



## Odisha Aerospace and Defence Manufacturing Policy 2018



 **ODISHA**  
NEW OPPORTUNITIES





# Government of Odisha

## Industries Department







## PREAMBLE

India ranks amongst the top 10 countries in terms of its military expenditure and is the largest importer of defence equipment in the world. As on 2018-19, the country allocates about 1.49%<sup>1</sup> of its GDP to defence spending, of which 34% was assigned to capital acquisitions, and this trend is likely to continue, if not improve. However, only about 40%<sup>2</sup> of defence equipment is currently manufactured in India, primarily by PSUs.

As the country gears up to spend USD 130 billion<sup>3</sup> on military modernization in the next 5 years, achieving self-reliance in defence production is a key target for the Government of India. The focus on indigenous manufacturing has opened up the defence industry for private sector participation and is paving the way for foreign Original Equipment Manufacturers (OEMs) to enter into strategic partnerships with Indian companies.

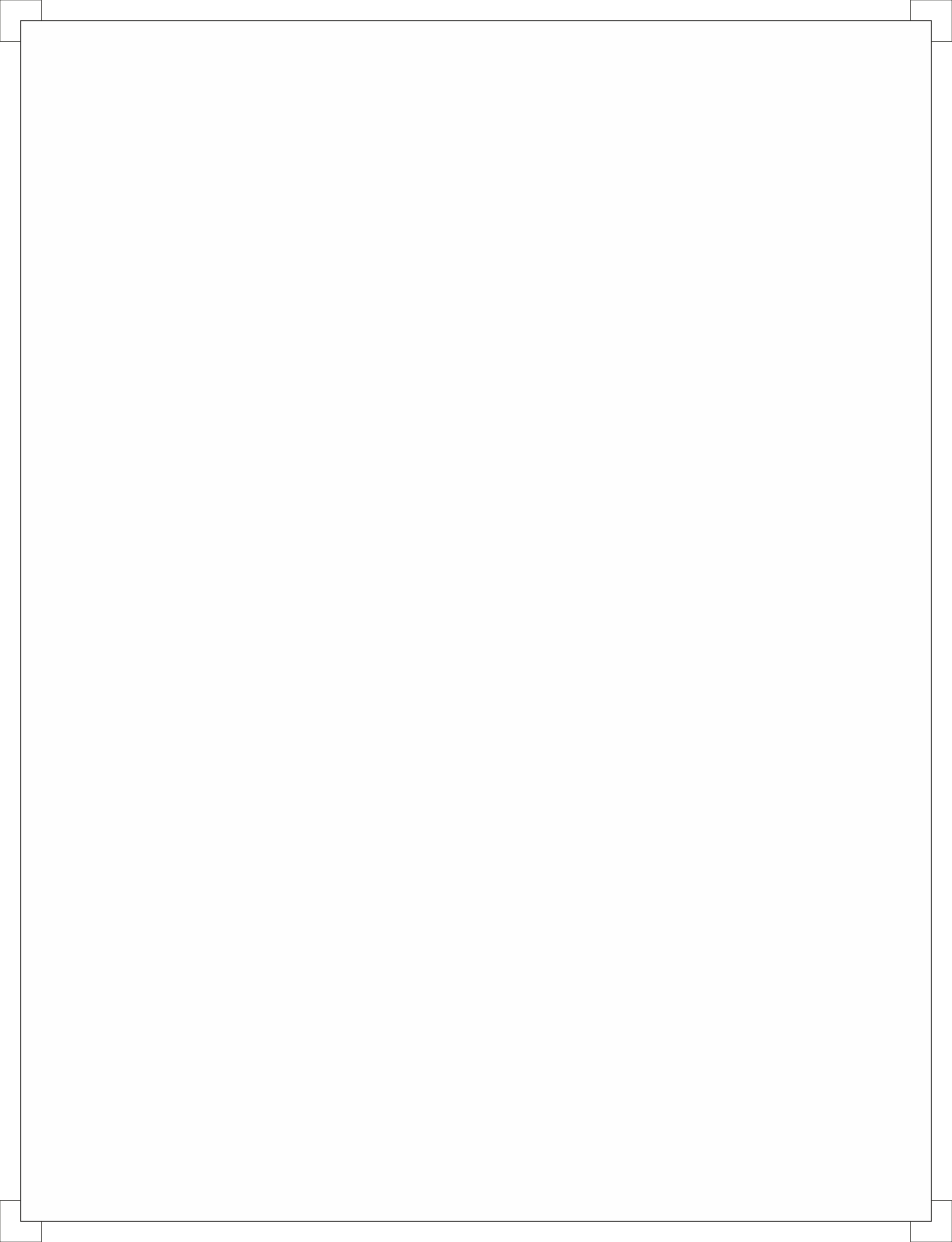
This Aerospace and Defence Manufacturing Policy has been formulated to tap this significant potential and to capitalize on the competitive advantages of Odisha's existing ecosystem to attract investments in the sector. The policy intends to create a holistic investment environment where public and private sector industries can play a pivotal role in the indigenization of the aerospace and defence sector manufacturing in the country.

