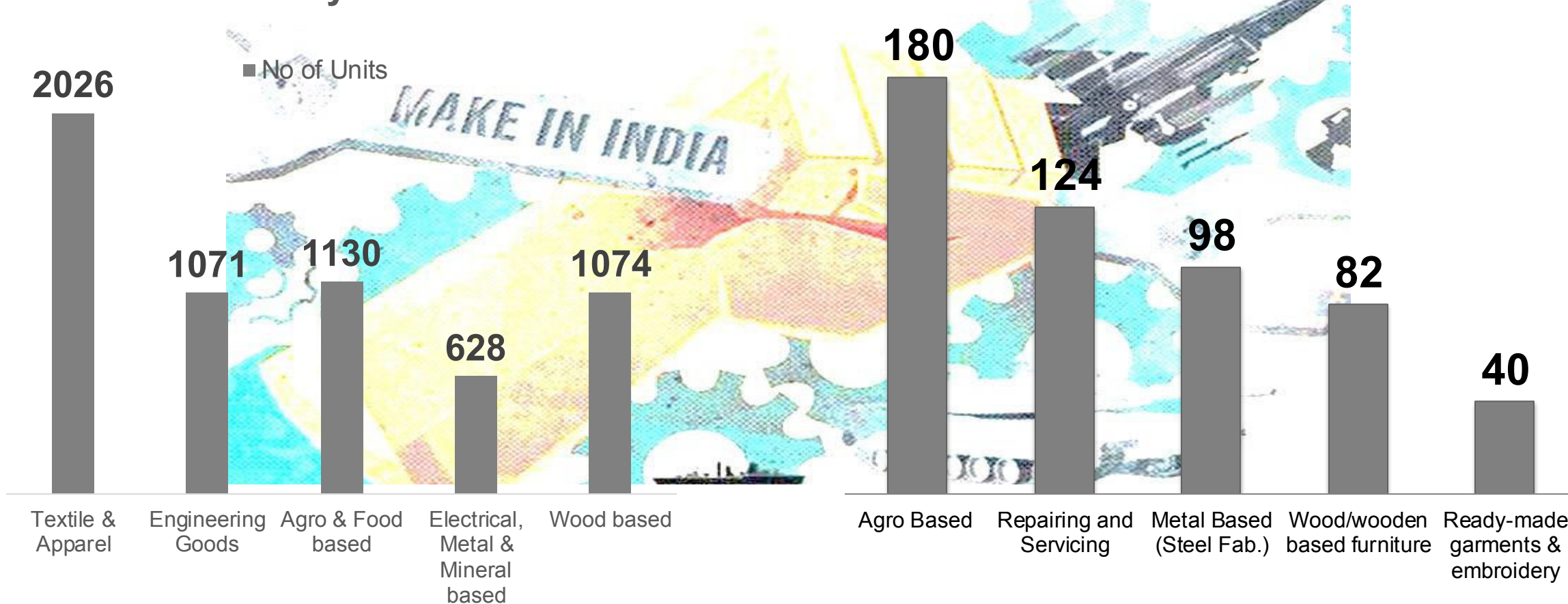
# DEFENCE INDUSTRIAL CORRIDOR – UP

## *SME Base (3/3)*



**SME Industry base - Jhansi**

**SME Base - Chitrakoot**



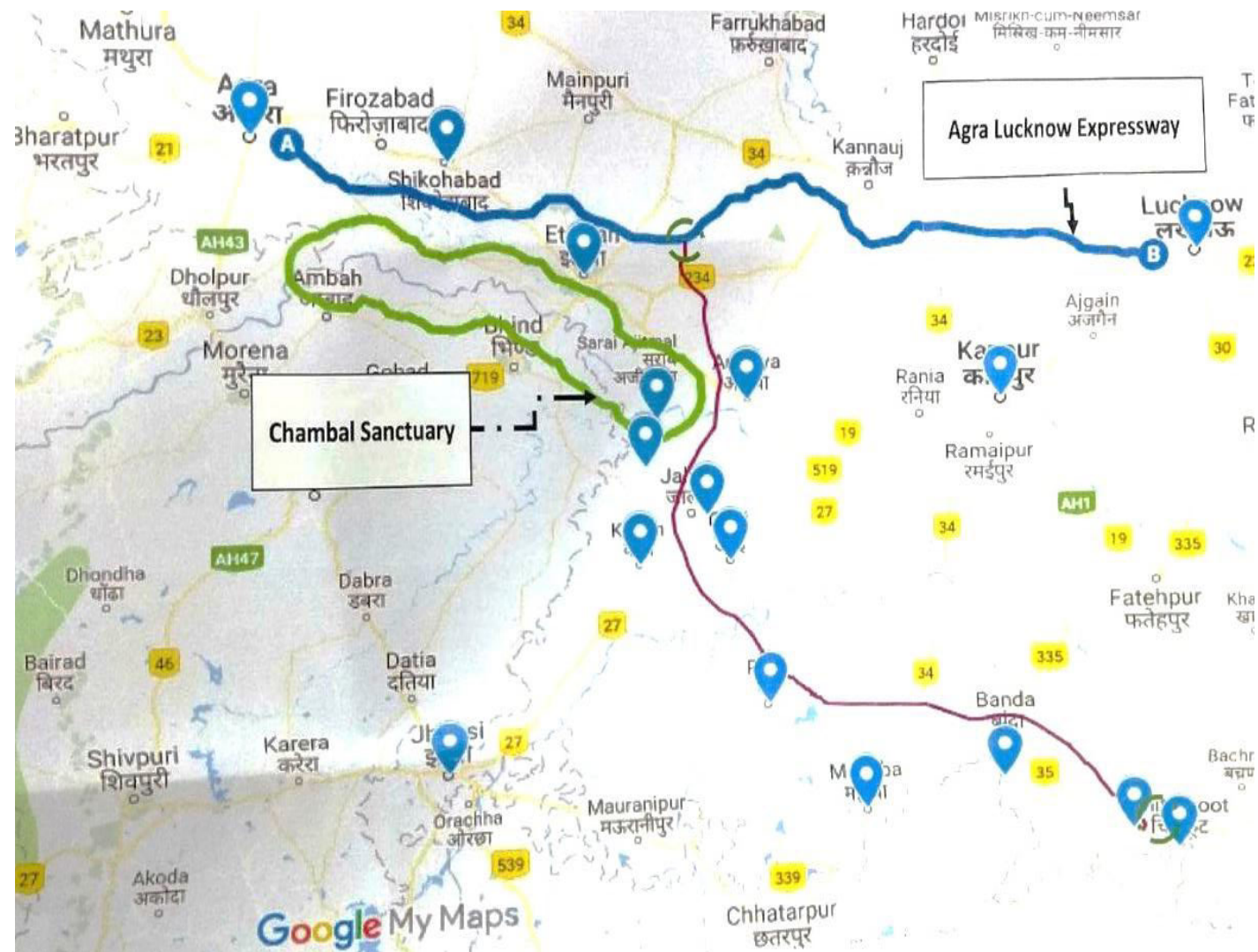


# DEFENCE INDUSTRIAL CORRIDOR - UP

## 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

