



**UTTAR PRADESH DEFENCE AEROSPACE UNIT  
and  
EMPLOYMENT PROMOTION POLICY  
(FIRST AMENDMENT) 2019 AND GUIDELINES**

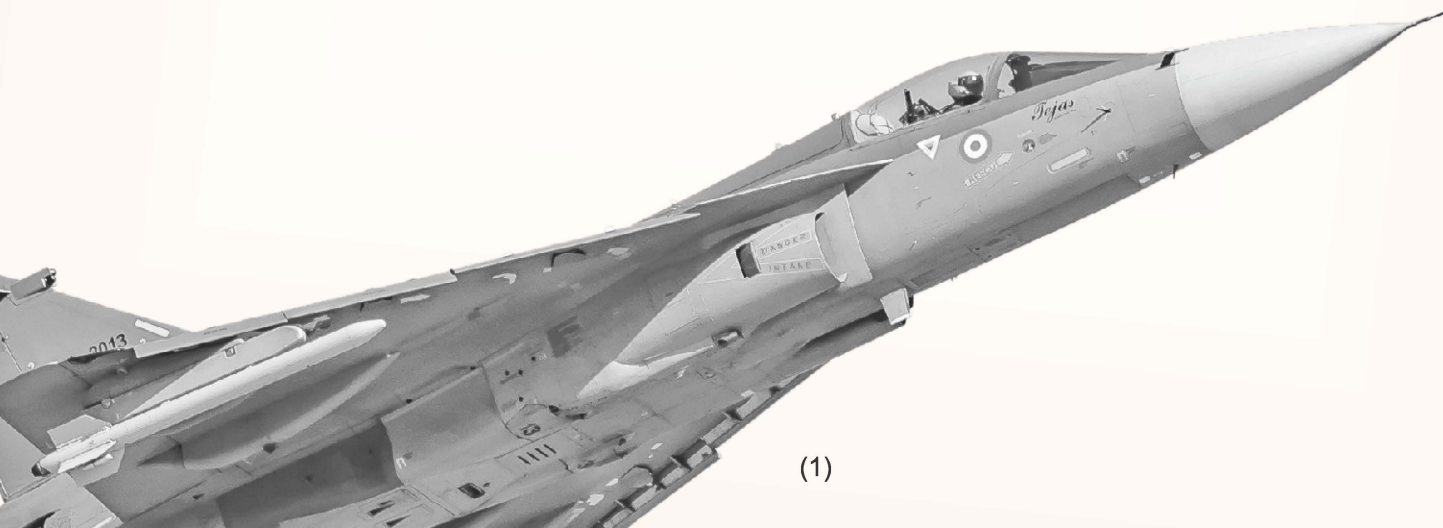




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**Uttar Pradesh Defence and Aerospace Unit  
and  
Employment Promotion Policy (First Amendment), 2019**

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## OBJECTIVE

Uttar Pradesh Defence and Aerospace Unit and Employment Promotion Policy -2018 is being amended with the objective that this amendment will promote /improve and develop the region and at the same time it will mobilize the available resources and also provide the employment opportunities in the State.

- 1(1). This policy would be called as the Uttar Pradesh Defence and Aerospace Unit and Employment Promotion Policy (First Amendment) 2019.
- 1(2). This notification will come into force from 05.12.2018.

## 2. UTTAR PRADESH: A GATEWAY OF OPPORTUNITIES



Uttar Pradesh is country's 4th largest State and 3rd largest economy.



State is home to 16.5% of India's population.



State has recorded 13.26% Compound Annual Growth Rate in exports in last 5 years (2012-17).



Uttar Pradesh is amongst the top 5 manufacturing States in India and has ranked 1st in terms of MSME units.

## 2.1 HIGH -END INFRASTRUCTURE FACILITIES

Strategically located along the Golden quadrilateral, the State is well connected to major national and international airports. Uttar Pradesh has the largest railway network in India spanning over 8,949kms. The upcoming Western Dedicated Freight Corridor (WDFC) that stretches from Dadri in Ghaziabad to Jawaharlal Nehru Port at Mumbai, is set to boost the economic activities in the State by reducing the transportation time to ports.

Similarly, 57% of the Eastern Dedicated Freight Corridor (EDFC) which connects western region to the eastern part of the country passes through Uttar Pradesh. Both these freight corridors intersect at Dadri in Ghaziabad because of which state has a huge advantage in the logistics and warehousing sector. Considerable amount of the catchment areas of the Delhi Mumbai Industrial Corridor and Amritsar Kolkata Industrial Corridor running parallel to WDFC and EDFC falls in Uttar Pradesh. In order to derive maximum value out of the WDFC and EDFC projects, the state is encouraging the development of integrated manufacturing clusters, logistics and industrial integrated townships in cities like Greater Noida, Allahabad, Kanpur etc. along the corridors.

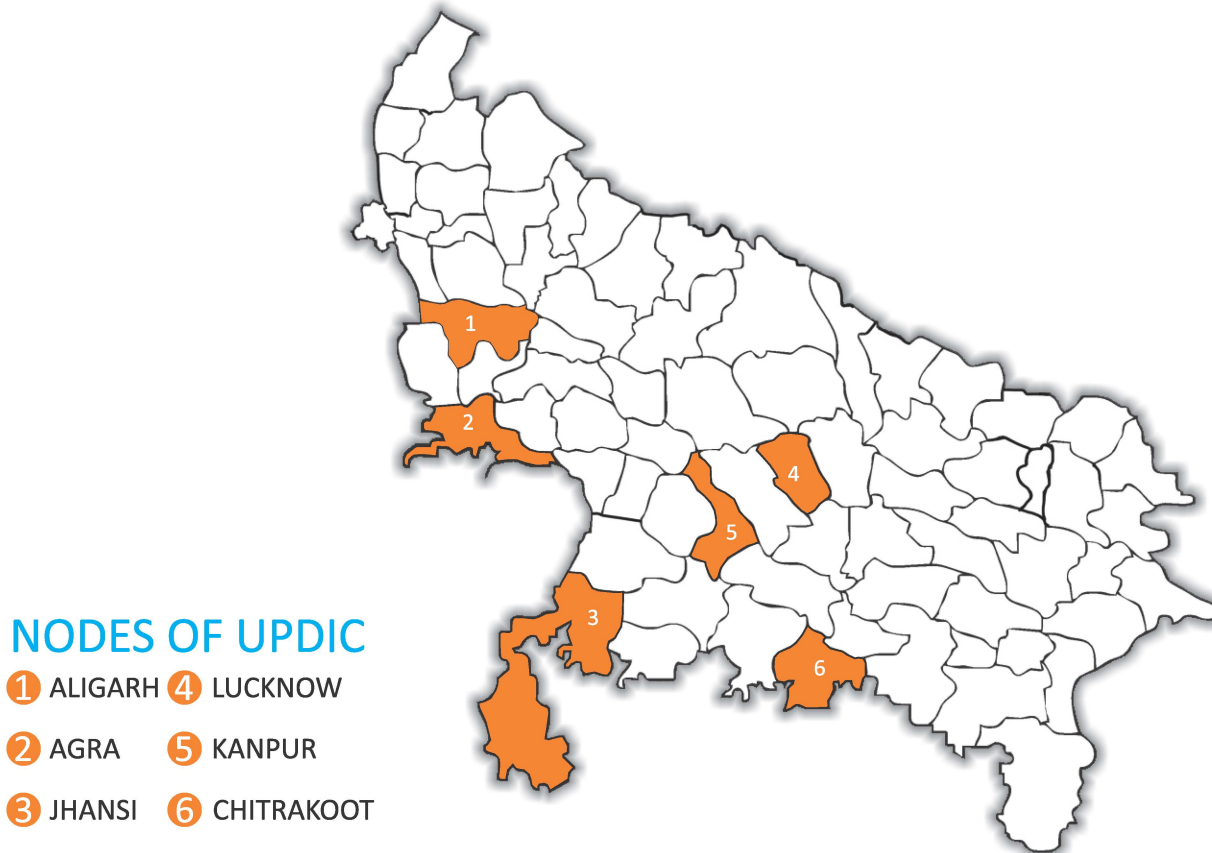
The existing logistics infrastructure in Uttar Pradesh includes Moradabad rail linked combined domestic and EXIM terminal, Rail linked Pvt Freight Terminal and Inland Container Depot in Kanpur, ICD at Dadri Terminal, ICD at Kanpur etc. Besides these, multi modal logistics/ transport hubs are also proposed at Noida, Boraki and Varanasi. In addition to the existing investment hotspots like Kanpur, Noida, Varanasi, Ghaziabad etc., new industrial regions such as Dadri Noida Ghaziabad Investment region, Meerut Muzaffarnagar Investment region, Deendayal Upadhyaya Nagar (Mughalsarai)-Varanasi-Mirzapur Investment Region are also evolving.