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<sup>1</sup> <https://idsa.in/issuebrief/defence-budget-2018-19-controlling-manpower-cost-lkbehera-020218>

<sup>2</sup> Defence Manufacturing Sector Achievements Report 2017

<sup>3</sup> <https://www.investindia.gov.in/sector/defence-manufacturing>



# 1. Key Growth Drivers

**The key growth drivers for the sector are the following:**

- a) Favorable government policy which promotes self-reliance, indigenization, technology upgradation and achieving economies of scale including development of capabilities for exports in the defence sector
- b) Country's extensive modernization plans with an increased focus on homeland security and India's growing attractiveness as a defence sourcing hub
- c) New category of capital procurement - Buy Indian —IDDM (Indigenously Designed, Developed and Manufactured) introduced to encourage indigenous design, development and manufacturing of defence equipment
- d) Preference to 'Buy (Indian-IDDM)', 'Buy (Indian)' and 'Buy and Make (Indian)' over 'Buy (Global)' categories of capital acquisition
- e) Provisions to allow foreign OEM (Original Equipment Manufacturer) to select Indian production agency
- g) The MAKE procedure (Acquisitions covered under the 'Make' category refer to equipment/system/sub-system/assembly/sub-assembly, major components, or upgrades thereof, to be designed, developed and manufactured by an Indian vendor), which aims to promote research & development in the industry with support from the government and the placement of orders, has been promulgated with provision for 90% funding by Government and preference to MSMEs in certain category of projects. The MAKE II procedure allows for production/manufacture of systems/sub-systems including the path-breaking provision where the private industries/MSMEs/Startups may make a 'Suo Moto' offer to Defence forces, for items that the private players feel may be needed by them
- h) Civil aviation sector likely to see investments worth of Rs. 1.05 lakh crore during 2016-2020, 2/3<sup>rd</sup> of which is expected from the private sector and set to become the 3<sup>rd</sup> largest by 2020
- i) Maintenance, Repair and Overhaul (MRO) industry is expected to grow to Rs. 13,000 crore by 2020 from current Rs. 5,300 crore as 300 business jets, 300 small aircraft and 250 helicopters are expected to be added in the next five years

## 2. Existing Ecosystem in the State

Odisha, strategically located on the east coast with a long coastline and abundant mineral resources, provides a perfect ecosystem as required for the Aerospace and Defence Manufacturing sector.

### 2.1 Raw Materials and Resources

#### 2.1.1 Aluminium

Odisha currently has 54% of country's Aluminium smelting capacity with presence of major conglomerates such as NALCO, Vedanta and Hindalco. The raw material produced by these units is a key input for various aluminium based alloys used in aerospace and defence products such as the fuselage, wing and supporting structures of commercial airliners and military cargo/transport aircraft.

#### 2.1.2 Steel and Stainless Steel

Odisha is the largest Stainless Steel and Steel producer in the country. Steel and Stainless Steel are crucial raw materials for the aerospace and defence industry as they find extensive usage in the components such as gas tubes, fire arms, mess kits, quenched and tempered special alloy plates etc. used in the production of missiles, jet aircraft, submarines, helicopters, etc.

#### 2.1.3 Electronics Manufacturing

With rapid modernization and technological innovations in the Aerospace & Defence industry, the usage of electronic equipment has significantly increased. Electronics components form a significant part in defence products such as avionics, airborne systems, military communication systems, land system electronics, naval system electronics, missile system electronics, etc.

The dedicated ESDM Park facility at Bhubaneswar along with the Special Incentive Package Scheme of the State for ESDM sector provides supporting ecosystem for manufacturing of defence electronic products in the State.

#### 2.1.4 Plastics and its Derivatives

The structural elements of the interior of an aircraft such as navigational components, dials, back-lit panels, etc. are made of plastic and its derivatives. The State is developing a state-of-the-art Plastics Park at Paradip as part of the Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR). The park will have committed feedstock availability from the IOCL refinery at Paradip. This exclusive facility will support plastics manufacturers looking to supply to the Aerospace & Defence industry.

#### 2.1.5 Research and Training Institutions

- a) Central Institute of Plastics Engineering & Technology (CIPET), Bhubaneswar is one the premier research institutions of the country catering to the need of Plastics & allied industries of Eastern region.



It offers Technology Support Services in the areas of design, tooling, plastics processing, testing, quality assurance and research & development support for high-grade plastics.

- b) Central Tool Room & Training Centre (CTTC), Bhubaneswar is a training, production, design and consultancy center that was established in technical cooperation between Government of India & Government of Denmark. It imparts industry-oriented long & short term training programmes on CAD/CAM, Tool Design & Manufacturing, Tool & Die Making, CNC Programming & Machining, Machine Maintenance, Industrial Automation, Hardware & Networking Management, ITI (Machinist/Welder) etc. The Centre has played a key role in supplying various components and assemblies to the Light Combat Aircraft (LCA-Tejas) project and has made significant contribution by supplying precision components for the 'Mangalyaan' and 'Chandrayaan' missions of the country.<sup>4</sup>

## 2.2 Locational Advantage

### 2.2.1 Deep Sea Ports and International Air Cargo

A number of OEMs import different parts of the aerospace & defence equipment and assemble those to create the final product. As indigenization picks up, it is expected that there will be a large import component in raw materials both at system and sub-system levels. Moreover, India itself aims to increase its exports in defence goods and services to USD 5 billion by 2025.<sup>5</sup> Therefore, it may be prudent to set up a manufacturing facility near ports to save on the logistics costs and the transport time.

Odisha, with a long coastline of 480 km is networked with several ports at vantage locations. With presence of ports at Paradip, Dhamra and Gopalpur along with other upcoming ports at Subarnarekha and Astaranga, Odisha offers a significant opportunity and competitive advantage for the Aerospace & Defence manufacturing sector companies looking to invest in the country.

The State also has an International Air Cargo facility at Bhubaneswar, equipped with custom clearance facilities for dispatching cargo and modern equipment.

