



# Uttar Pradesh Aerospace & Defence Units and Employment Promotion Policy 2024

Government of Uttar Pradesh

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# 1 Preamble

In view of its immense contribution to the progress and security of the nation, the Government of Uttar Pradesh is presenting a blueprint for the future to play a leading role in the field of aerospace and defence.

With the objective of accelerating economic growth, technological advancement and national security and recognizing the importance of the immense potential of these sectors, the State of Uttar Pradesh had promulgated the Uttar Pradesh Aerospace and Defence Policy 2018 in the past years. Accordingly, the formulation of Uttar Pradesh Aerospace and Defence Policy 2024 is proposed. The proposed policy is the second version of the policy promulgated in the year 2018.

The formulation of the proposed policy reflects the resolve of the State Government to promote a strong ecosystem that fosters innovation, collaboration, and entrepreneurship in the field of aerospace and defence industry. With the objective of establishing Uttar Pradesh as a hub of aerospace and defence activities, the State Government aims to harness the unique strengths, strategic location, skilled workforce, and rich heritage of the State.

The primary objective of the proposed policy is to create an enabling environment that attracts domestic and foreign investments, encourages research and development, and facilitates setting up of world-class manufacturing facilities. The State aims to develop a comprehensive infrastructure network that can support the entire value chain of the A&D sectors including design, manufacturing, maintenance, repair, and overhaul.

The State is cognizant of the importance of nurturing a skilled and knowledgeable workforce capable of meeting the emerging demands of these industries. To achieve this goal, it is proposed to collaborate with academic institutions, training centres and industry experts to create tailor-made programs and provide skill development opportunities. The State aims to empower our workforce to excel in the A&D sectors by nurturing a culture of continuous learning and innovation.

The Government of Uttar Pradesh is committed to promoting sustainable development practices in line with national and international standards. Environmental protection, resource conservation, and minimising the ecological impact of aerospace and defence activities are at the core of our policy implementation. Based on its multi-faceted strengths, the Government of Uttar Pradesh is all set to emerge as a prime destination for the global A&D industry to set up its manufacturing base.

## 2 Vision, Mission, and Goal

### 2.1 Vision

Uttar Pradesh envisions becoming a pioneering Aerospace and Defence hub, driving indigenous capabilities, innovation, and global collaboration to ensure national security and economic prosperity.

### 2.2 Mission

Policy has a mission to empower Uttar Pradesh's Aerospace and Defence sector through innovation, collaboration, and excellence, ensuring security and technological advancement as envisaged below:

- i. Creating a robust, world class, high technology and efficient A&D manufacturing ecosystem in the Uttar Pradesh Defence Industrial Corridor (UPDIC).
- ii. Attracting global and Indian investors in the A&D Sector in the UPDIC by providing the required facilitation and support.
- iii. Attracting the startups and investors to develop innovation centres in the A&D Sector.
- iv. Attracting Space Technology in the A&D Sector in the UPDIC.
- v. Creating A&D based Common Facility Centres for Skill and Capability development of startups and MSMEs in the UPDIC.
- vi. By providing the required facilitation and support to the MSMEs and create a strong supply chain ecosystem in the state.
- vii. To develop an export-oriented manufacturing base for A&D sector.
- viii. To attract anchor A&D manufacturing projects and DPSUs in the state.
- ix. Promote Research and Development in A&D sector with continuous technology upgradation.
- x. Fostering the growth of companies in the state that support India's self-reliance vision in A&D.
- xi. To encourage AI and software development hub.
- xii. Setting up of a skill centre along with R&D centres.

### 2.3 Goal

- i. To attract investments worth INR 50,000 crores in next 5 years.
- ii. To create 1 lakh employment opportunities in A&D sector.

### 3 Objective

To make Uttar Pradesh Defence Industrial Corridor the preferred destination to invest, innovate, manufacturing of products and provide services and to create end to end ecosystem in the A&D sector and at the same time it will mobilize the available resources and provide the employment opportunities in the state.

- i. Name of the policy is “Uttar Pradesh Aerospace and Defence Units and Employment Promotion Policy – 2024”.
- ii. This policy supersedes the “Uttar Pradesh Defence and Aerospace Units and Employment Promotion Policy – 2018 (as amended)” and would be valid till the issue of the next policy on the subject by the Government of Uttar Pradesh.
- iii. The industrial units engaged in the activity/ activities that are not covered under the Uttar Pradesh Aerospace and Defence Units and Employment Promotion Policy – 2024 will be eligible for incentives under the Uttar Pradesh Industrial Investment and Employment Promotion Policy 2022.
- iv. This policy supersedes the earlier policy of 2018 along with amendments/ additions according to the following Notifications, approved by the cabinet of Government of Uttar Pradesh:
  - a. Notification No. 2792/77-6-18-LC-03/18 Lucknow dated 16-July-2018
  - b. Notification No. 976/77-6-2019-LC-03/2018 Lucknow dated 05-Dec-2019
  - c. Notification No. 02/2021/126/77-6-21-LC-03/2018 TC-1 dated 11-Jan-2021
  - d. Notification No. 36/2022/2090/77-6-2022-LC-03/18 Lucknow dated 17-Aug-2022
  - e. Notification No. 37/2023/2121/77-6-2023-LC-03/18 Lucknow dated 15-June-2023
- v. This policy would be valid for 05 years from the effective date of notification or till the issue of the next policy on the subject by the Government of Uttar Pradesh.