In the connectivity network of the state including already developed and underdeveloped expressways like Purvanchal Expressway, Bundelkhand Expressway, Lucknow-Agra Expressway etc. 4 lane and 6 lane National highways; national and international airports; NW-1 (National Waterways-1) connecting Allahabad, Varanasi and Haldia Sea Port etc., is expected to create a network of air, water, road and rail that will help the states industries and manufacturing units switch seamlessly between different modes of transport as they send their goods to markets in India and abroad. The Multi-city metro rail projects, coming up at Lucknow, Kanpur, Meerut and Varanasi, and upcoming international airports at Jewar and Kushinagar are also expected to strengthen the states connectivity advantage.

## 2.2 DEFENCE INDUSTRIAL CORRIDOR

A Defence Corridor worth INR 20,000 Crore was announced by Gol in February 2018 at UP Investors Summit. The corridor will be developed in the Bundelkhand region of Uttar Pradesh, and is estimated to create over one lakh job opportunities. The proposed corridor will have 6 nodes, viz. Aligarh, Agra, Jhansi, Chitrakoot, Kanpur and Lucknow. Nearly 3000 hectares of land will be notified by the State Govt in the Bundelkhand region for the proposed corridor.

These districts have strong ancillary base to support the needs of defence manufacturing and ensure supply of raw materials, labour, etc. Falling alongside DMIC and AKIC, the corridor enjoys unique location advantage. Further, the Agra Lucknow Expressway, and the proposed Bundelkhand and Purvanchal Expressway render the corridor strong connectivity advantage.





## 2.3 EXISTING MANUFACTURING BASE

Uttar Pradesh has a number of public and private sector units manufacturing a range of products in the D&A sector. Procuring various components and materials from local players, the Public Sector Units (PSUs) forms the base of a strong local market in the state. Prominent PSUs includes nine Indian Ordnance factories, three Hindustan Aeronautics Limited (HAL) manufacturing units, etc.

**Table – 2 : List of Ordnance Factories in Uttar Pradesh**

Ordnance Factory, Muradnagar, Ghaziabad	Plain Carbon and alloy steel castings for tanks, ammunitions, steel forgings
Ordnance Factory, Kanpur	Medium & high calibre guns, shell empties
Small Arms Factory, Kanpur	Small arms.
Field Gun Factory, Kanpur	High calibre ordnance & spare barrels, .32” Revolver
Ordnance Equipment Factory, Kanpur	Leather items, textile items, engineering equipment including mountaineering items
Ordnance Parachute Factory, Kanpur	Parachutes of different types.
Ordnance Clothing Factory, Shahjahanpur	All combat clothing, textile and tent age items
Ordnance Equipment Factory, Hazratpur, Tundla	Tents & other clothing items
Ordnance Factory, Korwa	For production of carbines (At Project Stage).

**Table – 2 : List of Ordnance Factories in Uttar Pradesh**

HAL Transport Aircraft Division, Kanpur	Core competence in manufacture, maintenance, modification and upgrade of light transport aircraft and trainer aircraft for both domestic and international markets. The division also carries out maintenance, repair and overhaul of aircraft, its rotables and undertakes servicing of engine and hydraulic systems of UAVs.
HAL Accessories Division Lucknow	Manufacturing of Hydraulics, Engine Fuel, Air-conditioning and Pressurization, Flight Control, Wheel and Brake, Gyro & Barometric Instruments, Electrical Power Generation & Control System, Undercarriages, Oxygen and Electronic System, Fuel Content Gauges etc.

Apart from the above mentioned public sector units, many private sector units are also engaged in the manufacturing of textile, engineering products and components etc. in the D&A sector in the State.



## 2.4 R&D ECOSYSTEM

The State has multiple educational and training institutions engaged in research & development. There are some 53 Universities, 4345 Colleges, 168 Polytechnics with several research institutes, Centers of Excellence and other professional institutes. State is home to premier institutes including IIT-Kanpur, BHU IIT, etc. With key Government sector R&D institutes like DRDO's Defence Materials & Store R&D establishment (DMSRDE), HAL, etc. in the state, UP offers an excellent R&D ecosystem for D&A sector.

The Aerospace Systems & Equipment R&D Centre (ASERDC), Lucknow under HAL, which is engaged in applied research, design & development of all major systems & equipment for aircraft, helicopter and engine using state of the art technology, and the Aerospace System and Equipment R&D Centre (ASERDC), Korwa under HAL, which is engaged in development of Flight Data Recorders and other Avionic LRUs, are some of prominent R&D institutions in the State.

In addition, prominent Forensics Science Laboratories in Uttar Pradesh located at Lucknow and Agra with 7-divisions are aiding UP Police with modern technologies and equipment.