### 2.2.2 Integrated Test Range (ITR) and Proof & Experimental Establishment (PXE), Chandipur

One of the key requirements for the Defence Sector, in particular, is availability of suitable facility for testing of artillery and other defence equipment. The availability of such a facility in the vicinity of a manufacturing unit adds to the attractiveness of the ecosystem as the equipment need not be transported to far off places for testing.

The Integrated Test Range (ITR) facility spread between Balasore on the coast and the Dr. Abdul Kalam Island located 10 Km into the sea, is a missile testing facility for most of the missiles of India such as Akash, Agni, Astra, BrahMos, Nirbhay, Prahaar, Prithvi, Shaurya, etc. The range is spread over a length of 17 km along the sea coast where a number of tracking instruments have been deployed to cover the total flight path of the test vehicles. The presence of ITR in Odisha provides a unique

<sup>4</sup> <http://www.cttc.gov.in/report/sixsigmaprogram/CTTC%20six%20sigma%20green%20belt%20Brochure%20bbsr.pdf>

<sup>5</sup> <https://ddpmod.gov.in/sites/default/files/Draft%20Defence%20Production%20Policy%202018%20-%20for%20website.pdf>

competitive advantage for Aerospace and Defence units that require testing of guns, ammunitions, explosives and missiles.

Moreover, Integrated Test Range (ITR) and Proof & Experimental Establishment (PXE) continuously explore technologies and solutions with regard to various types of Targets, RF Technology, High Speed Video Processing, Real Time Software, Sensor Technology which presents a significant market opportunity for companies operating in the sector.

### **2.2.3 Hindustan Aeronautics Limited, Koraput**

Odisha is also home to the engine manufacturing division of Hindustan Aeronautics Limited (HAL), which has the unique distinction of being amongst one of the few aero engine manufacturers in the country. The facility has also undertaken maintenance and overhaul of military aircrafts such as MiG and Sukhoi. This facility presents a significant opportunity for ancillary and component suppliers to HAL to set their manufacturing units in the State .

### **2.2.4 Ordnance Factory**

Odisha has an established Ordnance factory at Bolangir, which manufactures medium and large calibre ammunitions for the Indian Armed Forces. The process plants at the factory are used to manufacture initiatory compositors, automatic filling of detonators, automatic dosing, explosive filling and hot probing. Again, this provides a ready market for the suppliers to Ordnance Factory to set up their manufacturing base in the State.<sup>6</sup>

## **3. Vision**

To emerge as one of the leading and globally recognized Aerospace and Defence Manufacturing Hubs by utilizing the existing competitive ecosystem of the State, through dedicated industrial infrastructure development, extension of fiscal and non-fiscal benefits and ensuring unmatched ease of doing business.

<sup>6</sup> <https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/koraput-to-be-nurtured-as-aero-engine-capital-of-india-arup-raha/articleshow/45397621.cms>

## 4. Objectives

### The key objectives of the Policy include:

- a) Attract investments in Aerospace and Defence Manufacturing sector with a target to attract at least 10% of the orders by the end of the policy period.
- b) Attract 10% of the total offset obligations discharged by companies in India by the end of the policy period.
- c) Create a strong ancillary ecosystem of manufacturers, suppliers and vendors through a focused cluster based approach.
- d) Harness the potential of ITR, DRDO, HAL, OFB and other institutions present in Odisha for developing state-of-the-art technologies, products and ecosystem for the sector.
- e) Promote R&D for building of indigenous advanced Aerospace and Defence technology with the assistance of Industries and Academic Institutions.
- f) Promote skill development in Aerospace and Defence Manufacturing to create industry-ready manpower.

## 5. Scope

The policy would provide incentives and exemptions in conjunction with any other applicable existing policy of the State and Government of India. Any A&D manufacturing unit may choose to avail a particular incentive either from this policy or from any other policy of the State, but not both.

## 6. Policy Period

The Policy will remain in operation for a period of ten (10) years from the date of its notification, with course correction as and when required, but without altering the basic framework of the policy or the incentives.

## 7. Fiscal & Non-Fiscal Incentives

The following incentives will be made available for Aerospace & Defence manufacturing units.

### 7.1 Fiscal Incentives:

#### Employment Rating Based Incentives

The employment and investment based incentives shall be applicable for setting up Aerospace and Defence manufacturing facility in the State as mentioned below. This will be applicable only in respect of the employees domiciled in Odisha.

#### Classification of Districts and Industries

For the purpose of administering the incentives, the classification of districts and industrial units are as follows.

Classification of Industries		
<b>Category A</b>	All other districts other than Category 'B'	
<b>Category B</b>	Industrially Backward Districts- Kalahandi, Nuapada, Bolangir, Subarnpur, Koraput, Malkangiri, Rayagada, Nawrangpur, Kandhamal, Gajapati and Mayurbhanj	
Category	Investment (Rs. Crore)	Minimum Employment
A1	>100	100
A2	>200	200
A3	>500	400
B1	>50	75
B2	>100	100
B3	>250	200

#### 7.1.1 Capital Subsidy

The below Capital Subsidy shall be provided to all A&D manufacturing units for investment in plant and machinery as follows:

Category	Maximum Capital Subsidy
A1/ B1	10% of investment with a maximum of Rs. 10 Crore
A2/ B2	10% of investment with a maximum of Rs. 20 Crore
A3/ B3	10% of investment with a maximum of Rs. 50 Crore

For the first 3 OEMs, setting up manufacturing facility in the State, following conditions will apply.

- Capital subsidy of Rs. 100 crore shall be provided to the unit which:
  - o Makes minimum investment of Rs. 1,000 crore in plant & machinery
  - o And provides employment to at least 1,000 persons

The capital subsidy shall be disbursed only after fulfilment of the above conditions and successful running of the industry for 3 consecutive years.