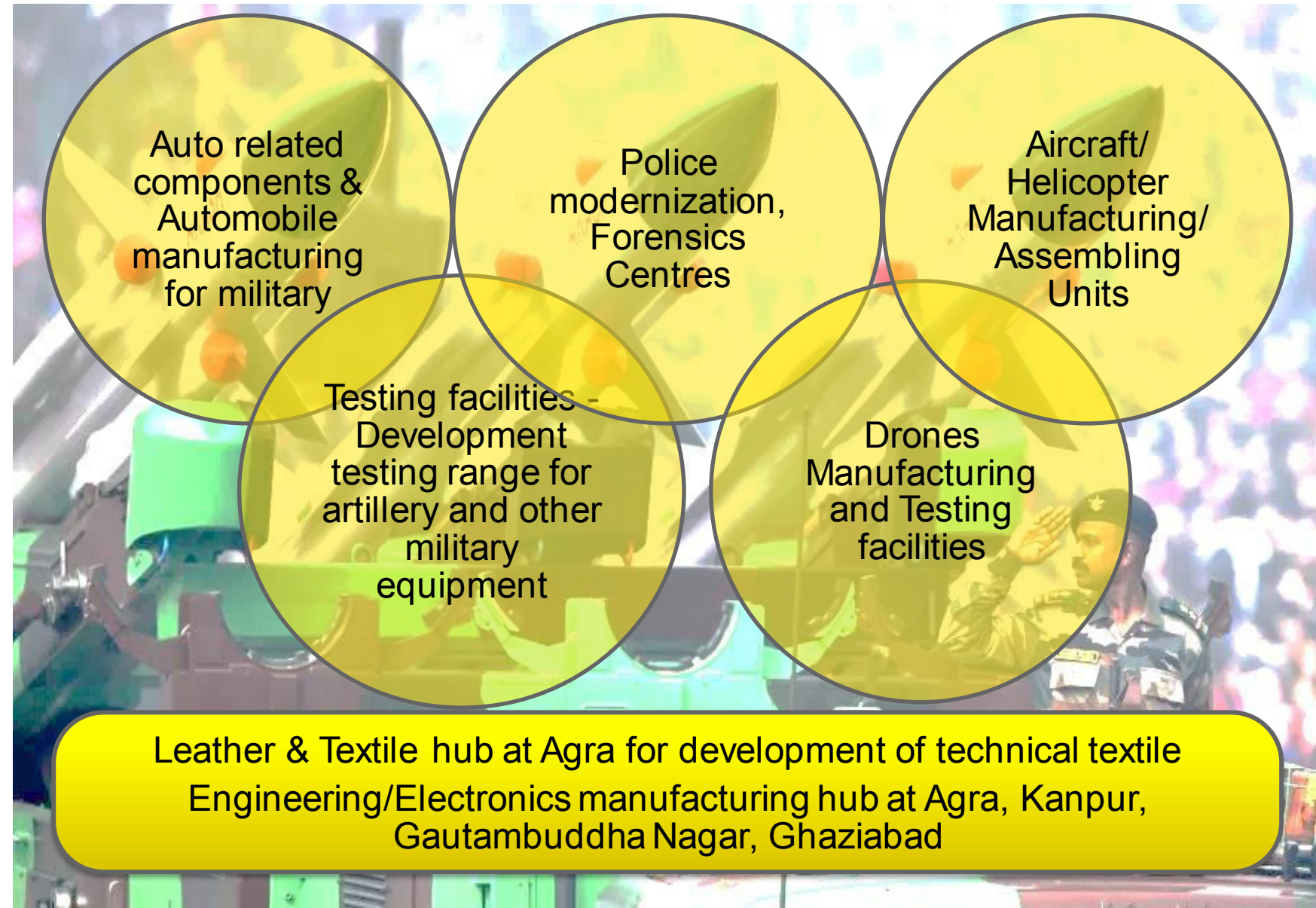


# DEFENCE INDUSTRIAL CORRIDOR - UP

## *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](#)



# DEFENCE INDUSTRIAL CORRIDOR – UP

## Proposed UP Defence & Aerospace Manufacturing Policy

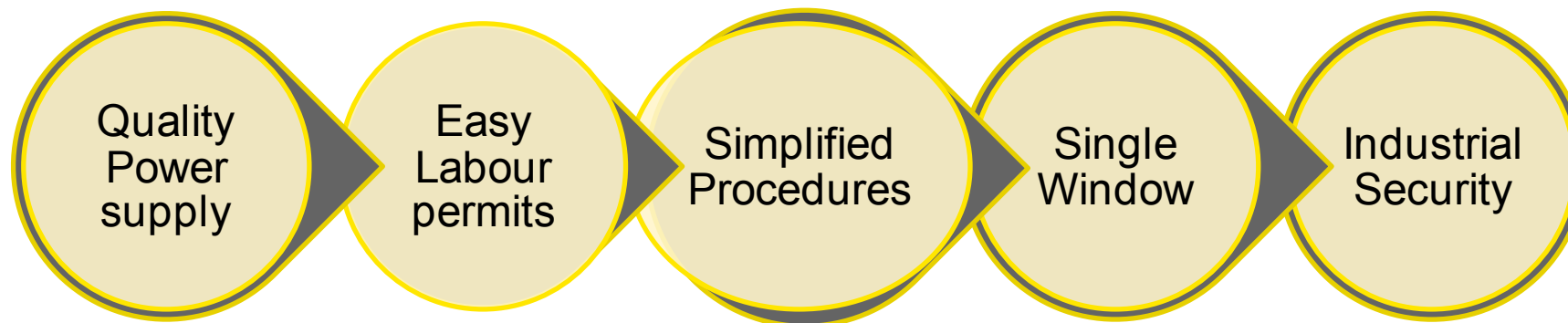


# DEFENCE INDUSTRIAL CORRIDOR – UP

## 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 >100 acres in Bundelkhand & Purvanchal Region, >150 acres in Madhyanchal & Paschimanchal
- ▶ Incentives at par to those given to Private Industrial Parks under UP IIEPP 2017 –