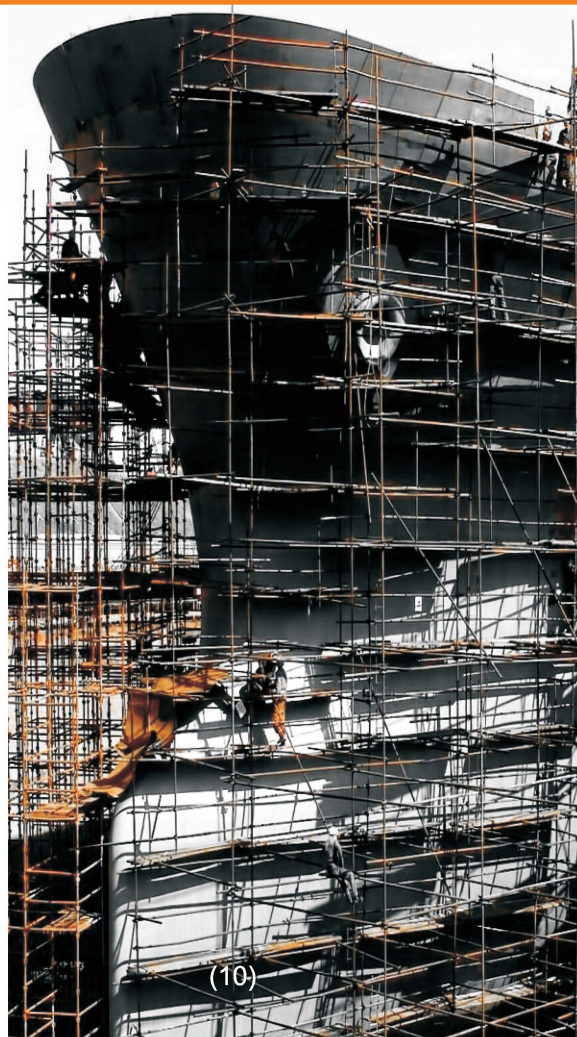
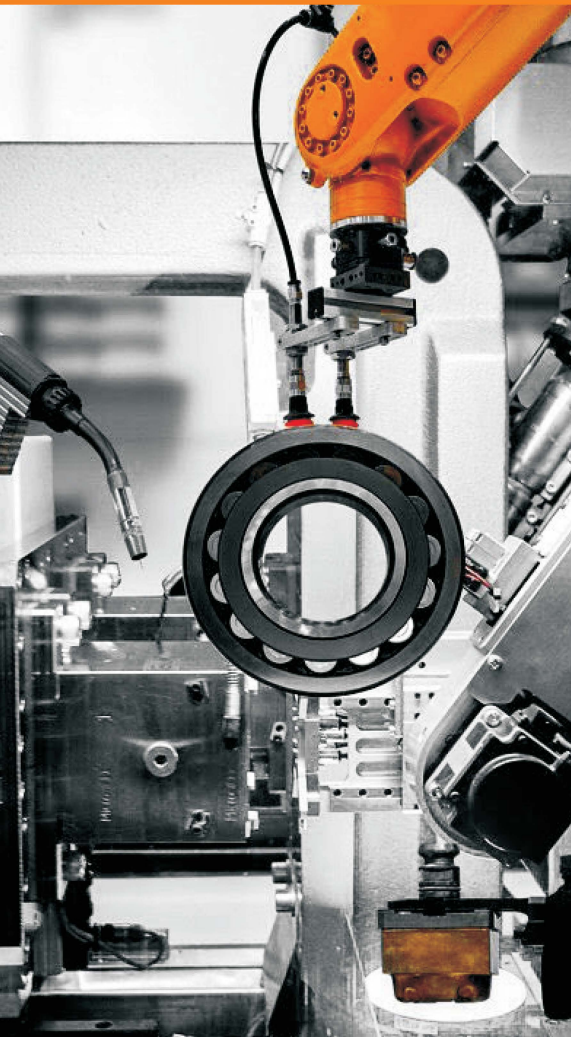
## 2.5 OPPORTUNITIES AVAILABLE IN UTTAR PRADESH

With an excellent infrastructure, facilities and favorable ecosystem support, this policy intends to attract investments in the following areas of D&A sector:-

1. Defence Technology Park at UPDIC nodes like Kanpur, Jhansi, Agra, Aligarh, Chitrakoot and Lucknow and its expansion in other districts.
2. Expansion or partnerships with Defence PSUs;
3. Establishment Aerospace Technology Park with the possibility of its expansion in Defence Corridor nodes such as Kanpur, Jhansi, Agra, Aligarh, Chitrakoot, Lucknow and other districts.
4. Establishment of Testing and Validation center, including a firing range for Artillery and other military weapons/equipment.
5. Manufacturing and testing facilities for Drone /UAV prototypes.
6. Aircraft, Helicopter Manufacturing and Assembling Units and its maintenance facilities.
7. Establishment of units for development and manufacturing of Military/aerospace vehicles and their components
8. Manufacturing of weapons and sensor equipment useful in Police modernization and low intensity conflict.
9. Electronics, IT/ITeS hub at Agra, Gautambuddh Nagar, Ghaziabad, Noida, etc.
10. Engineering hub including metal precision works at Aligarh, foundry at Agra, etc.
11. Manufacturing units for leather, textiles, shoes and other ancillary equipment for defence and aerospace sector.
12. Center for manufacturing of arms, weapons system, ammunition explosives and ancillary components.
13. Establishment of exclusive/specific food manufacturing and packaging centers related to defence and aerospace.

### 3. REGARDING POLICY

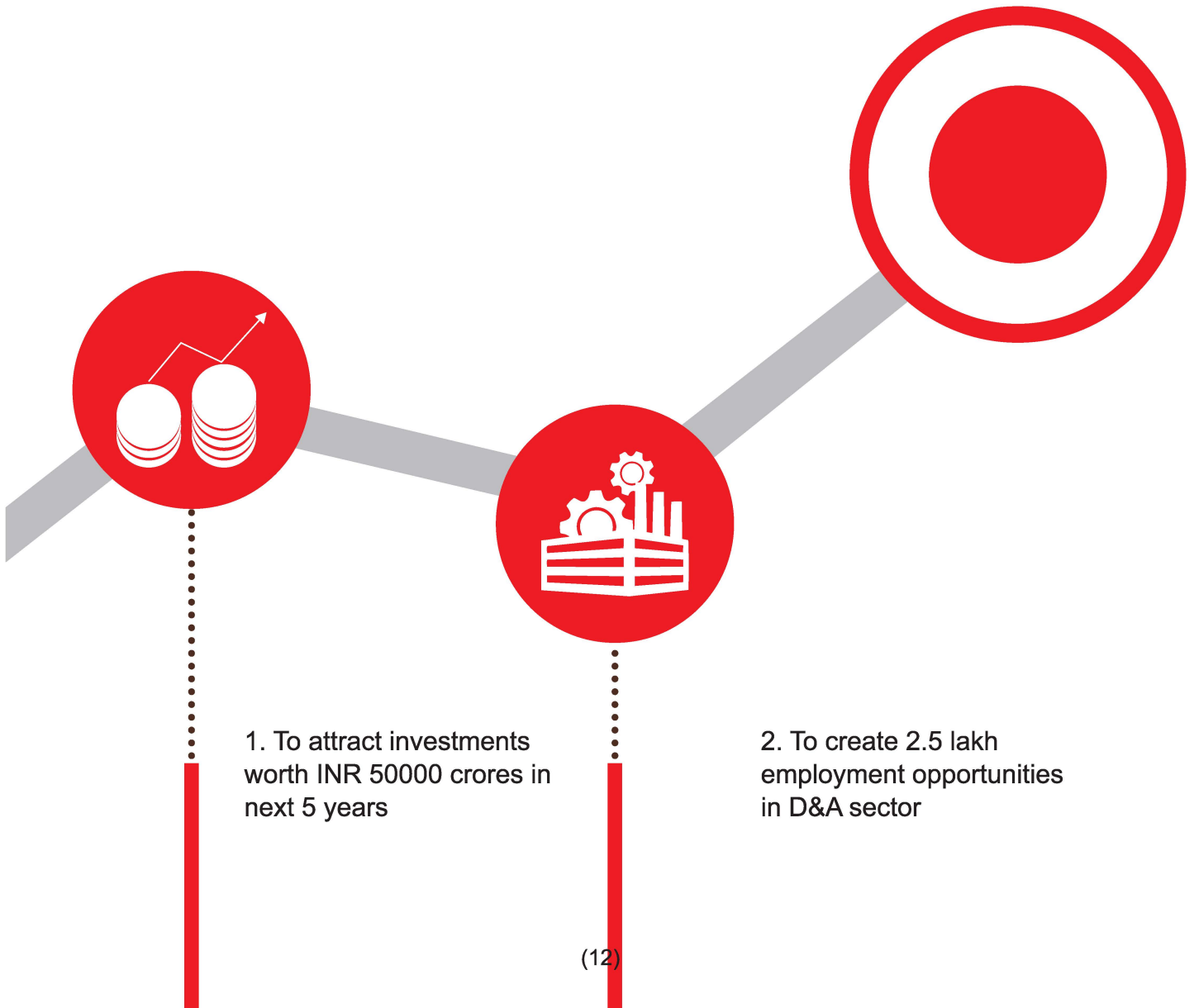
With reference to the announcement regarding establishment of UPDIC by Hon'ble Prime Minister, Shri Narendra Modi in Uttar Pradesh, this policy aims at attracting private investments in defence manufacturing sector in the state. In this context, the policy is taking forward the vision and objectives of State's Industrial Investment and Employment Promotion Policy 2017 (UP IIEPP 2017) with the sectoral focus and supplements the Civil Aviation Policy 2017 and UP MSME Policy 2017. Equipped with attractive incentives, this policy provides strategic direction for development of the D&A sector in the state for the next five years.