### 7.1.2 Reimbursement of Power Tariff

Reimbursement of Power Tariff for a period of 5 years from the date of commercial production shall be provided as per the details in the table given in paragraph 7.1.3. In addition, the A&D manufacturing units shall also be provided the following:

- › Committed 24\*7 power
- › Dedicated industrial feeders

These incentives will be subject to the guidelines of OERC, as laid down from time to time.

### 7.1.3 Training Subsidy

For every person trained and newly recruited in the unit, the State government shall reimburse the training cost as mentioned below for a period of 3 years. The training subsidy under this policy shall be reimbursed only once for each trainee either for training of newly recruited trainee or for skill upgradation. This support shall not be available to those trainees who are availing State government support for similar training programs.

The incentives on power and training subsidy are listed below:

Sl. No.	Rating	Investment (Rs. Cr.)	Employment (No.)	Reimbursement of Power Tariff (Rs./Unit)	Training Subsidy (Rs./Person)
1	A 1- a	>100	100-150	0.25	2500
	A 1- b		151-300	0.35	2750
	A 1- c		301-500	0.45	3000
	A 1- d		>500	0.50	3300
2	A 2 - a	>200	200-250	0.40	3000
	A 2 - b		251-500	0.50	3250
	A 2 - c		501-1000	0.60	3500
	A 2 - d		>1000	0.75	3750
3	A 3 - a	>500	400-500	0.55	3300
	A 3 - b		501-1000	0.65	3600
	A 3 - c		1001-1500	0.80	3800
	A 3 - d		>1500	1.00	4000
1	B 1- a	>50	75-100	0.30	2600
	B 1- b		101-200	0.40	2750
	B 1- c		201-300	0.50	3000
	B 1- d		>300	0.60	3300
2	B 2- a	>100	100-150	0.45	3000
	B 2- b		151-300	0.60	3250
	B 2- c		301-500	0.75	3500
	B 2- d		>500	1.00	3750
3	B 3- a	>250	200-250	0.65	3500
	B 3- b		201-500	0.80	3600
	B 3- c		501-750	1.10	3800
	B 3- d		>750	1.25	4000

#### 7.1.4 Land for Worker's Hostel

In order to encourage retention and ensure security and safety of the workforce, the government shall incentivize the units by providing land at 50% of the prevailing market rates of IDCO. The land shall only be utilized for setting up a workers hostel or dormitory and shall not be utilized for any other purpose. The land area eligible for this incentive if provided in the following table:

Sl. No.	Classification	No. of Acres
<b>Category A</b>		
1	A1	1
2	A2	2
3	A3	3
<b>Category B</b>		
1	B1	1
2	B2	2
3	B3	3

#### 7.1.5 SGST

- a) New Aerospace & Defence manufacturing units shall be eligible for reimbursement of 100% of net SGST for a period of seven (7) years from the date of commencement of production, limited to 200% of cost of plant & machinery, in a tapered manner.
- b) Existing A&D manufacturing units taking up expansion/modernisation/diversification (E/M/D) shall be eligible for 100% reimbursement of net SGST for a period of seven (7) years from the date of commencement of production subject to the condition that it shall be applicable only on increased production over and above the existing installed capacity limited to 200% of additional cost of plant and machinery acquired for taking up Expansion/Modernization/ Diversification, in a tapered manner.
- c) New Pioneer Units shall be eligible for reimbursement of 100% of net SGST for a period of nine (9) years from the date of commencement of production, limited to 200% of the cost of plant & machinery, in a tapered manner.
- d) Anchor Tenant in each Aerospace & Defence park shall be eligible for reimbursement of 100% of net SGST for a period of nine (9) years from the date of commencement of production, limited to 200% of the cost of plant & machinery, in a tapered manner.

#### 7.1.6 Aerospace and Defence Manufacturing Park

The State Government will give impetus to set up an Aerospace and Defence Manufacturing Park at a suitable location in the State. The park shall have the following facilities:

- ▶ Manufacturing area (components, sub-components, sub-assemblies, aerospace parts)
- ▶ Testing center
- ▶ Hardware/Embedded Technology Center

- Technology Innovation Center
  - Housing
  - Common Facility Center
- a) For the first defence park set up in the State developed with private participation, the State Government shall provide subsidy of upto 50% of the cost of land, building, plant and machinery to the SPV subject to a maximum of:
- Rs. 50 crore for the common facility center established within the park
  - Rs. 30 crore for technology innovation center
  - Rs. 25 crore for testing center
- b) Government will support quality infrastructure in the form of a capital grant to all other Aerospace and Defence parks / clusters, not covered under clause 7.1.6 (a) above, promoted by private sector or industry association or user units in a cluster format, with a grant of 50% of the infrastructure cost with a ceiling of Rs.10 crore per park or cluster. In the case of upgradation of the existing parks / clusters the government will provide a similar support of 50% of total cost with a ceiling of Rs.5 crore provided the park / estate / cluster is user- managed.

#### **7.1.7 Research and Development**

The Government of Odisha realizes the importance of promoting R&D for the development of the sector. To nurture excellence in scientific innovation, the State Government shall partner with the industry to set up necessary infrastructure required for various manufacturing procedures, maintenance activities and control systems such as avionics labs, assembly shops, sheet metal shops, composite shops relevant to assemblies, sub-assemblies etc. in the technical/research institutions in the State.