## 4 Scope of the Policy

- i. To establish Uttar Pradesh as one of the most preferred destinations for A&D manufacturing.
- ii. Promote private industrial parks for A&D manufacturing sectors.
- iii. Bridge the market gaps and connecting the ancillary units in the state to meet the requirements of Defence PSUs.
- iv. To establish and facilitate the industrial cluster which would flourish along the expressway and dedicated defence/aerospace corridors.
- v. To develop an export-oriented manufacturing base for defence sector.
- vi. To attract major A&D manufacturing projects and Defence Public Sector Units (DPSUs) in the state.
- vii. To promote ancillary industry and development of MSMEs in the A&D sector.
- viii. Promote research and development in A&D sector and ensure continuous technology upgradation.
- ix. With the objective of ensuring state-of-the-art research and development promotion and technological upgradation in the field of Aerospace and Defence, establishment of Technical Facilitation Centres at Kanpur, Varanasi and other places, whose purpose will be to assist the MSME and A&D industry in Uttar Pradesh.
- x. To promote and support skill development and strategic knowledge in the field of A&D sector.
- xi. To attract significant portion of gross investment to the state through companies and institutions nominated for new offset obligations in India.
- xii. To provide and enrich modes of transports like air / road / rail for better connectivity to A&D manufacturing park/cluster.
- xiii. To enhance competition among MSMEs functional in the state as well as attract new units, the CFCs (Common Facility Centres) will be established which will provide universal facilities like product design, prototyping, integrated manufacturing, establishment of research and development centres, training centres, testing and certification to MSME sector.
- xiv. To support the A&D manufacturing unit in the state, state will participate in Defence Testing Infrastructure scheme (DTIS) launched by Government of India. Further to this as per the guidelines of DTI scheme, state will provide earmarked land and financial support in the defined nodes of the corridor to support the establishment of the said facilities in the state.
- xv. To establish A&D based MROs in the corridor to further strengthen maintenance and overhaul capabilities in the northern region of the nation.

## 5 Advantage Uttar Pradesh

Uttar Pradesh, India's most populous state, is rapidly emerging as a frontrunner in the A&D sector. With its strategic location, robust infrastructure, skilled workforce, and proactive government policies, Uttar Pradesh offers a multitude of advantages for the growth and development of the A&D industries. This document aims to highlight the key advantages that make Uttar Pradesh an attractive destination for companies operating in these sectors, as well as explore the positive impact on the state's economy. With a rich resource base, Uttar Pradesh is country's 2<sup>nd</sup> largest economy, contributing nearly 9.2% to national GDP. The state has India's largest consumer base with population size of approximately 25 crores. Uttar Pradesh has a major advantage of demographic dividend (56% of its population size under working age group), which will be a key driver for future growth.

### 5.1 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 8,949 kms. 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 at Bodaki, Dadari, Gautam Buddh Nagar. 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. 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, Prayagraj (Allahabad), Kanpur etc. along the corridors.

The existing logistics infrastructure in Uttar Pradesh includes Moradabad rail linked combined domestic and EXIM terminal, Rail Linked private Freight Terminal and Inland Container Depot (ICD) in Kanpur, ICD at Dadri Terminal, 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, Deen Dayal Upadhyaya Nagar (Mughalsarai)-Varanasi-Mirzapur investment region are also evolving.

In the connectivity network of the state including already developed 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 Prayagraj (Allahabad), Varanasi and Haldia Sea Port etc., is expected to create a network of air, water, road and rail that will help the state's 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 is also expected to strengthen the states connectivity advantage.

## 5.2 Defence Industrial Corridor

A defence corridor worth INR 20,000 crores was announced by Government of India in February 2018 at Uttar Pradesh Investors Summit. The corridor is being developed in the Madhyanchal, Paschimanchal and Bundelkhand region of Uttar Pradesh and is estimated to create over one lakh job opportunities. The corridor has 6 nodes, viz. Aligarh, Agra, Jhansi, Chitrakoot, Kanpur and Lucknow.

These districts have strong ancillary base of MSMEs 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 as advantage. Further, the Agra Lucknow Expressway, and the Bundelkhand and Purvanchal Expressway provides the corridor strong connectivity advantage.

## 5.3 Existing Manufacturing Base

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

<b>AWEIL – HQ Kanpur</b>	Medium & high calibre guns, shell empties
<b>AWEIL – HQ Kanpur</b>	Small arms
<b>AWEIL – HQ Kanpur</b>	High calibre ordnance & spare barrels, .32” revolver
<b>TCL – HQ Kanpur</b>	Leather items, textile items, engineering equipment including mountaineering items
<b>GIL – Kanpur</b>	Parachutes of different types
<b>TCL – HQ Kanpur</b>	All combat clothing, textile, and tent age items
<b>TCL – HQ Kanpur</b>	Tents & other clothing items
<b>AWEIL – HQ Kanpur</b>	For production of carbines (at project stage)
<b>AWEIL / MIL – Amethi (Korwa)</b>	IRRPL - AK-203 assault rifles

<b>Table-3: Prominent manufacturing units of HAL in Uttar Pradesh</b>	
<b>HAL Transport Aircraft Division, Kanpur</b>	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 engines and hydraulic systems of UAVs.
<b>HAL Accessories Division, Lucknow</b>	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.
<b>HAL Avionics Division, Korwa</b>	Manufacturing & repair facilities for various avionics systems fitted on MiG-27M upgrade, Mirage-2000, LCA, Jaguar upgrade, AJT-HAWK aircraft.