## 3.1 POLICY OBJECTIVES

1. To elevate Uttar Pradesh as one of the most preferred destinations for Defence & Aerospace manufacturing.
2. Promote private industrial parks for Defence & Aerospace manufacturing sectors.
3. Bridge the market gaps and connecting the ancillary units in the state to meet the requirements of Defence PSUs
4. To establish and facilitate the industrial cluster which would flourish in aligned areas of expressways and dedicated defence/aerospace corridors.
5. To develop an export oriented manufacturing base for defence sector
6. To attract Anchor Defence & Aerospace manufacturing projects & Defence Public sector Units (DPSUs)/ OFBs in the State
7. To Promote Ancillary industry and development of MSMEs in the D&A sector
8. Promote Research and Development in D&A sector and ensure continuous technology upgradation.
9. With the objective of ensuring state-of-the-art research and development promotion and technological upgradation in the field of defence and aerospace, establishment of Technical Facilitation Centers at Kanpur and BHU Varanasi and other places, whose purpose will be to provide assistance to the MSME and D&A industry in Uttar Pradesh.
10. To upbring, promote and support skill development and strategic knowledge field and D&A sector
11. To attract significant portion of Gross Investment to the State through companies and institutions nominated for new offset obligations in India.
12. To provide and enrich modes of transports like air / road / rail for D&A Manufacturing park/cluster.
13. With the objective of enhancing competition among MSMEs functional in the State as well as attract new units, the CFCs (Common Facility Centers) will be established which will provide universal facilities like product design, prototyping, integrated manufacturing, establishment of research and development centers, training centers, testing and certification to MSME sector.

### 3.2 OBJECTIVE OF THE POLICY



### 3.3 DEFINITIONS

#### 1. D&A Products:

For determining whether a product / technology is in the category of defence and/or aerospace, the provision/definition contained in any policy, scheme or any other related document of Government of India or authorized abroad will be referred. Defence/aerospace unit products will include materials, equipment/component assembling units, sub assembly and components.

#### 2. D&A units:

All suppliers in D&A value chain manufacturing the D&A products as defined above are considered D&A units in this policy. Mega Anchor D&A units, Anchor D&A units, Vendors D&A units and MSME units as defined in this policy are eligible for incentives under this policy as D&A units.

**In any unit, it will be mandatory to fulfill at least one of the following criteria:-**

- (i) Material / equipment related to defence / aerospace sector as defined earlier should have been supplied.
- (ii) Startups or MSME units venturing for the first time in defence / aerospace sector will also be considered for incentives as per policy under the following conditions.
  - (1) Use of the allotted land by the company should be only for the supply of material/equipment of defense and aerospace sector as defined under "Uttar Pradesh Defense and Aerospace Unit and Employment Promotion Policy (First Amendment), 2019" notified by the State Government, proof of which has to be submitted at the time of commencement of operation in the unit, failing which lease will be cancelled.
  - (2) If any startups or MSME, receives any other incentives under the policy such as exemption of stamp duty, before starting production, such incentives will be provided only against a bank guarantee of an equivalent value and if the unit fails to supply the related material/equipment of defense / aerospace sector, then its bank guarantee will be forfeited in favor of the state government.
- (iii) A financial grant or supply order must have been received from D&A unit as previously defined.
- (iv) Memorandum of Understanding has been signed or received a supply order from any foreign OEM under the Scheme of offset of the MoD, GoI.
- (v) Worked in the field of design, fabrication and development of the Army, Navy, Air force, Paramilitary establishment, DRDO, DOA & DOS.
- (vi) Manufactured or supplied testing and proofing material, equipments components assembling units, Sub-assembly components for any Indian or foreign OEM, categorized under defence and aerospace sector as defined above

### 3. MEGA ANCHOR DEFENCE AND AEROSPACE UNITS

Global or Indian OEMs which designs and manufactures D&A platforms and invests more than INR 1000 crores. The Company should supply atleast 25% of the value of their finished goods or has secured defence order worth at least INR 50 Crore from Ministry of Defence, Government of India or Ministry of Home Affairs, Government of India or their authorized equivalent in foreign countries or civilian aerospace manufacturer/ supplier or an MRO facility.

Mega Anchor units of Defence and Aerospace sector will also be entitled to additional customized incentives and exemption packages authorized by Govt. of India

***NOTE- All incentives applicable to Anchor D&A units defined in this policy will also be applicable to Mega Anchor D&A units.***





## 4. ANCHOR D&A UNITS

Global or Indian OEMs which designs and manufactures D&A platforms and makes investments in following categories -

Investment Region	Eligibility Criteria
Bundelkhand & Purvanchal	Investing more than INR 200 crores or creating atleast 1000 direct employment
Madhyanchal & Paschimanchal (except GB Nagar, Ghaziabad)	Investing more than INR 300 crores or creating atleast 1500 direct employment
GB Nagar & Ghaziabad	Investing more than INR 400 crores or creating atleast 2000 direct employment

The Company should be supplying atleast 25% of the value of their finished goods or has secured defence order worth at least INR 30 Crore from Ministry of Defence, Government of India or Ministry of Home Affairs, Government of India or their authorised equivalent in foreign countries or civilian aerospace manufacturer/ supplier or an MRO facility;

**OR**

A supplier will qualify as Anchor D&A unit if at least 50% of its turnover comes from manufacturing & supply to Mega Anchor D&A unit or other Anchor D&A unit in the D&A value chain.