All R&D investments in Aerospace and Defence manufacturing sector would be eligible for 50% assistance on investments subject to maximum of Rs. 10 crore to the academia, R&D institutions as well as technical and scientific organizations of repute, subject to approval by the Government.

The Government of Odisha would also facilitate and provide assistance in setting up of Centers of Excellence in Aerospace and Defence research in collaboration with major institutions and industries in the field of:

- Aerospace Structures
- Avionics
- Smart Manufacturing
- Naval Structures and Systems

The Corpus of the Startup Capital Infrastructure fund and seed fund of the Startup policy, 2016 shall be extended to Aerospace and Defence manufacturing units to promote research and innovation through start-ups in the state.

The State shall also endeavor to set up an Aeronautical University to encourage Aerospace and Defence technical education ecosystem. The universities and skill development centers being set up shall be linked to the industrial units operating in the State to develop / upgrade the required skill for the sector.

### 7.1.8 Interest Subsidy

- a) New A&D manufacturing units shall be entitled to interest subsidy for timely payment @ 5% per annum on term loan availed from Public Financial Institutions / Banks for a period of 5 years from the date of commencement of production subject to a total maximum limit of:
- ▶ Rs. 10 Lakhs for Micro Enterprises;
  - ▶ Rs. 20 Lakhs for Small Enterprises;
  - ▶ Rs. 40 Lakhs for Medium Enterprises;
  - ▶ Rs. 1 Crore for Non-MSME Units

For the first 3 OEMs, setting up manufacturing units in the State, the following conditions will apply.

Investment on Plant & Machinery	Interest Subsidy Limit
More than Rs. 500 crore	Rs. 10 crore per annum
More than Rs. 100 crore upto Rs. 500 crore	Rs. 5 crore per annum

Units which are classified as Non-Performing Asset (NPA) at the time of making the application will not be eligible to avail such incentive. For units in Industrially Backward districts, the reimbursement period will be 7 years from the date of commencement of production subject to the aforesaid limit.

- b) In addition to the interest subsidy, the guarantee fee charged under Credit Guarantee Trust for Micro & Small Enterprises (CGTMSE) scheme to Micro & Small Enterprises (MSEs) will be reimbursed to the enterprises in order to improve the CGTMSE coverage for collateral free loans in the State.

### 7.1.9 Stamp Duty

- a) No stamp duty will be required to be paid in respect of land allotted by the Government to IDCO or Government/ IDCO to Private A&D Park Developers.
- b) In respect of transfer of land / shed by Government, IDCO and Private A&D Park developers to new A&D manufacturing units and existing A&D manufacturing units acquiring fresh land for expansion, modernization and diversification, 100% of the applicable Stamp duty shall be exempted.
- c) Stamp duty will be exempted in cases where reconstruction and amalgamation of Companies is sanctioned by the Court under Section 394 of the Companies Act, provided,
- (i) it falls within the following norms, viz., where:
    1. at least 90% of the issued share capital of the transferee company is in the beneficial ownership of the transferor company; or
    2. the transfer takes place between a parent Company and a subsidiary Company one of which is the beneficial owner of not less than 90% of the issued share capital of the other; or
    3. the transfer takes place between two subsidiary Companies of each of which not less than 90% of the share capital is in the beneficial ownership of a common parent Company; and
  - (ii) a certified copy of the relevant records of the Companies kept in the Office of



the Registrar of Companies is produced by the parties to the instrument to prove that the conditions prescribed above are fulfilled.

- d) Loan agreements, credit deeds, mortgages and hypothecation deeds executed by the Industrial Units in favour of Banks or Financial Institutions shall be allowed 100% exemption from stamp duty.

#### **7.1.10 Energy**

- a) New A&D manufacturing units shall be exempted from payment of electricity duty for a period of 10 years from the date of availing power supply for production.
- b) To encourage energy efficiency of industries, a one-time reimbursement of cost of Energy Audits by A&D manufacturing units shall be provided up to a maximum of
  - ▶ Rs. 1 Lakh for Micro Enterprises;
  - ▶ Rs. 2 Lakhs for Small Enterprises;
  - ▶ Rs. 3 Lakhs for Medium Enterprises;

per unit subject to achieving energy efficiency. Independent and credible third party agency must certify energy efficiency of Industries.

#### **7.1.11 Employment Cost Subsidy**

To encourage domestic employment in the upcoming A&D units, the government will support the units through following incentives.

- a) 75% reimbursement (in case of male workers) and 100% reimbursement (in case of female workers) of expenditure on account of contribution towards ESI and EPF Scheme for a period of 5 years for new A&D manufacturing units and existing A&D manufacturing units undertaking E/M/D in Micro and Small sector which employ skilled and semi-skilled workers who are domicile of the State as regular employees.
- b) 50% reimbursement (in case of male workers) and 100% reimbursement (in case of female workers) of expenditure on account of contribution towards ESI and EPF Scheme for a period of 3 years for new A&D manufacturing units and existing A&D manufacturing units undertaking E/M/D in Medium sector which employ skilled and semi-skilled workers who are domicile of the State as regular employees.
- c) 100% reimbursement of expenditure on account of contribution towards ESI and EPF Scheme for a period of 3 years for new A&D manufacturing units and existing A&D manufacturing units undertaking E/M/D which employ skilled and semi-skilled workers who are domicile of the State and have been displaced due to the establishment of the said A&D unit as regular employees.
- d) 100% reimbursement of expenditure on account of contribution towards ESI and EPF Scheme for a period of 5 years for new A&D manufacturing units and existing A&D manufacturing units undertaking E/M/D which employ skilled and semi-skilled persons with Disabilities who are domicile of the State as regular employees.
- e) For Industrially Backward districts defined under category B, the Employment Cost Subsidy will be allowed for additional period of 2 years.