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 A&D sector in the state.

## 5.4 R&D Ecosystem

The state has multiple educational and training institutions engaged in research and development. State is home to premier institutes like IIT- Kanpur, IIT (BHU) Varanasi along with universities, colleges, polytechnics, research institutes, Centres of Excellence, and other professional institutes with key Government sector R&D institutes like DRDO's Defence Materials and Store R&D establishment (DMSRDE), HAL, etc. in the state, Uttar Pradesh, which offers an excellent R&D ecosystem for A&D sector.

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

## 5.5 Opportunities available in Uttar Pradesh

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

- i. Defence Technology Park at UPDIC nodes like Kanpur, Jhansi, Agra, Aligarh, Chitrakoot and Lucknow and its expansion in other districts.
- ii. Expansion or partnerships with Defence PSUs.
- iii. Establishment of Aerospace technology park with the possibility of its expansion in Defence Corridor nodes such as Kanpur, Jhansi, Agra, Aligarh, Chitrakoot, Lucknow.

- iv. Establishment of testing and validation centre, including a firing range for artillery and other military weapons/equipment.
- v. Manufacturing and testing facilities for drone /UAV prototypes.
- vi. Aircraft, helicopter manufacturing and assembling units and its maintenance facilities.
- vii. Establishment of units for development and manufacturing of military/aerospace vehicles and their components.
- viii. Manufacturing of weapons and sensor equipment useful in police modernization and low intensity conflict.
- ix. Electronics, IT/ITeS hub at Agra, Gautam Buddha Nagar, Ghaziabad, Noida, etc.
- x. Engineering hub including metal precision works at Aligarh, foundry at Agra, etc.
- xi. Manufacturing units for leather, textiles, shoes and other ancillary equipment for A&D sector.
- xii. Centre for manufacturing of arms, weapons system, ammunition explosives and ancillary components.
- xiii. Establishment of exclusive/specific food manufacturing and packaging centres related to A&D.
- xiv. Establishment of exclusive / specific A&D packaging industry.

## **5.6 Robust Infrastructure**

The state government has made significant investments in developing world-class infrastructure to support the A&D sectors. Uttar Pradesh hosts several aerospace parks, Special Economic Zones (SEZs), and industrial clusters dedicated to these industries. The state capital, Lucknow, is home to an aerospace hub that houses reputed companies, research institutions, and training centres. The presence of well-connected airports, road and rail networks, and reliable power supply further strengthens the infrastructure backbone.

## **5.7 Skilled Workforce**

Uttar Pradesh has a large pool of skilled manpower, providing a competitive advantage to A&D companies. The state is renowned for its educational institutions, including technical universities, engineering colleges, and vocational training centres. These institutions offer specialized programs in aerospace engineering, avionics, defence technology, and related disciplines, ensuring a steady supply of highly skilled professionals. The state government has also launched initiatives to enhance skill development and vocational training, further nurturing the talent pool.

## **5.8 Proactive Government Policies**

The Government of Uttar Pradesh has implemented progressive policies and initiatives to attract investments and foster growth in the A&D sectors. The "Uttar Pradesh Aerospace and Defence Manufacturing and Employment Promotion Policy" provides incentives, tax benefits, and subsidies to encourage companies to set up manufacturing units, research facilities, and training centres in the state. Additionally, the government has established a single-window clearance system, simplified the processes and facilitated ease of doing business.

## 5.9 Strong Defence Ecosystem

Uttar Pradesh's robust defence ecosystem, comprising defence establishments, research institutions, and public sector undertakings, creates a supportive environment for A&D companies. The state hosts several defence production units, ordnance factories, and research laboratories, including Hindustan Aeronautics Limited (HAL), Bharat Electronics Limited (BEL), and Defence Research and Development Organization (DRDO) facilities. Collaborative opportunities with these entities contribute to technology transfer, innovation, and knowledge sharing.

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## 6 Uttar Pradesh Defence Industrial Corridor

Ministry of Defence has set a goal to double Aerospace and Defence (A&D) production to USD 25 Bn by the year 2025-26 and exports to USD 5 Bn. It is estimated that Aerospace and Defence manufacturing is to contribute a 25% share of GDP by 2047.

Aerospace and Defence manufacturing sector has been identified as a key area of focus under the “Make in India” initiative and in pursuance of the same, the Ministry of Defence (MoD) has set up two Defence Industrial Corridors (DICs) in Uttar Pradesh and Tamil Nadu.

UPDIC is an ambitious project that has been planned to be established in 06 nodes across the state. These nodes are in six districts of Uttar Pradesh where land banks have been created by the state along with the provision of required infrastructure in terms of industrial-grade power, water, roads and last-mile connectivity. These nodes are chosen due to the proximity to various state and national highways as well as supported by a network of expressways (existing and under construction).