## 5. VENDOR D&A UNITS

Units which are located in the same cluster as Anchor D&A unit and supply at-least 40% of its end products to the Anchor D&A unit.

## 6. MSME UNITS

Govt of UP will follow the MSME definition laid out by Gol for MSME in the MSME Act 2006. The definition for MSMEs will be revised automatically as per the guidelines of Government of India from time to time. The MSME unit will qualify as a D&A supplier if at least 50% of its turnover comes from manufacturing and supply to a Mega Anchor or Anchor D&A unit or Vendor D&A units or to Defence PSUs/OFBs in the D&A value chain.

## 7. DEFENCE PUBLIC SECTOR UNITS / OFBS

That are Central PSUs under the administrative control of Ministry of Defence.



## **4. PRIVATE DEFENCE AND AEROSPACE PARK**

Government of Uttar Pradesh will promote Defence & Aerospace Parks in the state, especially in areas with strong ecosystem support. These parks will provide 'plug-and-play' industrial infrastructure allowing companies to focus on their core business.

Capital Subsidy for development of Defence/Aerospace Park: D&A and strategic developers can purchase land from UPEIDA or can also take land at their level. D&A and strategic developers will be eligible for back ended subsidy on infrastructure development up to maximum limit of Rs. 10.00 Crore for which rate will be 10% of Gross Investment provided this Defence/Aerospace Park is developed in minimum 50 acre land. D&A Park developed in Bundelkhand Region will attract 15% additional capital investment subsidies up to limit of Rs. 15 Crore.

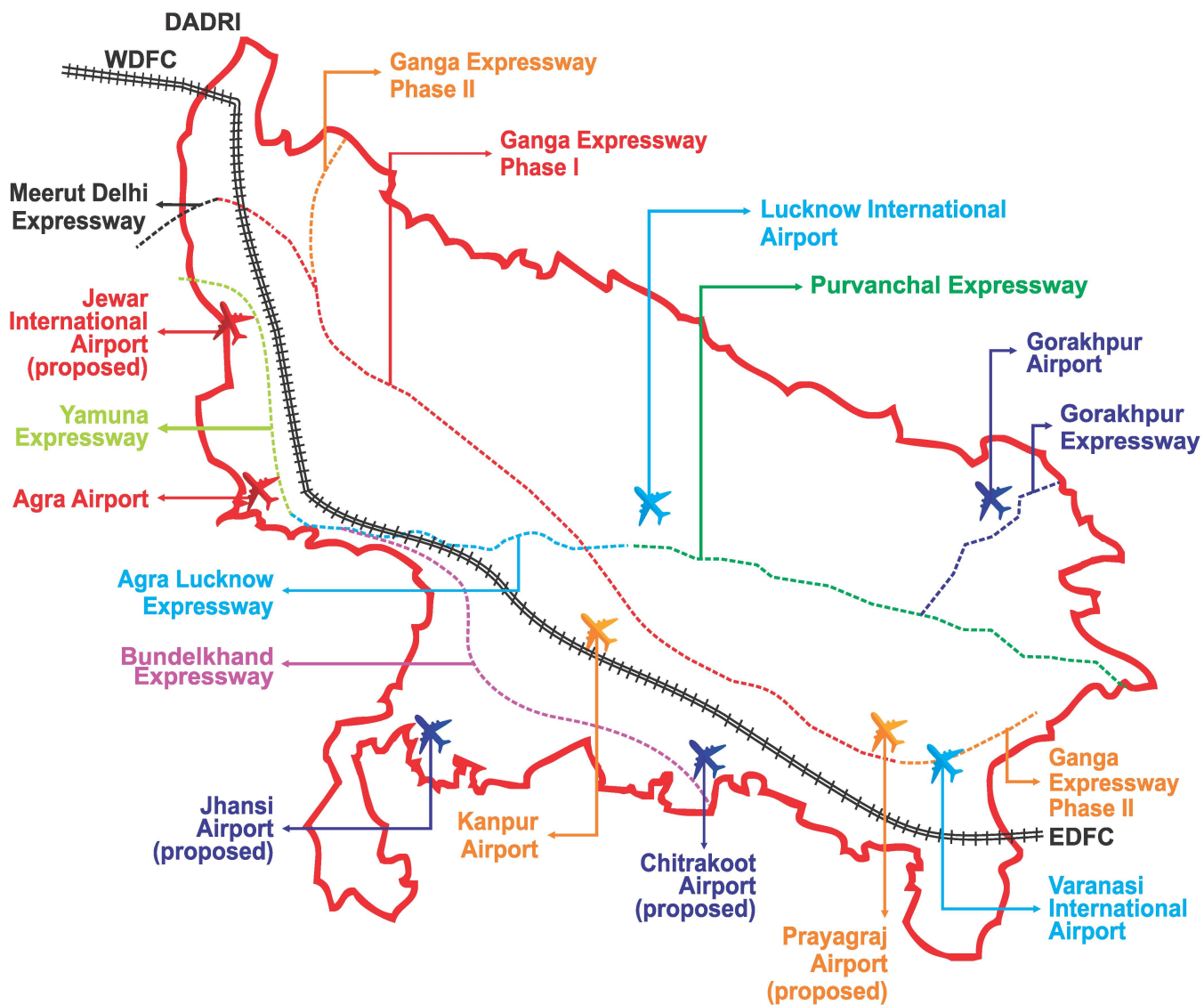
50% subsidy will be applicable after acquisition of 25% land of the park and 100% subsidy will be applicable on acquisition of 50% land of the park.

### **LIST OF QUALIFYING FIXED ASSET**

1. Land (development charge including barbed wire fencing, construction of inner roads and other basic infrastructure facilities)
2. Permanent building
3. Factories, indigenous machinery and equipment
4. Newly imported equipment
5. Computer driven equipment, material handling equipment/machinery such as Forklifts Cranes etc. tool die, mold jigs and fixtures. Apart from this similar productivity tools and apparatus being used in a plant or elsewhere under unit ownership.
6. Equipment, electrical replacement, pollution quality control and laboratory equipment, fixture tubes, pipes fittings, storage tanks which are paid from the project head.
7. Waste, Purification and Disposal Assets.
8. Transformers, generators, captive power plants etc. and other ancillary facilities which have been installed in the premises including the installation expense.



## TRANSPORT & LOGISTICS CONNECTIVITY



## **5. INCENTIVES FOR UNITS INVESTING IN DEFENCE CORRIDOR**

- 5.1** The incentives will be provided only on land purchased in the geographical areas of the UPDIC as issued by Government of Uttar Pradesh from time to time.
- 5.2** Anchor D&A Units, as defined earlier in this policy, will be given a rebate of 25% of the gross selling price of the land in the Defence Corridor.
- 5.3** Anchor units will be allowed to install vendor's unit in 20% of their land area.

### **5.4 Payment Terms for Land Allotment**

The above facilities will be provided by the Uttar Pradesh Expressways Industrial Development Authority (UPEIDA) as per the provision of the Uttar Pradesh Industrial Development Act, 1976.

