

# Business Standard

## Uttar Pradesh govt to sweeten defence manufacturing policy for investors

*Seeks to provide additional rebates to investors*

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The Uttar Pradesh government has introduced a fresh draft of the UP Defence & Aerospace (Amendment) Policy 2018 to catalyse the defence and aerospace ecosystem in the state.

Under the existing scheme, the Yogi Adityanath government was aiming to attract Rs 50,000 crore worth of investment in the UP Defence Industrial Corridor (UPDIC). The new policy seeks to provide additional rebates and standard operating procedure (SOP) to investors in the form of capital subsidy, transport subsidy, patent, and trademark fee.

It will also ease land allocation to set up plants. Nearly 5,000 hectares of developed land has already been earmarked across six nodes of the corridor viz. Aligarh, Agra, Kanpur, Lucknow, Chitrakoot, and Jhansi districts.

The capital subsidy has been increased to 10 per cent with up to a maximum of Rs 500 crore for units in Jhansi and Chitrakoot. The policy previously provided a

capital subsidy of 7 per cent, up to Rs 500 crore to defence and aerospace units in Agra, Aligarh, Lucknow, and Kanpur nodes.

The nodal agency UP Expressways Industrial Development Authority (UPEIDA) has already prepared a draft of the new policy, which would be placed before the state cabinet for approval.

“The new policy will incorporate the changing dynamics of the domestic and global defence and aerospace domains, and aim to boost defence manufacturing, research and allied industries in UPDIC,” a senior UP government official said.

“An investment of Rs 50,000 crore and fresh job creation of 250,000 are expected to take place across the six nodes of the Corridor,” he added.

The state has inked 150 defence manufacturing deals worth Rs 25,000 crore for the UPDIC.

To propel production, UP is leveraging its arms manufacturing base including 7 Ordnance factories, four Hindustan Aeronautics Limited (HAL) units, and two small arms/field gun factories in the state.

India’s domestic defence production topped Rs 1.26 trillion in the financial year 2023-24.

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