The Centre, by creating the Uttar Pradesh Defence Industrial Corridor (UPDIC), has opened the floodgates for the state government to kick-start the creation of a world-class manufacturing hub for the Indian and global A&D industry.

One of the main objectives of industrialization in the state is to increase the share of manufacturing sector in state GDP, create self-reliance for defence goods and increase employment opportunities in the field of defence production. Uttar Pradesh Aerospace and Defence Units and Employment Promotion Policy – 2024 has been formulated along with various incentives keeping in view the same.

## 7 Focus Sectors

Uttar Pradesh, India's most populous state, has strategically identified key focus sectors to drive growth and innovation in the A&D industry.

### 7.1 Aerospace

Uttar Pradesh is actively promoting aerospace manufacturing and assembly as a focus sector. The state aims to attract investments and facilitate the establishment of aerospace manufacturing units, including aircraft and engine components, avionics systems, and composite structures.

### 7.2 Defence

The defence sector holds immense significance for Uttar Pradesh, given its strong defence ecosystem and strategic location. The state aims to enhance its capabilities in defence manufacturing, defence electronics, and systems integration. The government encourages partnerships between defence companies, research institutions, and defence establishments to develop advanced defence technologies, promote indigenous manufacturing, and support the modernization efforts of the armed forces. Focus areas include the production of defence equipment, electronic warfare systems, and communication technologies.

### 7.3 Maintenance, Repair, and Overhaul (MRO)

Recognizing the potential for growth in the MRO segment, Uttar Pradesh is actively encouraging the establishment of MRO facilities for aircraft, helicopters, engines, and components. The state government is collaborating with international players to develop dedicated MRO facilities that adhere to global standards. The focus on MRO services aims to enhance the availability of high-quality maintenance services, reduce operational costs for airlines, and drive employment opportunities in the aviation sector.

### 7.4 Research and Development (R&D)

Uttar Pradesh places significant emphasis on research and development in the A&D sector. The state aims to foster innovation, technological advancement, and indigenous capabilities through partnerships between industry, academia, and research institutions. The government has established R&D centres and innovation hubs to facilitate collaborative research projects and nurture a culture of innovation. These initiatives focus on areas such as advanced materials, propulsion systems, unmanned aerial vehicles (UAVs), and aerospace electronics.

### 7.5 Skill Development and Training

To meet the growing demand for skilled professionals in the A&D sectors, Uttar Pradesh has prioritized skill development and training. The state government has established specialized training centres and institutes that offer courses in aerospace engineering, avionics, aircraft maintenance, and other relevant disciplines. These initiatives aim to enhance the employability of the local workforce, create a talent pool of skilled professionals, and bridge the industry-academia gap.

## **7.6 Space Technology**

Uttar Pradesh recognizes the significant potential of space technology and aims to establish itself as a key player in this domain. The state is actively encouraging the development of satellite manufacturing, satellite applications, and space research. By fostering collaborations with national space agencies, private companies, and research institutions, Uttar Pradesh aims to drive innovation, develop cutting-edge satellite technologies, and promote the application of space-based solutions in areas such as agriculture, weather forecasting, communication, and disaster management.

## **7.7 AI-Based Platforms**

Uttar Pradesh places a strong emphasis on the integration of artificial intelligence (AI) into the A&D sectors. The state aims to develop AI-based platforms that enhance operational efficiency, decision-making, and predictive analysis. By fostering partnerships with AI-focused companies, startups, and research institutions, Uttar Pradesh seeks to leverage AI technologies to optimize defence systems, automate processes, improve situational awareness, and enhance cybersecurity measures.

## **7.8 Defence Electronics and Systems Integration**

Uttar Pradesh recognizes the critical role of defence electronics and systems integration in modernizing the defence industry. The state aims to enhance its capabilities in this sector by encouraging partnerships between defence electronics companies, research institutions, and defence establishments. The focus lies on developing advanced defence technologies, including radars, communication systems, electronic warfare, and command and control systems. By promoting indigenous manufacturing and innovation, Uttar Pradesh aims to strengthen the country's defence ecosystem and reduce reliance on imports.

## **7.9 Defence Cybersecurity**

Given the increasing reliance on digital technologies and interconnected systems, Uttar Pradesh recognizes the criticality of cybersecurity in the A&D sectors. The state aims to develop robust cybersecurity solutions to safeguard critical infrastructure, defence systems, and sensitive data.

## **7.10 Defence Testing**

The defence testing facilities play a crucial role for defence production and development of the state. With its strategic location and robust infrastructure, Uttar Pradesh has emerged as a prominent hub for defence testing activities. The corridor offers state-of-the-art testing facilities that cater to a wide range of defence systems and technologies. These testing centres are equipped with advanced equipment and instrumentation, enabling comprehensive evaluations of various defence equipment, including weapons, vehicles, communication systems, and more. The dedicated focus on defence testing ensures that the corridor becomes a reliable and trusted destination for defence manufacturers to validate the performance, reliability, and safety of their products. The availability of specialized testing expertise and resources in Uttar Pradesh enhances the overall competitiveness and attractiveness of the defence industry in the state, contributing significantly to the nation's defence capabilities.