### **5.5 Capital Subsidy**

In the case of new anchor units in D&A sector, back ended capital subsidy to the extent of Rs. 10 Crore at the rate of 10% and a new vendors /MSME units at the rate of 5% up to Rs.5 Crore Capital subsidy will be allowed (calculation of Subsidy will be based on fixed assets less land cost.) Subsidy will be given on start of production. D&A units being established in Bundelkhand region will be eligible 15% of Rs.15 Crores, whichever is less and to vendors /MSME. Units, 7.50% or Rs. 7.50 Crores post –capital subsidy, whichever is less.

### **5.6 Support to Common Facility Center**

The Common Facility Center will assist in the additional effort to the ecosystem of the D&A manufacturing in the state, and the State Government will provide a promotional incentive exemption to establishment of a Common facility center at each node in the form of land which is pre-identified in each node's area. There is also a provision of soft loan for the establishment of CFC. The CFC will be a collective collaborative effort in which MSME; Defence/Aerospace sector will participate. For the establishment of CFC, the state Government will give 25% grant only when 75% of grant is given by the Government of India.

## 6. INCENTIVES FOR DEFENCE AND AEROSPACE UNITS

### 6.1 Rebate on Transportation Charges –

**6.1.1 For transporting plant & machinery:** Anchor D&A units shall be eligible for transportation subsidy of 50% of cost, subject to overall ceiling of INR 2 crores, on transportation of imported equipment, plant and machinery from logistics parks/transport hubs and harbor/port to the place of production in the state.

This subsidy shall be applicable on transportation of equipment by D&A units for projects whose contract value is greater than or equal to INR 50 Cr and will be provided only up to the date of start of first year of production.

**6.1.2 For transporting finished products:** Anchor D&A units shall be eligible for transportation subsidy of 30% of cost upto a maximum limit of INR 1 crore per annum on transportation of finished products from the unit to logistics parks/transportation hubs, harbor/port for a period of 5 years from the date of start of commercial production.

**6.2 Subsidy for setting up Effluent Treatment Plant (ETP):** 20% reimbursement on project cost of setting up ETP by D&A units up to maximum INR 1 crore.

**6.3 Technology Transfer Subsidy:** Anchor D&A units shall be reimbursed 75% of the cost of technology transfer towards first 5 vendor units and 50% towards next 5 vendor units, subject to maximum INR 50 lakh towards each vendor unit in the same cluster.



## 7. ASSISTANCE FOR RESEARCH AND DEVELOPMENT AND TESTING FACILITIES

7.1 Floor space of 2 (KA) index will be made available to the eligible research and development units in the urban areas, whereas floor space index will not be applicable in rural areas.

7.2 \*

### 7.3 Promoting Innovations & R&D:

Government of Uttar Pradesh will mobilize the Start up Fund created under UP Start up Policy 2017 to boost innovations in D&A manufacturing. The State will also partner with leading R&D and innovation centers like IIT-Kanpur, BHU-IIT, etc. in this context. Government of UP will align its R&D and innovation endeavors with Government of India's iDEX and other such initiatives.

8.\*

## 9. CAPACITY DEVELOPMENT

9.1 **Strengthening existing Skill training base**– Wherever feasible, Government of Uttar Pradesh will introduce customized courses in D&A sector in consultation with the industry at Government ITIs/Polytechnics from time to time.

9.2 **Academic tie-up**– Government of Uttar Pradesh will encourage leading Universities (in India and abroad) in D&A training and research to tie up with universities in the State to enhance pedagogy and R&D culture.

9.3 **Subsidy for skill development** – For every defence unit, Government of Uttar Pradesh will bear the cost of skilling maximum 20 people to the limit of Rs. 10000 per month, per person for a period of 1 year.

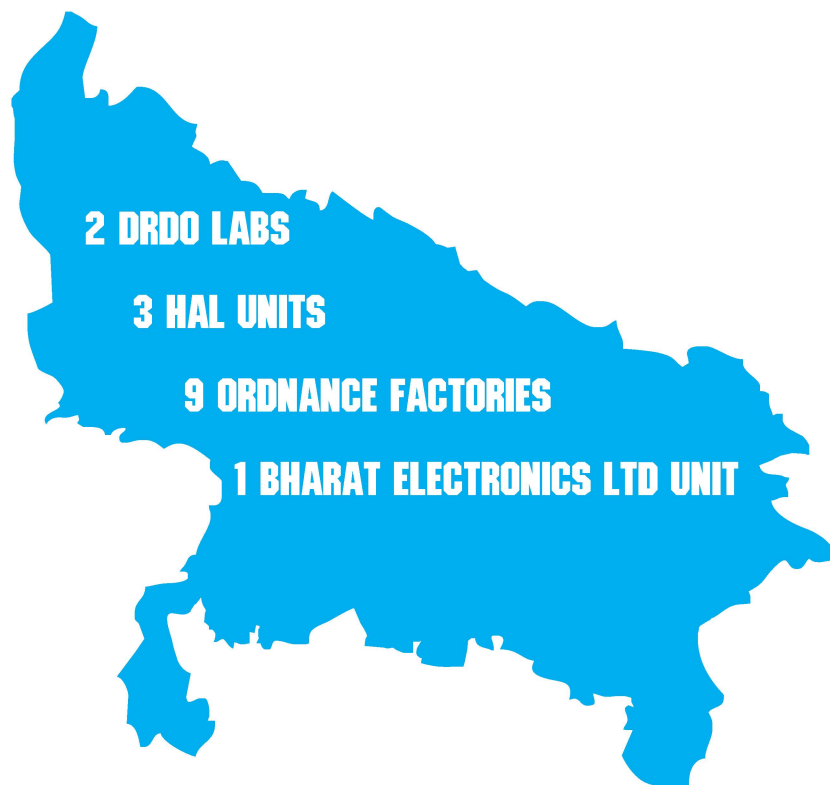
## 10 .PATENT COST/QUALITY CERTIFICATION

Govt of Uttar Pradesh will provide financial assistance towards expenses incurred for patent registration and for quality certifications.

**10.1 Patent Fee Reimbursement** – 100% reimbursement of patent fees for domestic patent registration, and 50% reimbursement of patent fees for international patent registration subject to maximum of INR 25 lakh per D&A unit, subject to maximum INR 1 crore per annum, will be provided to D&A units established in the state. The reimbursement would be granted only after grant of patents.

**10.2 Quality certification** – Govt of Uttar Pradesh will provide financial assistance to MSME units defined under this policy for obtaining quality certification such as AS-9100 series, NADCP, etc. 100% reimbursement of certification fees up to maximum INR 1 lakh per D&A unit per annum, subject to overall ceiling of INR 20 lakh per annum.

**10.3 Trademark registration-** Trade Mark registration application fees would be fully reimbursed, upto maximum INR 1 lakh per unit per annum, subject to overall ceiling of INR 10 lakh per annum for all units.





# 11. EASE OF DOING BUSINESS

Taking forward the vision and mission of State's Industrial Investment and Employment Promotion (IIEP) Policy, 2017, this policy also ensures ease of business in the state.