### **7.1.12 Patent Registration**

New A&D manufacturing units and existing A&D manufacturing units taking up Expansion/ Modernization/ Diversification will be encouraged to file patents for the products of their research and development. State government will provide assistance to entrepreneurs for Patent and Intellectual Property Right registration @ 100% of the registration cost up to maximum of Rs. 10 Lakhs.

### **7.1.13 Environmental Protection Infrastructure Subsidy**

Individual A&D manufacturing units of MSME Sector adopting Zero Effluent or Waste Water Discharge (ZLD) shall be eligible for an Environment Protection Infrastructure Subsidy of Rs.20 Lakhs or 20% of capital cost of setting - up such Effluent Treatment Plant (ETP) whichever is less. The units shall produce a certificate from State Pollution Control Board (SPCB), Odisha to this effect.

### **7.1.14 Anchor Tenant Subsidy**

In order to attract lead investment by a reputed investor which would promote and facilitate further investment in the designated Aerospace and Defence Park / Estate, following incentives shall be provided to the first tenant industry.

- a) 25% subsidy on cost of land
- b) Net SGST Reimbursement for additional 2 years subject to the overall limit.

### **7.1.15 Land conversion fee Exemption**

New A&D manufacturing units and existing A&D manufacturing units taking up expansion/ modernisation/ diversification will be granted exemption under the provisions of clause - C of Section-73 of Orissa Land Reforms (OLR) Act, 1960 from payment of premium, leviable under provisions of clause - C of Section 8 (A) of the OLR Act.1960 on production of eligibility certificate from the Director of Industries, Odisha for Large Industries and Medium Enterprises and G.M , RIC/DIC for Micro and Small Enterprises to the tune of 100% up to 100 Acres and 50% for balance area.

## **7.2 Non-fiscal Incentives:**

### **7.2.1 Land**

Government shall provide priority in allocation of land for new Aerospace and Defence Manufacturing units at concessional industrial land rates subject to availability.

The Aerospace and Defence Manufacturing sector units shall also be allowed to sub-lease the land to their vendor units. Government shall identify large patches of suitable land to provide for enough scope for ancillary, downstream and supplier units to set up their manufacturing facility in the vicinity of the OEM units.

### **7.2.2 Testing Facility**

The State Government shall coordinate with Union Government so as to facilitate the use of Abdul Kalam Island at Balasore to enable the companies to test the defence equipment/missiles manufactured in the State at the test range.

The State Government shall also provide support for testing of defence products to the units setting up their facility in the State by prioritizing land allocation for setting up testing facilities and test ranges.

### **7.2.3 Declaration as Public Utility**

The A&D industry will be declared as a 'Public Utility' under the Industrial Disputes Act, 1947.

## 8. Ease of Doing Business

The Government of Odisha has introduced the online Single Window Portal, GO SWIFT i.e. Government of Odisha – Single Window for Investor Facilitation & Tracking, to promote a conducive business environment through transparency and time-bound clearances. The approval process for various services from concerned State government departments has been made online, including online application submission, payment, tracking and processing of applications. All Aerospace & Defence manufacturing units will get approvals and clearances through the GO-SWIFT portal within the timelines defined under the Odisha Right to Public Services Act.

## 9. Governance

All applications of aerospace and defence manufacturing units, irrespective of the investment amount will be disposed/recommended by the State Level Single Window Clearance Authority (SLSWCA). Any doubt with regard to the eligibility of a particular unit under the aerospace and defence manufacturing policy will be clarified by SLSWCA.

## 10. General Terms and Conditions

- a) Doubts relating to interpretation of any term and/or dispute relating to the operation of any provision under this policy shall have to be referred to the Industries Department, Government of Odisha for clarification/resolution and the decision of Government in this regard shall be final and binding on all concerned.
- b) Any act or policy of Government of Odisha along-with its rules and procedures there under dealing with promotion of investments in the State that is conflicting with this policy, its rules and procedures shall be suitably amended to the extent required to bring conformity with this policy.
- c) No right or claim for any incentive under this policy shall be deemed to have been conferred merely on the ground of provision in this policy. Implementation of various provisions covering the incentives, concessions, etc. will be subject to the issue of detailed guidelines/statutory notifications, wherever necessary in respect of each item by the concerned Administrative Department.
- d) The State Government has the right to amend any provision of this policy any time.