## 7.11 UAVs

Unmanned Aerial Vehicles (UAVs) have emerged as a focal point in the defence manufacturing sector within the state of Uttar Pradesh. With advancements in technology and an increasing emphasis on modern warfare capabilities, UAVs have become indispensable tools for reconnaissance, surveillance, and tactical operations. Uttar Pradesh, with its robust defence manufacturing ecosystem, has strategically positioned itself to tap into this growing market. The state's investment in research and development, coupled with collaborations with defence organizations, has propelled it to the forefront of UAV production. This sector not only contributes to bolstering national security but also offers substantial economic growth and employment opportunities within Uttar Pradesh, making it a key player in India's defence industry landscape.

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## 8 Definitions

### 8.1 A&D 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 agencies will be referred.

Defence/aerospace unit products will include materials, equipment/component assembling units, sub assembly and components. For the transportation of A&D products, special logistics vehicles/warehousing will also be considered under A&D units.

### 8.2 A&D Units

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

**In any unit, it will be mandatory to fulfil 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.
- iii. A financial grant or supply order must have been received from A&D units as previously defined.
- iv. If any applicant has signed Memorandum of Understanding or received supply order from any foreign OEMs, under the offset scheme of the MoD, Government of India.
- v. Worked in the field of assembly, fabrication, for design and development for the Army, Navy, Air force, Paramilitary establishments, DRDO, etc.
- vi. Manufacturing/testing or proofing/ parts manufacturing /sub-assembly/ assembly and supply to Indian or foreign OEM, categorised under A&D sector.
- vii. The new manufacturing units in A&D sectors that have received the license for the manufacturing of said products.
- viii. MRO unit related to Aerospace and Defence sector will be considered for all the incentives under the UP Aerospace & Defence units and employment promotion policy 2024.

### 8.3 Mega Anchor Aerospace and Defence Units

Global or Indian OEMs which manufactures equipment's or does related work in A&D sector and invests more than INR 1,000 crores.

Mega anchor units of A&D sector will also be entitled to receive additional customized incentives and exemption packages authorized by Government of India in addition to incentives being offered under this policy. MRO units will be defined as A&D unit, Anchor unit or Mega anchor unit based on their investment.

Note: All incentives applicable to anchor A&D units defined in this policy will also be applicable to mega anchor A&D units.

### 8.4 Anchor A&D Units

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

Investment Region	Eligibility Criteria
Bundelkhand (Chitrakoot and Jhansi node) & Purvanchal	Investing more than INR 200 crores or creating at least 1000 direct employment
Madhyanchal & Paschimanchal (Agra, Aligarh, Kanpur, and Lucknow node)	Investing more than INR 300 crores or creating at least 1500 direct employment

### 8.5 Vendor A&D Units

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

### 8.6 MSME Units

Government of Uttar Pradesh will follow the MSME definition laid out by Government of India for MSME in the MSME Act 2020. 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 A&D supplier if at least 50% of its turnover comes from manufacturing and supply to a mega anchor or anchor A&D unit or Vendor A&D units or to Defence PSUs in the A&D value chain.

### 8.7 Aerospace and Defence (A&D) based Startups.

An entity shall be considered as a Startup if it is recognized by DPIIT and meets the condition defined by Government of India, vide notification No. G.S.R. 364(E) dated April 11, 2018, as modified vide Gazette Notification No. G.S.R. 34(E) dated January 16, 2019 (and as may be amended from time to time).

Furthermore, an entity will be considered as an A&D based startup under this policy (Refer Para 8.1), if it operates within or intends to enter in the A&D sector.

### 8.8 Defence Public Sector Units

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

## 8.9 Private Aerospace and Defence Park

Government of Uttar Pradesh will promote A&D 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 A&D Park will be provided. Strategic developers can purchase land from Uttar Pradesh Expressways Industrial Development Authority (UPEIDA) or can also take land on their own.

## 8.10 Other definitions

- i. **Effective Date** means the date from which this Policy becomes effective, which is the date of notification or G.O. of this policy.
- ii. **Expansion** means, where an existing Industrial Undertaking increases its gross block by at least 25%, through new capital investment.
- iii. **Diversification** means where an existing Industrial Undertaking manufactures an entirely distinct product (and not merely a variant of existing product). Further, the Industrial Undertaking to be eligible for incentives under diversification has to increase its gross block by at least 25% or has to qualify as a Anchor Category as defined in this policy, whichever is less, through new capital investment.
- iv. **Cut-off Date** means,
  - the Date of Commencement of Investment of the project falling within the Effective Period of the Policy, in case, investment starts on or after Effective Date of the Policy.
  - the Effective Date of the policy in case investment commences prior to the Effective Date. However, in case only land is acquired prior to the Effective Date, the date on which the first investment towards any of the other heads (except Land) defined under Capital investment is made on or after the Effective Date will be considered as Cut-off Date.
- v. **Date of commencement of commercial production** means the date on which the industrial undertaking starts its commercial production.
- vi. For **Eligible Capital Investment**, the following cost borne by the defence industrial undertaking would be considered –
  - a. **Land development charge** including peripheral boundary wall, construction of inner roads and other basic infrastructure facilities).
  - b. **Permanent Building** means a new building constructed for the project, including administrative building.