- 11.1 Single Window-** All required approvals and clearances to D&A manufacturing units shall be provided under one roof through single window system of the state directly monitored by the Chief Minister's office.
- 11.2 Consolidated Payment of incentives:** Uttar Pradesh Expressways and Industrial Development Authority will be the nodal agency for all permissible facilities / incentives.
- 11.3 Simplifying procedures:** This policy aims to rationalize existing regulatory regime and simplify procedures by supporting self-certification, deemed approval and third party certification.
- 11.4 Labor Permits:** Govt of UP will permit D&A industry towards flexible employment conditions, working hours, employment of women in 3- shifts, hiring of contractual workers, subject to the requisites of respective laws.
- 11.5 Infrastructure facilities-** Infrastructure facilities like 132 KVA. Level power supply system, Provision of Water Supply, Road connectivity and land demarcation by pillars shall be provided in each node.
- 11.6 Industrial Security-** Govt of Uttar Pradesh will provide safe and secure industrial environment in the state. Towards this dedicated police force headed by specialized officer will be deputed at industrial clusters/ areas and integrated police cum fire station will also be established.
- 11.7** The procedure for acceptance of the facilities/exemptions provided in this policy will be the same as given in the Uttar Pradesh Industrial Investment and Employment Promotion Policy-2017
- 11.8** 100% exemption in stamp duty payable on purchase of land will be allowed to eligible units covered under this policy. Apart from this, no facility/exemption as provided in any other policy of the State government will be permissible.

This exemption will be subjected to terms and condition published in notification issued by Anubhag - 2 Stamp and Registration of Uttar Pradesh vide letter no. – 07/2020/803/94 Stamp Regis. - 2-2020-700(09)/2020 dated 20.08.2020



## 12. POLICY IMPLEMENTATION

- 12.1. This policy will come into effect on the date of its notification and will remain in force for a period of 5 years.
- 12.2. If at any stage a situation arises which necessitates any amendment or supersession of the policy, only the cabinet will be authorised to approve such amendments/ supersession.
- 12.3. In case of any amendment in this policy, if any package of incentives is already committed by the state government to any unit, will not be withdrawn and the unit will continue to remain entitled to the benefits.

## NOTE

1. DPSUs/OFBs will be facilitated with land on lease basis to build their facilities (including testing facilities, laboratories, ancillary facilities and common use facilities like housing for employees, etc.)
2. In addition to the subsidies mentioned in this policy, Mega Anchor Defence and Aerospace units will be provided incentives on a case to case basis.
3. The maximum limit of all incentives provided to all eligible Defence and Aerospace units as reimbursement, subsidy exemption etc. as defined under this policy will be given in the following categories, whose maximum limit per year will be 15% of the total fixed capital investment and maximum for 10 years: –
  - a. Maximum of 100% of fixed capital investment made in Purvanchal and Bundelkhand,
  - b. Maximum of 90% of fixed capital investment made in Madhyanchal & Paschimanchal (except Gautam Buddh Nagar & Ghaziabad districts)
  - c. Maximum of 80% of fixed capital investment made in Gautam Buddh Nagar & Ghaziabad districts.
4. The incentives will be applicable for new D&A units as well as projects under expansion/diversification, provided such units fulfill the investment criteria like new units.
5. Only D&A units which are found eligible under this policy by the Infrastructure and Industrial Development Department will be provided the incentives under this policy.
6. D&A Units availing incentives from any other policy or those sanctioned by the departments of the State or Central Government, will also be entitled to avail incentives/benefits mentioned in this policy provided the same kind of benefits/incentives are not being availed from any other government policy as above.
7. Expansion/diversification refers to -Where an existing D&A unit as defined in this policy increases its gross block by at least 25% utilizing new investments

## NOTE

**Following policy number has been amended in the Basic Policy “Uttar Pradesh Defence and Aerospace Unit and Employment Promotion Policy- 2018”.**

Para number 2.5 has been changed and serial number 12 and 13 have been added.

Para number 3.1 has been changed and serial number 11, 12 and 13 have been added.

Para no. 3.3, Sl. No. 1, 2 & 3 has been amended.

Para 4 has been amended

Para 5 has been amended and Para 5.3, 5.4, 5.5, 5.6 have been added.

Para 7.1 has been amended

\*Para number 7.2 has been removed.

\*Para number 8 has been removed.

Para 9, Sub para 9.3 have been added.

Para 11.2 has been amended.

Para 11.5 has been amended and Para number 11.7 and 11.8 has been added.

Para number 12.3 has been amended and Note 1 and 6 has been added.

In Para 11.8 UP Government order of Stamp duty and Registration department has been added.



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**Guidelines for  
Implementation of Uttar Pradesh Defence and Aerospace Unit  
and  
Employment Promotion Policy -2018 (as amended)**

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Uttar Pradesh Defence and Aerospace Unit and Employment Promotion Policy 2018 and Uttar Pradesh Defence and Aerospace Unit and Employment Promotion Policy (First Amendment) -2019 has been issued through- **Notification No.2792/77-6-18- L.C.-03/2018, dated July 16, 2018 and notification number-976/77-6-2019-L.C.03/2018**, dated December 05, 2019, respectively.

## 1. POLICY OBJECTIVES

- I. Establish Uttar Pradesh as the best destination for the D&A (Defence and Aerospace) manufacturing sector.
- II. Promotion of private industrial parks for D&A manufacturing sectors.
- III. Connecting subsidiaries in the state to reduce the market gap and fulfill the requirements of the public sector unit of the defence sector.
- IV. Establishment and facilitation of industrial clusters thriving in the area aligned with expressways and dedicated defence / aerospace corridors.
- V. Development of export-oriented manufacturing base in defence sector.
- VI. To attract anchor D&A manufacturing units as well as public sector defence units (DPSUs)/ordnance factory(OFB) boards in the state.
- VII. Promotion of ancillary/ supporting industries and development of MSMEs in D&A manufacturing sector.
- VIII. To encourage R&D in the field of D&A and to ensure consistent technological upgradation.
- IX. Establishment of CoEs (Centre of Excellence / Technical Facility Centers) at IIT Kanpur and IIT BHU and other places with the aim of providing support to MSME and D&A industries in Uttar Pradesh with the objective of ensuring state-of-the-art R&D, technological upgradation in the field of D&A.
- X. To promote and support skill development in the D&A and strategic knowledge sector simultaneously.
- XI. To attract a meaningful portion of the gross investment of companies / institutions nominated for new offset obligations in India.
- XII. Enrichment & provision of the modes of transport like air / roads / rail for D&A Manufacturing Parks / Clusters.
- XIII. With the objective of enhancing competition among MSMEs functional in the State as well as attract new units, the CFCs (Common Facility Centres) will be established which will provide global grade facilities like product design, prototyping, integrated manufacturing, establishment of R&D centers, training centers, testing and certification to MSME sector.

## 2. TERMS & CONDITIONS

The implementation of the mentioned policy will subject to the following terms and conditions.

### 1. Policy

The term Policy describes the Uttar Pradesh D&A Unit and Employment Promotion Policy - 2018 (as amended) in this document.

### 2. Execution period

The guidelines will remain in effect till further amendment and notification is done by the state government.

### 3. Nodal Institution means" Uttar Pradesh Expressways Industrial Development Authority" (UPEIDA)

### 4. Suitability

4.1. The guidelines for the "Uttar Pradesh D&A Unit and Employment Promotion Policy - 2018 (as amended)" will apply to all units as defined under the policy.

4.2. The nodes of the Uttar Pradesh Defence Industrial Corridor (UPDIC) include Jhansi, Chitrakoot, Aligarh, Kanpur, Agra, Lucknow and any additional additions / amendments notified by GoUP from time to time.