# ANNEXURE I

## DEFINITIONS AND INTERPRETATIONS

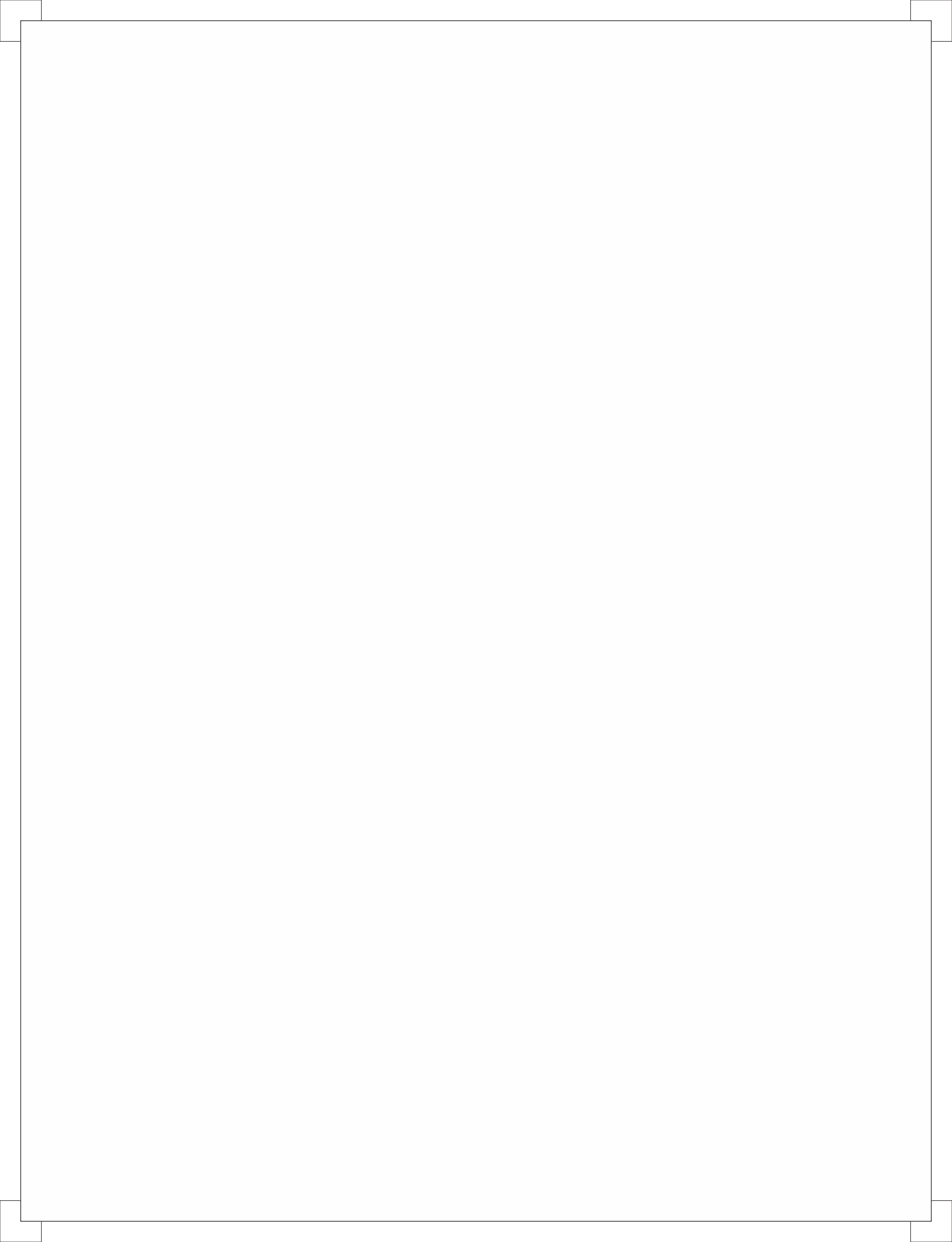
- 1) "Aerospace and Defence products" means products/technologies in the category of aerospace and/or defence as defined under the provision/definition contained in any policy, scheme or any other related document of Government of India
- 2) "Aerospace and Defence (A&D) Units" means all eligible MSME A&D units, Large A&D units, Anchor Tenants and Vendor units
- 3) "Anchor Tenant" means global or Indian Original Equipment Manufacturer (OEM) companies that designs and manufactures A&D products with investments of at least Rs. 200 Cr and brings along at least 10 vendor units as defined in this policy in the same cluster. These Anchor Tenants should qualify that they have defence orders worth at least Rs. 50 crore or more. The definition of a defence order is a contract with the Ministry of Defence or the Ministry of Home Affairs (of Government of India)
- 4) "Effective Date" means the date of notification of this Policy.
- 5) "Existing A&D Unit" means an A&D manufacturing unit that has commenced production before the effective date of this Policy.
- 6) "Expansion / Modernization / Diversification" of an existing A&D unit means additional investment of at least 50% of the un-depreciated book value of plant and machinery of the said unit made in acquisition of additional plant and machinery and technology for such E / M/ D, duly appraised and approved by DIC/ RIC/ NSIC/ OCAC/ STPI/ IPICOL/ Public Financial Institutions. In case of "Expansion", the additional investment as above must result in at least 50 % addition in production capacity. In case of "Diversification" the additional investment as above must result in production of at least one additional product.
- 7) Industrially Backward districts means units established in Kalahandi, Nuapada, Bolangir, Subarnapur, Koraput, Malkangiri, Rayagada, Nawrangpur, Kandhamal, Gajapati and Mayurbhanj districts.
- 8) "Large A&D Units" means an enterprise that makes investment above the prescribed norms for a medium enterprise under the MSME Development Act, 2006 of Government of India and manufactures A&D products. A supplier will qualify as Large A&D enterprise if at least 50% of its turnover from manufacturing is by being a supplier to Large A&D enterprise and it also makes an investment above that prescribed for a medium enterprise under the MSME Development Act, 2006 of Government of India.
- 9) "Micro, Small & Medium A & D Unit" means a Unit which satisfies the conditions of Micro, Small and Medium Enterprises under the MSME Development Act, 2006 of Government of India, and has acknowledgement of Entrepreneurs' Memorandum or Udyog Aadhaar (UA) filed with the competent authority. The definition for MSMEs will be revised automatically as per the guidelines of Government of India from time to time. A micro, small or medium enterprise shall qualify as an A&D supplier if at least 50% of its turnover from manufacturing is by being a supplier to Large A&D enterprise and also satisfies the conditions of Micro, Small and Medium Enterprises under the MSME Development Act, 2006 of Government of India,