*The cost of new buildings constructed for installation of plant and machinery, research & development activities, in-house testing facilities, storage facilities, and other buildings related to the manufacturing process and building related to Hostel/ Dormitory for workers, office space and administrative compound, shall be considered as per the actual expenditure incurred.*

- c. **Other construction** means construction such as compound wall and gates, security cabins, internal roads, bore well, water tank, internal pipeline network for water and gas, and other related constructions.
- d. **Plant and machinery** mean new indigenous/ imported plant and machinery; utilities, dies, moulds, jigs, and fixtures and similar production tools owned and used within the plant; cost of transportation, foundation, erection, installation and electrification. The electrification cost will include the cost of sub-station and transformer. Such other tools and equipment, which are helpful for manufacturing the product(s), shall also be included. *Plant & Machinery shall also include Plant for generation of non-conventional energy; Research & Development; Vehicles used for transportation only within the premises of the industrial unit, and material handling equipment exclusively used in transporting goods within such premises; Plant for captive power generation/ co-generation set up within the premises of the Industrial Undertaking of which at least 75% of the power generated should be for self-use of the Industrial undertaking; Plant for purification of water; Plant for pollution control measures, including facility for collection, treatment, disposal of effluent/emission or solid/ gaseous hazardous waste; Diesel Generating sets and boiler.*
- e. **Infrastructure facilities** means such new roads, sewer lines, water drainage, power lines, railway siding infrastructure (including such other facilities essential for operation of unit), which link the undertaking's premises with the main infrastructure trunk lines. Apart from the above, installation of Environmental Protection Infrastructure, sewage treatment plant, and power feeder for self-use by the Industrial Undertaking will also be included.
- f. **Ineligible Capital Investment includes** - Working capital; Goodwill; Preliminary and pre-operative expenses; Interest capitalized; Expenses capitalized in the books for acquisition of technology/ technical know-how; consultancy charges; royalty; design and drawings; patents, licenses, software and intellectual property rights and Power generation, except for captive use as mentioned under Plant & Machinery head of Capital Investment as defined in this policy. Such heads shall not be considered for calculating the capital investment.

## 9 Grants and Incentives

(A) The following subsidies shall be offered to Aerospace and Defence units under this policy:

- The incentives will be provided to the unit established in the geographical areas of the state.
- Mega Anchor and Anchor A&D units will be allowed to install vendor's unit in 20% of their land area.
- The lease rent for the land parcel allotted by the implementation agency in the nodes of defence corridor will be 1% of the land cost for a period of 10 years and 1.5% for a period exceeding 10 years.

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.

(B) Front end subsidy will be provided to units as per policy provisions:

1. Land Subsidy: Mega Anchor and Anchor A&D 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.
2. Stamp Duty Exemption: For all eligible units as defined earlier in this policy, 100% exemption on the lease deed will be permissible. For availing exemption in the stamp duty, an amount equivalent to the stamp fee shall be submitted to the registrar office in the form of bank guarantee.

### 9.1 Capital Subsidy

All the Aerospace and Defence manufacturing units in A&D sector will be eligible for back ended capital subsidy at the rate of 25% in Paschimanchal and Madhyanchal.

All the Aerospace and Defence manufacturing units being established in Bundelkhand & Purvanchal region will be eligible for back ended capital subsidy at the rate of 35%.

Projects can avail disbursement in equal annual instalments as provided in the table below:

<b>Capital Subsidy for A&amp;D manufacturing units (Disbursal period)</b>	
<b>Total subsidy amount</b>	<b>Period</b>
Upto INR 500 crores	5 years
INR 500 crores - INR1000 crores	10 years
Above INR1000 crores	15 years

40% imported second-hand machinery will be eligible for capital subsidy.

- a. As per the policy, the period for proposed eligible investment for the A&D units of various categories will be as follows: -
  - i. In case of mega anchor units, 7 years from the cut-off date falling within the validity period of the policy.
  - ii. In case of anchor units, 5 years from the cut-off date falling within the validity period of the policy.
  - iii. In case of other A&D units (MSME/ vendor units/startups), 4 years from the cut-off date falling within the validity period of the policy.
- b. Such cases will also be covered under eligible capital investment in which the date of commencement of investment is within the period immediately preceding 5 years from the Effective Date (for all categories) subject to the condition that commercial production in such cases commences after the Effective Date and at least 80% of the Capital Investment should have been made after the Effective Date. In such situation, only the investment made after the effective date will be eligible for subsidy.
- c. If industrial units want to carry out establishment in various phases of implementation, it must be brought in DPR at the time of submission of application. Apart from this, the phases of establishment mentioned in DPR must be completed within the period as mentioned above.

## 9.2 Rebate on Transportation Charges

- i. **For transporting plant and machinery:** All A&D units shall be eligible for transportation subsidy of 50% of transportation cost, on transportation of imported equipment, plant and machinery from logistics parks/transport hubs and harbour/port to the place of production in the state. The maximum limit will be INR 5 crores.
- ii. **For transporting finished products:** All A&D units shall be eligible for transportation subsidy of 50% of the transportation cost, up to a maximum limit of INR 5 crores per annum, for both domestic and export on transportation of finished products from the unit to logistics parks/transportation hubs, harbour/port for a period of 5 years from the date of start of commercial production.

## 9.3 Subsidy for Green Infrastructure

25% subsidy on the cost of setting up environmental protection infrastructure subject to a limit of INR 1 crore.