### 5. Definitions

#### 5.1 The private D&A parks

The private D&A parks will be governed by the bye-laws created by the Uttar Pradesh Expressways Industrial Development Authority (UPEIDA) specifically for the Uttar Pradesh Defence Industrial Corridor (UPDIC).

#### 5.2 Effluent treatment plant

Effluent treatment plant (ETP) is a process designed to dispose of industrial wastewater for its reuse, environmentally safe disposal.

#### 5.3 Approval committee

The following committees have been formed for approval -



**5.3.1** For industrial undertakings up to ₹ 200 Crore, an approval committee will be set up under the chairmanship of the Commissioner - Infrastructure and Industrial Development, whose members will be as follows -

- I. Additional Chief Secretary / Principal Secretary (as the case may be) Department of Infrastructure and Industrial Development, Government of Uttar Pradesh.
- II. Additional Chief Secretary / Principal Secretary (as the case may be) Finance Department, Government of Uttar Pradesh.
- III. Additional Chief Secretary / Principal Secretary (as the case may be) Department of Justice, Government of Uttar Pradesh.
- IV. Additional Chief Secretary / Principal Secretary (as the case may be) State Tax Department, Government of Uttar Pradesh.
- V. Additional Chief Secretary / Principal Secretary (as the case may be) Department of Micro, Small Medium Enterprises and Export Promotion, Government of Uttar Pradesh.
- VI. Additional Chief Secretary / Principal Secretary of the concerned department.
- VII. Chief Executive Officer-Convener of Nodal Agency (UPEIDA).

Representatives of the applicant undertaking will also be invited to the committee meeting, but their absence will not disrupt the process of approval.

Based on the proceedings of the meeting, a letter of acceptance / letter of comfort will be circulated to the concerned departments, on which the concerned departments will indicate their consent. After incorporating, the nodal institution will issue a formal acceptance letter to the eligible industrial undertakings.

**5.3.2** In case of industrial undertakings having investment above ₹ 200 Crore, based on the recommendations of the empowered committee constituted under the chairmanship of the Chief Secretary, approval will be granted by the Hon'ble Council of Ministers on facilities. The empowered committee will have the following members

- I. Commissioner of Infrastructure and Industrial Development, Government of Uttar Pradesh.
- II. Additional Chief Secretary / Principal Secretary (as the case may be) Department of Infrastructure and Industrial Development, Government of Uttar Pradesh.
- III. Additional Chief Secretary / Principal Secretary (as the case may be) Finance Department, Government of Uttar Pradesh.

- IV. Additional Chief Secretary / Principal Secretary (as the case may be) Department of Justice, Government of Uttar Pradesh.
  - V. Additional Chief Secretary / Principal Secretary (as the case may be) State Tax Department, Government of Uttar Pradesh.
  - VI. Additional Chief Secretary / Principal Secretary (as the case may be) Department of Micro, Small Medium Enterprises and Export Promotion, Government of Uttar Pradesh.
  - VII. Additional Chief Secretary / Principal Secretary (as the case may be) Planning department, Government of Uttar Pradesh.
  - VIII. Representative of the concerned departments from whom financial incentives are sought.
  - IX. Chief Executive Officer-Convener of Nodal Agency (UPEIDA).
  - X. Representatives of applicant undertakings will also be invited to the committee meeting.
- After approval of the Hon'ble Council of Ministers and issue of necessary mandate, a letter of comfort will be issued to the eligible industrial undertakings by the nodal body.

## **6. ESTABLISHMENT OF COMMON FACILITY CENTER (CFC)**

The applicant will have to submit the application to the Uttar Pradesh Expressways Industrial Development Authority (UPEIDA) highlighting the following points at the envisaged Common Facility Center (CFC):-

- I. Related Areas and Technology
- II. Facilities offered by CFC
- III. Sustainability model
- IV Details about skill development, innovation and incubation, which are related to the functions of CFC

The application received by UPEIDA will be sent to the MoD(Ministry of Defence) only after the prior approval of the state government. After the approval of the MoD, financial resources will be made available as per the policy.

## 7. INCENTIVE

### 7.1 Stamp duty and registration

Under the policy, 100 % exemption in stamp duty payable on purchase of land to eligible industrial units will be allowed and this application will be processed by the Stamp and Registration Department.

The above exemption will be provided under the conditions issued by the Stamp and Registration Department under notification number 07/2020/803/94-ST.A.NI 04 dated 20 August 2020

### 7.2 Patent Cost / Quality Certification

#### (i) Patent fee reimbursement

The application for reimbursement of fee is to be submitted to the nodal institution within one year of receipt of the patent.

#### (ii) Quality certification

The application for reimbursement of quality certification fee is to be submitted to the nodal institution within one year of receipt of certification.

#### (iii) Trademark Registration

The application for reimbursement of trademark registration fee is to be submitted to the nodal institution within one year of receipt of certification.

### 7.3 Discount on transport charges

#### 7.3.1. On the transportation of plant and machinery


The application for exemption under this is to be submitted within one year for import and commission along with the following documents:-

- (i) Export license copy (from machinery / equipment supplier)
- (ii) Nationalized bank letter of credit
- (iii) Insurance bills
- (iv) Proof of shipment
- (v) Receipt for paid excise and custom duty
- (vi) Import authority to the industry by the concerned authorities
- (vii) Installation and commissioning schedule
- (viii) Proof of issuance for transfer or payment of billed amount.

#### 7.3.2 Transportation of finished products-

The application for exemption under this has to be submitted within one year of export commission along with the following documents:-

- (I) Valid export license

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- (ii) Nationalized bank letter of credit
  - (iii) Insurance bills
  - (iv) Bill of landing
  - (v) Bill of shipment and receipt of finished product by buyer.

#### **7.4 Subsidy for establishment of Effluent Treatment Plant (ETP)**

To get the subsidy for the establishment of ETP, the applicant has to submit the Environmental Permit Letter provided by the Government of India and the permission letter by the Uttar Pradesh Pollution Control Board to the nodal institution.

#### **7.5 Technology transfer Subsidy**

For reimbursement of the cost of technology transfer to the anchor units, the details of technology transfer should be submitted to the nodal institution along with the application form.

#### **7.6 Capacity development**

Defined skill development courses for engaged personnel will be submitted to the sanctioning body for evaluation.

**7.6.1** The skill matrix for each defined job and its relevance to the technology being adopted by the industry will be presented along with the progress made by the recipients every quarter. After completion of the stipulated tenure of 1 year provided for skill development, the final evaluation report will be submitted by the authorized coordinator from the industry. The eligibility for reimbursement of subsidy will be valid for the current year only and the incentive will be distributed on a quarterly basis.

**7.6.2** A detailed report of the training, and the nominal role of the trainees should be presented to get incentive.

## 8. Miscellaneous

- I. Budget provision for facilities related to other departments will be made by the concerned departments.
- II. The Industrial Development Department will be able to make any modifications in the formats of the application form attached to this guideline.
- III. Whenever SPV is established in future, the work done by UPEIDA will be automatically transferred to SPV.
- IV. In case of any kind of dispute, a suit can be filed only in the courts located in Lucknow.





 <http://upeida.in/en/page/up-defence-corridor>

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