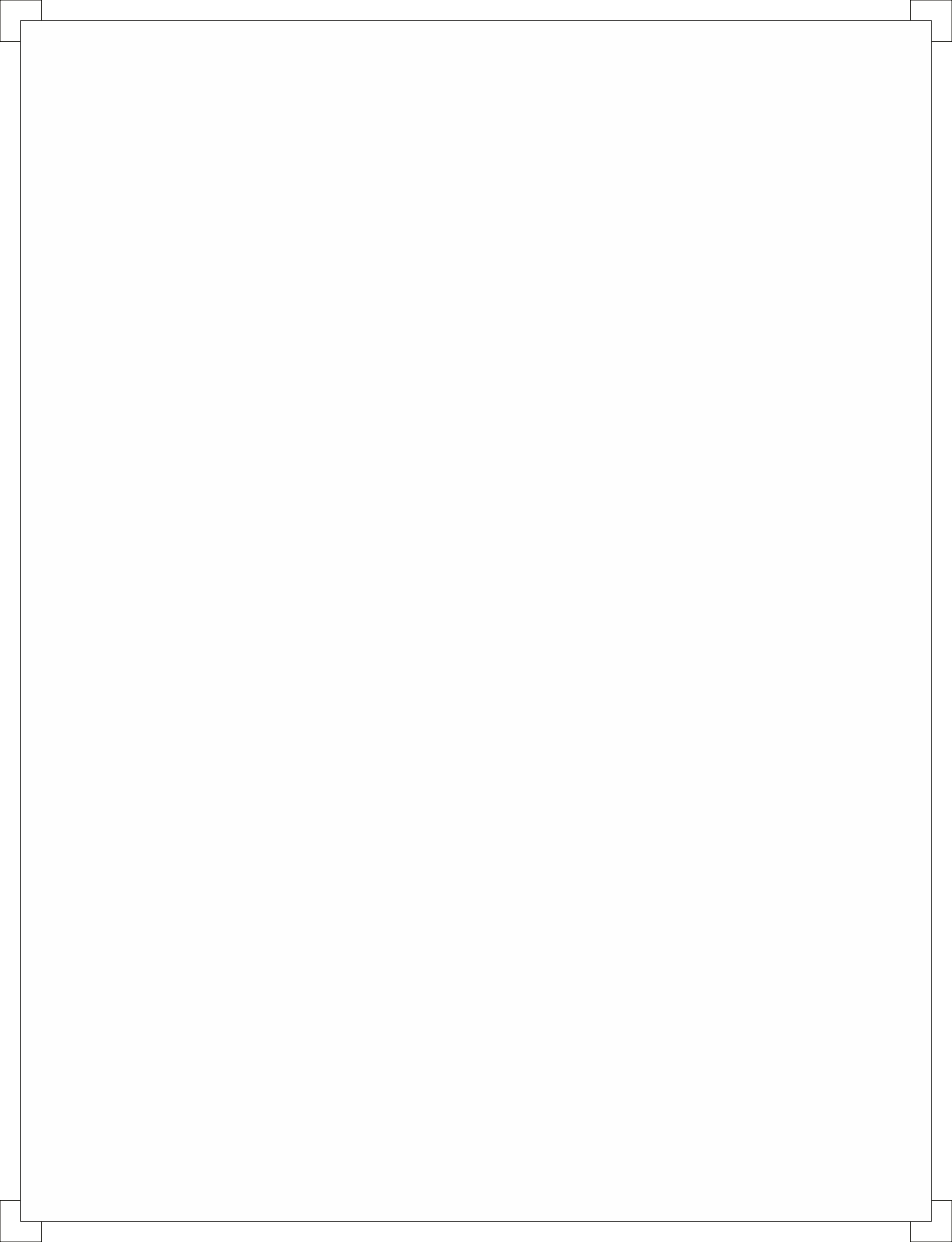
and has acknowledgement of Entrepreneurs' Memorandum or Udyog Aadhaar (UA) filed with the competent authority

- 10) "New A & D Manufacturing Units" means where fixed capital investment has commenced on or after the effective date and which goes in to production within three years for MSMEs and five years for Large units from the date of starting of first fixed capital investment.
- 11) "Pioneer Units" mean the first five A&D manufacturing units which commence fixed capital investment and go in to production during the operative period of this Policy.
- 12) "Vendor Units" means units which are located in the same cluster as Anchor Tenant and supply at-least 75% of its end product to the Anchor tenant

## Abbreviations

1. "A&D" Aerospace and Defence
2. "ADA" Aeronautical Development Agency
3. "CAD/CAM" Computer-Aided Design / Computer-Aided Manufacturing
4. "CNC" Computer Numerical Control
5. "DIC" means District Industries Centre
6. "DRDO" Defence Research and Development Organization
7. "ESDM" Electronics Systems Design and Manufacturing
8. "ESI/EPF" Employees' State Insurance / Employees' Provident Fund
9. "GDP" Gross Domestic Product
10. "IDCO" means the Odisha Industrial Infrastructure Development Corporation
11. "IDCO land" means land allotted to and land acquired by IDCO
12. "IPICOL" means the Industrial Promotion and Investment Corporation of Odisha Limited
13. "ITI" Industrial Training Institute
14. "MSME" means Micro, Small & Medium Enterprises
15. "NALCO" National Aluminium Company
16. "NSIC" means the National Small Industries Corporation
17. "OERC" means the Odisha Electricity Regulatory Commission
18. "OCAC" means Odisha Computer Application Centre
19. "PSU" Public Sector Undertakings
20. "RIC" mean Regional Industries Centre
21. "SLSWCA" means State Level Single Window Clearance Authority







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