Work related to reduction in air, water, and soil pollution for the environment infrastructure protection like STP/Air quality monitoring stations/Grain element control system/Industrial emission scrubber/Electronic precipitator.

## 9.4 Support to Common Facility Centre / Skilling & Training Centre

The Common Facility Centre / Skilling & Training Centre will assist in developing the ecosystem of the A&D manufacturing in the state. The state will provide 50% of capital investment and maximum INR 10 crores per centre.

## 9.5 Support to Women Entrepreneurs

Additional 2% on all applicable subsidies to women entrepreneurs, will be provided.

## 9.6 Marketing Assistance

Marketing assistance to MSMEs and startups participating in the national and international trade shows and buyer-seller meets subject to 05 years from the date of the establishment.

- i. INR 15 Lakh for international events. (1 events per year).
- ii. INR 5 Lakhs for national Events (1 events per year).

## 9.7 Incentive for Patent Cost/Quality Certification

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

- i. **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 A&D unit, subject to maximum INR 1 crore per annum, will be provided to all the A&D units established in the state. The reimbursement would be granted only after grant of patents.
- ii. **Quality certification:** Government of Uttar Pradesh will provide financial assistance to MSME units defined under this policy for obtaining quality certification such as AS-9100 series, NADCAP, etc. 100% reimbursement of certification fees up to maximum INR 1 lakh per A&D unit per annum.
- iii. **Trademark registration:** Trademark registration application fees would be fully reimbursed, up to maximum INR 1 lakh per unit per annum.

## 9.8 Support for Training and Skill Development

- i. **Strengthening existing Skill training base:** Wherever feasible, Government of Uttar Pradesh will introduce customized courses in A&D sector in consultation with the industry at government ITIs/polytechnics from time to time.
- ii. **Subsidy to support skill development:** For every defence unit, Government of Uttar Pradesh will bear the cost of skilling maximum 20 people to the limit of INR 10,000 per month, per person for a period of 1 year.

## 9.9 Assistance for Research and Development and Testing Facilities

The state will provide support to leading technical institutions for developing them into Centre of Excellence (CoE). One institution can get a support of INR 10 crore in a year.

## 10 Ease of Doing Business

Taking forward the vision and mission of state's Industrial Investment and Employment Promotion (IIEP) Policy, 2022, this policy also ensures ease of business in the state.

- i. **Single Window:** All required approvals and clearances to A&D manufacturing units shall be provided under one roof through single window system of the state directly monitored by the Chief Minister's office.
- ii. **Consolidated Payment of incentives:** Uttar Pradesh Expressways and Industrial Development Authority will be the nodal agency for all permissible facilities / incentives.
- iii. **Simplifying procedures:** This policy aims to rationalize existing regulatory regime and simplify procedures by supporting self-certification, deemed approval and third-party certification.
- iv. **Labour Permits:** Government of Uttar Pradesh will permit A&D industry towards flexible employment conditions, working hours, employment of women in 3- shifts, hiring of contractual workers, subject to the requisites of respective laws.
- v. **Infrastructure facilities:** Electrical system, water supply, sewer and road facilities will be provided in newly developed industrial area acquired under defence node. Peripheral boundary wall will be constructed in the newly developed industrial area acquired under defence node for the demarcation and protection of land.

As per the provisions contained in the Electricity Supply Code-2005 (as amended), the expenditure incurred in developing the new electricity system and displacing the assets of the Energy Department and electricity poles, electricity lines, sub-stations etc. in the said area will be borne by the Infrastructure and Industrial Development Department/the applicant. After depositing the estimated amount, the work of shifting/new electricity connection will be done by the concerned Vidyut Vitran Nigam Ltd./U.P. Power Transmission Corporation Ltd. If the Infrastructure and Industrial Development Department/the applicant wants to do the work on its own, then it can do the work itself by paying the supervision charge as per the departmental rules. The responsibility of giving ROW for the said development will be of the District Administration and if any.

- vi. **Industrial Security:** Government of Uttar Pradesh will provide safe and secure industrial environment in the state.
- vii. 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-2022.

## 11 Policy Implementation

- i. This policy will come into effect on the date of its notification and will remain in force for the period of 5 years, or till the next policy is notified.
- ii. This policy will be applicable to those investors who will invest after the date of effectiveness of this policy and provided Letter of Comfort/ confirmed allotments under the new policy.
- iii. 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.
- iv. In case of any amendments in this policy, the committed incentives which were approved prior to policy amendment, will not be withdrawn and the unit will continue to remain entitled to the benefits.
- v. For cases which are under consideration for sanction of Letter of Comfort for incentives before the competent authority under Uttar Pradesh Defence and Aerospace Units and Employment Promotion Policy – 2018 (as amended), will have a one-time option of either applying under this new policy in case they are eligible as per the terms and conditions laid down under this new Policy or continue to be considered under Uttar Pradesh Defence and Aerospace Units and Employment Promotion Policy – 2018 (as amended). This option can be exercised not later than one month from the date of notification of rules under this Policy.
- vi. An Online Incentive Management Portal (OIMS) linked to Nivesh Mitra will be launched by the Government. Once launched, a date will be specified post which the applications for incentive under this policy will be accepted only through the portal and a unique ID will be provided to applicants.
- vii. In case, an eligible industrial undertaking, during the period of availing disbursement of sanctioned incentives under this policy, is taken over by a new entity as per the orders of National Company Law Tribunal (NCLT) or otherwise, such successor entity will be eligible to avail the remaining incentives for the incentivised unit for the remaining period over which the original industrial undertaking, would have availed incentives, as sanctioned under this policy. Such successor entity will have to meet all the terms and conditions originally stipulated while sanctioning & disbursing the incentives to the original incentivised unit.
- viii. Successor entities formed through merger/ demerger/ amalgamation/ change in constitution and any such other cases shall be eligible for such incentives under this policy, as it was applicable to the parent industrial unit.

