



# Aerospace & Defence Manufacturing Policy - 2018

The policy seeks to establish Maharashtra as the preferred investment destination for domestic Defence & Aerospace manufacturing, promote indigenous and modernized technological capabilities, develop world class skilled man power, and support MSMEs to be globally competitive in the Aerospace & Defence sector.

The State expects to attract investment worth USD 2 billion in next five years in the Aerospace & Defence sector thereby creating nearly 1 lakh employment opportunities. With Nagpur as its hub, this policy seeks to promote Maharashtra as a global MRO hub.

## Fiscal Incentives

### 1. Mega Projects

- A. Aerospace and Defence units in A and B category areas with minimum Fixed Capital Investment (FCI) equal to Rs. 250 crores or minimum employment of 500 people and units in rest of the state with minimum FCI of Rs. 100 crores or providing employment to 250 people will be accorded Mega project status. The quantum of incentives for Mega projects shall be customized.
- B. Expenditure on test range upto a ceiling of 20% of total project cost or Rs. 100 Crores whichever is lower, will be considered a part of admissible fixed capital investment incentives. Further, in view of unique requirement of defence sector, investment in Test Range & Storage facilities on separate locations shall be permissible.
- C. The incentive period will be allowed to be commenced upon acceptance of the products by Ministry of Defence, Government of India
- D. Investment in Research and Development (R&D) up to 10% of project cost will be allowed for incentivisation (limit Rs. 50 Crores).
- E. Eligible Aerospace and Defence units will be reimbursed stamp duty paid during the investment period for acquiring land and term loan purposes.
- F. Mega Projects in MIDC area obtaining Building Completion Certificate (BCC) with commencement of commercial production within admissible development period, shall be eligible for concession in water charges, service charges and fire cess as under,

Building Completion Certificate (BCC)	Concession
Minimum 50% and less than 75%	100% waiver from payment of service charges and fire cess + 20% concession in water charges
Minimum 75% and less than 100%	100% waiver from payment of service charges and fire cess + 30% concession in water charges
100%	100% waiver from payment of service charges and fire cess + 40% concession in water charges

**Note: This concession will be provided for the balance development period.**



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## 2. Anchor Units

- A. A unit will qualify as an Anchor Unit provided it is a Mega Unit and has confirmed order book of USD 100 million from MoD or such bodies. Anchor units will be offered land at 75% of the prevailing land rates within the MIDC Industrial Areas falling in A & B category locations and at 50% of the prevailing land rates at other locations with a maximum limit of 100 acres.

## 3. Promotion of Common Facilities

- A. MIDC will, on a case to case basis where minimum investment through FDI is Rs. 100 Crores, assist in setting up Common Facility Centres for the Aerospace and Defence Industry. MIDC by way of equity in the form of land and financial assistance to the extent of 15% of the project cost subject to a maximum of Rs. 15 Crore.
- B. If 20 or more Micro, Small and Medium industrial units form an SPV for Defence and Aerospace Manufacturing, then State Government will sanction Rs. 15 Crores as State Government's share in Central Government's Micro Small Enterprises (Cluster Development Programme (MSE - CDP)).

## 4. Venture Fund

- A. Government's prevailing policy of Maharashtra State Industrial (Cluster Development Programme (MSI - CDP), up to Rs. 15 Crores will be provided for common facility centre.
- B. In order to provide Capital and Working Capital for the Micro, Small and Medium enterprises in Defence and Aerospace and Manufacturing sector, corpus of Rs. 300 Crores has been created by MIDC.

## 5. Promotion of Nagpur MRO – An airline that sets up its Global Hub at Nagpur and utilizes its MRO facilities will be provided with following incentives

- A. 50% reimbursement of VAT on Aviation Turbine Fuel (ATF)
- B. 100% reimbursement of State Goods and Service tax (SGST) on Service Parts

## 6. R&D

- A. In order to give impetus to Research and Development, need based support will be provided to approved R&D institutions, including testing facilities and incubation centres.
- B. Assistance of up to 50% of the project cost excluding land and building, subject to a maximum amount of Rs. 10 crores will be provided. Further, an additional FSI of 0.5 will be provided to eligible R&D units

## 7. Marketing Assistance

- A. Assistance to MSME units for participation in International trade fairs of Aerospace & Defence products outside India at the rate of 50% of total rent, literature and display material cost, subject to a ceiling of Rs. 3 lakh.
- B. Assistance to Industry Association at 50% of the total rent subject to a ceiling of Rs. 10 lakh for participation in International trade fair as Maharashtra Pavilion outside India for participation by minimum 5 units.
- C. Viability gap support to Industry Organizations to conduct National seminar/exhibition subject to ceiling of Rs. 10 lakh for national and Rs. 25 lakh for International trade seminar/exhibition in Maharashtra.



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## 8. Ease of Doing Business

- A. Relaxations under the Shops and Establishment Act with regards to working hours, work shifts and employment of women
- B. Exemption from maintaining physical records for attendance and salary
- C. Essential service under “Maharashtra Essential Services and Maintenance Act” (MSMEA)
- D. Units involving only assembly type of manufacturing activities & not discharging process effluent and with less than 100 employees, will be exempted from obtaining consent from the Maharashtra Pollution Control Board (MPCB).