Particular	Incentive (as under <a href="#">UP IIEPP 2017</a> )
Loan taken to buy land	Interest reimbursement @50% of annual interest, for 7years upto INR 50 lakh p.a per park
Loan taken to build infrastructure	Interest reimbursement @60% of annual interest, for 7years upto INR 10 crores p.a with an overall ceiling of INR 50 crores per park
Loan taken to build common facility	Interest reimbursement @60% of annual interest, for 7years upto INR 5 crores p.a with an overall ceiling of INR 30 crores per park
Stamp duty	100% exemption to the developer



# 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

Incentive on Land	Category
Land on lease at subsidised rates anywhere in the state	DPSUs
Reimbursement upto 25% of the cost of land in the notified areas of Defence Corridor	Mega units & Anchor units
Reimbursement upto 15% of the cost of land in the notified areas of Defence Corridor	Large units
Reimbursement upto 10% of the cost of land in the notified areas of Defence Corridor	MSME units

# DEFENCE INDUSTRIAL CORRIDOR – UP

## Proposed Defence & Aerospace Manufacturing (D&A) Policy

### Incentives to D&A Units (2/4)

Particular	Details ( as under <a href="#">UP IIEPP 2017</a> )
Loan taken for plant & machinery	Interest reimbursement @5% p.a. for first 5 years upto INR 50 lacs p.a per unit.
Loan taken to build infrastructure	Interest reimbursement @5% p.a. for 5years upto max INR 1 crore
Loan taken for setting up Industrial Research	Interest reimbursement @5% p.a. for 5 years subject to an overall ceiling of INR 1 Crore.
Stamp Duty Exemption	100% in Bundelkhand, Purvanchal region; 75% in Madhyanchal, Paschimanchal (except GB Nagar, Ghaziabad); 50% in GB Nagar, Ghaziabad
Electricity duty	100% exemption for 10years to new units
SGST reimbursement	90% to MSME for 5years, 60% to large units for 5years, 70% to Mega units for 10years.
EPF reimbursement	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.



# DEFENCE INDUSTRIAL CORRIDOR – UP

## Proposed Defence & Aerospace Manufacturing (D&A) Policy

### Incentives to D&A Units (3/4)

Particular	Details	
Tax Incentive	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&A units (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)	
Rebate on Transportation charges	For transportation of imported equipment, plant/ machinery from logistics parks/harbour / port to the production site within UP state	Subsidy of 50% of cost, up to max. INR 2 cr, up to the start of first year of production
	For transportation of finished products from the unit to logistics parks, harbour / port	Subsidy of 30% of cost up to max. INR 1 cr, for 5years from start of commercial production
Setting up ETP	20% reimb of project cost, upto maximum INR 1 cr	
Setting up R&D and Testing Centres	10% subsidy on investment > INR 10 cr, @ max INR 10 cr per investment  In case criteria are fulfilled within 2 years of going live, the assistance will be granted retrospectively on fulfilling following order requirements - <ul style="list-style-type: none"> <li>▶ Centre should either have bagged a direct order** of at least INR 5 cr</li> <li>▶ or should be service provider to a manufacturer having a minimum of INR50crore order from authorised**</li> </ul> (**from the MoD/MHA/ or equivalent foreign governments/ civilian aerospace supplier or an MRO facility.)	

# DEFENCE INDUSTRIAL CORRIDOR – UP

## Proposed Defence & Aerospace Manufacturing (D&A) Policy

### Incentives to D&A Units (4/4)

Particular	Details
Reimbursement of cost of tech transfer	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)
Patent filing fees	<ul style="list-style-type: none"> <li>▶ 100% reimbursement for domestic patent registration</li> <li>▶ 50% reimb for international patent registration subject to max INR 25 lakh</li> </ul>
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	<ul style="list-style-type: none"> <li>▶ 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&amp;A sector</li> <li>▶ A&amp;D units shall be handed over identified Government ITIs/ Polytechnics</li> <li>▶ Universities (in India and abroad) with excellence in A&amp;D training and research to tie up with universities in the State</li> </ul>



# THANK YOU

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



**Contact : Executive Director  
Udyog Bandhu**

**12-C, Mall Avenue, Lucknow-226001 (U.P.)**

**Phone No.: +91-522-2237582/83**

**Fax No.: +91-522-2237345**

**Email: [info@udyogbandhu.com](mailto:info@udyogbandhu.com)**

**[www.udyogbandhu.com](http://www.udyogbandhu.com)**