## 12 Company migration within A&D sector

Companies are permitted to migrate to an alternate product within A&D sector. Approval of a new Detailed Project Report (DPR) through a fresh application is mandatory, regardless of whether the investment has been initiated for the previous project / product.

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## Additional Notes

1. DPSUs 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, ultra-anchor A&D units with investment above INR 3000 crores will be provided incentives on a case-to-case basis.
3. The incentives will be applicable for new A&D units as well as projects under expansion/diversification, provided such units fulfil the investment criteria like new units.
4. A&D units availing incentives under this policy will not be eligible to avail the incentives/benefits under any other policy prevailing in the state, however A&D units may avail the benefits or incentives under any government of India policies.
5. Expansion/diversification refers to - Where an existing A&D unit as defined in this policy increases its gross block by at least 25% utilizing new investments.
6. UPDA will be the nodal agency for providing incentives and exemptions under the Uttar Pradesh Aerospace and Defence Unit and Employment Promotion Policy 2024, which will take action as per the guidelines issued in this regard from the government level.
7. To encourage maximum investment under Uttar Pradesh Defence Industrial Corridor, UPDA, the incentive payable on ECI under the policy will be the maximum limit of investment incentive.

## Annexure I - Glossary of Abbreviations

Abbreviation	Expansion
<b>A&amp;D</b>	Aerospace and Defence
<b>AI</b>	Artificial Intelligence
<b>AKIC</b>	Amritsar–Kolkata Industrial Corridor
<b>ASERDC</b>	Aerospace Systems and Equipment Research & Development Centre
<b>AWEIL</b>	Advanced Weapons and Equipment India Limited
<b>BEL</b>	Bharat Electronics Limited
<b>BHU</b>	Banaras Hindu University
<b>Bn</b>	Billion
<b>CFCs</b>	Common Facility Centres
<b>DBT</b>	Direct Benefit Transfer
<b>DICs</b>	Defence Industrial Corridors
<b>DMIC</b>	Delhi Mumbai Industrial Corridor
<b>DMSRDE</b>	Defence Materials Stores and Research & Development Establishment
<b>DPIIT</b>	Department for Promotion of Industry and Internal Trade
<b>DPR</b>	Detailed Project Report
<b>DPSUs</b>	Defence Public Sector Units
<b>DRDO</b>	Defence Research and Development Organization
<b>DTI</b>	Defence Testing Infrastructure
<b>EDFC</b>	Eastern Dedicated Freight Corridor
<b>EXIM</b>	Export Import

<b>FAR</b>	Floor Area Ratio
<b>FSI</b>	Floor Space Index
<b>GDP</b>	Gross Domestic Product
<b>GIL</b>	Gliders India Limited
<b>HAL</b>	Hindustan Aeronautics Limited
<b>HQ</b>	Headquarters
<b>ICD</b>	Inland Container Depot
<b>iDEX</b>	Innovation for Defence Excellence
<b>IIEP</b>	Industrial Investment and Employment Promotion
<b>IIT</b>	Indian Institutes of Technology
<b>INR</b>	Indian Rupee
<b>IoT</b>	Internet of Things
<b>IT</b>	Information Technology
<b>ITeS</b>	Information Technology Enabled Services
<b>ITIs</b>	Industrial Training Institutes
<b>LCA</b>	Light Combat Aircraft
<b>LoC</b>	Letter of Comfort
<b>LRUs</b>	Line Replacement Units
<b>ML</b>	Machine Learning
<b>MoD</b>	Ministry of Defence
<b>MRO</b>	Maintenance, Repair, and Overhaul
<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>NADCAP</b>	National Aerospace and Defence Contractors Accreditation Program

<b>NW</b>	National Waterways
<b>OEM</b>	Original Equipment Manufacturer
<b>PIL</b>	Positive Indigenization List
<b>PLI</b>	Production Linked Incentive
<b>PSUs</b>	Public Sector Units
<b>R&amp;D</b>	Research & Development
<b>SEZs</b>	Special Economic Zones
<b>SGST</b>	State Goods and Services Tax
<b>TCL</b>	Troop Comforts Limited
<b>UAVs</b>	Unmanned Aerial Vehicles
<b>UPDIC</b>	Uttar Pradesh Defence Industrial Corridor
<b>UPEIDA</b>	Uttar Pradesh Expressways Industrial Development Authority
<b>USD</b>	United States Dollar
<b>VAT</b>	Value Added Tax
<b>WDFC</b>	Western Dedicated Freight Corridor
<b>YIL</b>	Yantra India Limited

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