

Defence Production Investment Promotion Policy

The Government of India (GoI) has announced a defence production policy which encourages joint ventures between Indian private sector and foreign companies with foreign direct investment of upto 49%. In view of the high presence of public enterprises in and around Katni, Itarsi & Jabalpur and the potential for involvement of private sector units in these and other areas of MP, in consonance with the GoI policy, the State Government of Madhya Pradesh (GoMP) has developed this policy to boost investments in defence production sector in MP. The following benefits/incentives will be provided by GoMP for defence manufacturing units which intend to invest INR 500 crores or more in Madhya Pradesh :

1. Special concession for allotment of Government land

- 1.1 Undeveloped land available in the land bank of the Department of Commerce, Industry & Employment GoMP shall be allotted to defence manufacturing units on a priority basis.
- 1.2 Upto 50 acres of undeveloped government land shall be made available to the defence manufacturing industrial units at the rate of 25% of the value of non-irrigated agriculture land as per the prevailing collector guidelines. In developed industrial areas, 75% concession shall be provided on the prevalent premium for land upto 50 acres.
- 1.3 Defence manufacturing units shall be given 5 years' time duration for starting the production and 10 years' time duration for complete utilization of the allotted land.
- 1.4 Defence manufacturing units shall be allowed to sub-lease the land to their vendor units.
- 1.5 In case of establishment of defence manufacturing units through purchase of sick, closed and acquired/BIFR/AAIFR units, the stamp duty charges levied on land lease transfer shall be reimbursed.
- 1.6 The allottee shall have to file an affidavit before allotment of land for defence manufacturing stating that in case the allotted land is not

used towards the stated purpose, it shall be liable for cancellation of allotted land or plot and the premium amount shall be forfeited.

2. Special incentive for establishment of units

- 2.1 All required approvals to defence manufacturing units shall be provided under one roof through single window system by MPTRIFAC. For this, a dedicated investment relationship manager shall be provided to each unit.
- 2.2 The vendor units of defence manufacturing units, 75% product of whose is being purchased by the mother unit, shall be provided financial incentive package similar to that of the mother unit.

3. Special subsidy

- 3.1 The defence manufacturing units shall be eligible for capital subsidy of 50% up to a maximum of INR 5 crores per infrastructure on expenses incurred towards establishing basic infrastructure of electricity, water and road on undeveloped land.
- 3.2 The defence manufacturing units established through purchase of closed, sick, acquired/BIFR/AIFR units shall be granted similar facilities as provided to the new units and are also provided incentives under Industrial Promotion Policy as applicable.
- 3.3 With an objective of attracting foreign direct investment in state's defence production sector, defence product projects with minimum of INR 500 crores fixed capital investment shall be granted following incentives as a special package –
 - **Entry tax exemption:** Exemption for two more years in addition to normal entry tax exemption period
 - **Industrial investment promotion assistance scheme:** Providing additional two years besides normal duration
 - **Electricity duty exemption:** Exemption for two more years in addition to available normal electricity duty exemption period.
- 3.4 Defence manufacturing units shall be eligible for transfer subsidy of 50% of cost up to a maximum of INR 2 crores on transportation of imported equipment, plant and machinery from harbour/port to the

place of production. This subsidy shall be applicable on transportation up to date of production.

4. Technical assistance/support

- 4.1 If desired, defence manufacturing units shall be handed over a Govt. ITI for skill development operation.
- 4.2 Defence manufacturing units shall be reimbursed 50% of the cost of technology transfer with a ceiling of up to INR 50 lacs if they develop local units as their vendor through this transfer of technology which is recommended by the Ministry of Defence, Government of India and source 50% of the components produced by them.

5. Special support for units established in joint collaboration with public enterprises of defence sector/Units under the Ministry of Defence

- 5.1 The above mentioned benefits shall also be applicable to joint venture units.
- 5.2 Up to 100 acres of land shall be given on subsidised rate to projects worth INR 1000 crores or above.
- 5.3 Road and electricity infrastructure shall be built and made available for projects worth INR 1000 crores and above.
- 5.4 Joint venture projects shall be eligible for 100% reimbursement of stamp duty and registration fees levied on instruments, land registration etc., within the State.

6. Apart from assistance given under the current policy, defence manufacturing units shall also be provided other incentives/assistance under the State industrial promotion policy as applicable on all small, medium or large scale units.

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