



Government of Maharashtra



MAGNETIC MAHARASHTRA

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AEROSPACE & DEFENCE MANUFACTURING POLICY - 2018



सत्यमेव जयते

Government of Maharashtra
Department of Industries



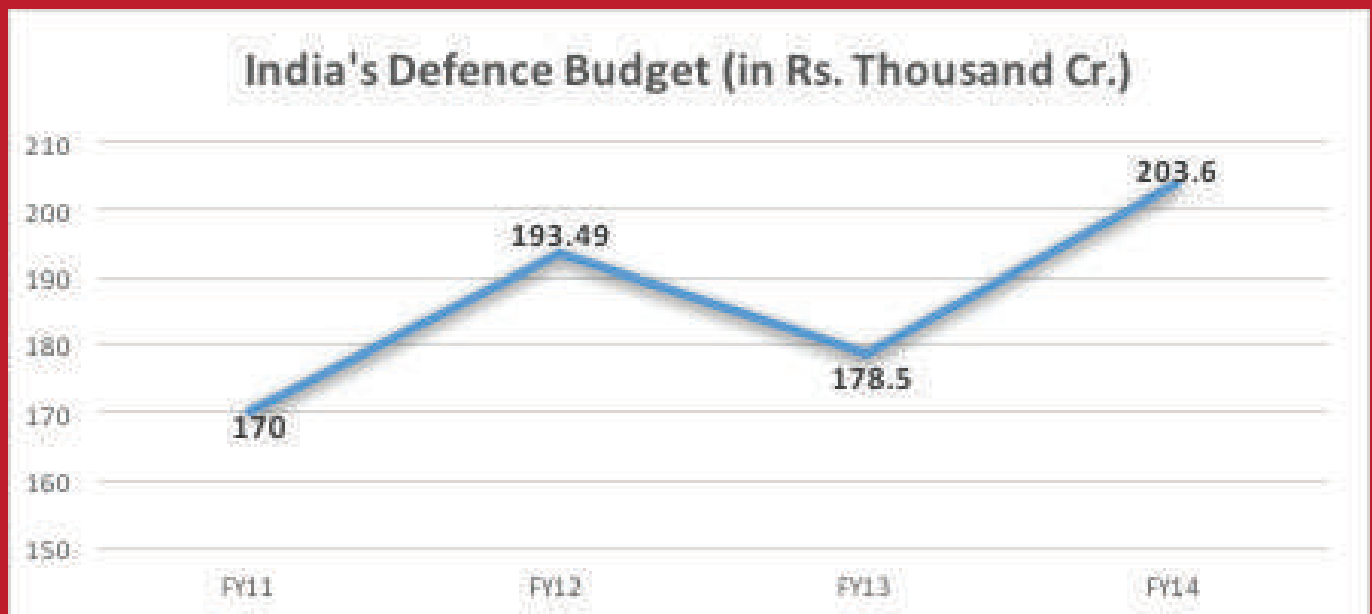
AEROSPACE & DEFENCE MANUFACTURING POLICY, 2018

1. PREAMBLE

A. Background

India features amongst the top 10 countries in the world based on its defence spend. In 2014, India spent USD 45.2 billion which was about 2.21% of its GDP. Over the last decade, India's annual defence expenditure has grown by over 231%. India's Defence spending is expected to be more than double to reach USD 120 billion over the next decade.

Today, nearly 70% of the country's defence requirement is met through imports. The Government of India (GoI) intends to reduce the share of defence imports to 30%; which will be in turn increasing local sourcing and propel domestic manufacturing. One of the first steps in this direction was to increase the FDI limit in the defence sector from 26% to 49%.



AEROSPACE

The global aerospace industry is estimated to be around USD 1 trillion and is growing at an annual rate of 3-4 percent. Much of this growth will be supported by market expansion in developing countries, such as India, where the aerospace market is expected to grow in excess of 10 percent, as the government is focused on driving indigenous manufacturing in the sector. The Indian civil aviation industry is among the top 10 in the world with a size of around USD 16 billion. According to a report, Indian carriers are expected to double their fleet size by 2020 to 1,000 aircrafts, promising a huge opportunity for the maintenance, repair and overhaul (MRO) business. India's MRO segment is estimated to grow furthermore at 10 percent to reach USD 2.6 billion by 2021.



THE OPPORTUNITY

- <http://www.idsa.in>
Report : Growth and Potential of General Aviation in India

"The Indian Aerospace & Defence Industry" is at the threshold of entering into a new era where it will play a greater role in making the nation self-reliant in Aerospace & Defence production. According to an estimate, the total Aerospace & Defence expenditure is expected to be between Rs 90,000 cr to Rs. 1,20,000 cr (US\$15-20 billion) in the next five years. This growth potential is expected to attract major global companies to invest in India.

Defence and Aerospace is also one of the key manufacturing sectors identified by the GoI as part of its 'Make in India' campaign.

The Government of Maharashtra (GoM) is very keen on taking this as an opportunity to attract investors in the defence and aerospace industry.

2 MAHARASHTRA: THE PREFERRED INDUSTRIAL INVESTMENT DESTINATION

A. Maharashtra has been the preferred investment destination for both domestic and foreign companies because of availability of skilled manpower, enabling infrastructure and socio economic development. In order to further improve the investment climate in the state, which will help the state in sustaining its lead position and in realizing its full potential, the Government of Maharashtra has undertaken a few measures - Make in Maharashtra initiative and Ease of Doing Business being key ones.

- **MAITRI**

Maharashtra has established the Maharashtra Industry, Trade and Investment Facilitation Cell (MAITRI) to provide liaisoning services required to industries with investment of more than Rs. 10.00 crores. It tracks approvals, addresses investor queries, and works towards addressing investor grievances. A single window clearance system under MAITRI will be created for State Government approvals for Aerospace and Defence units.

- **Ease of Doing Business**

Maharashtra has been continuously implementing policy, regulatory and process level reforms to improve India's position in World Bank's Ease of Doing Business rankings. As a part of this process, the State government has substantially reduced the number of procedures and time taken for various permissions to set up an industry in Maharashtra.

- **Industrial Policy 2013**

The Industrial Policy released by the GoM in 2013 is aimed at accelerating investment flow into the State and creating more job opportunities. In addition, the policy also aims at improving the processes and regulations to create a more business friendly environment and improve the ease of doing business parameters for investors. With this, the State Government also announced the 'Package Scheme of Incentives, 2013' providing significant fiscal incentives to new and existing industries to set up industries or expand operations. These measures have successfully attracted investments in regions such as Mumbai, Pune, Nashik, Aurangabad and Nagpur.



3 EXISTING ECOSYSTEM SUPPORTING AEROSPACE & DEFENCE SECTOR IN MAHARASHTRA

A. Infrastructure

Some of the salient features of Infrastructure in Maharashtra are as follows:

- MIDC has set-up over 280 industrial estates in the state, which has given an impetus to industrial development in Maharashtra.
- Major industrial complexes have infrastructural facilities such as 24 X 7 electricity, water supply, CETP, fire stations etc.
- Dry Ports, Truck Terminals and Railway Sidings have been built for easy freight movement.
- Home to 2 major ports and 53 minor ports; carrying 21.76% of the country's cargo.
- Has 3 International Airports with a fourth one under development.

Maharashtra is the most industrialized State in the country, which also reflects in the industrial infrastructure that has come up in the State. The maturity of available infrastructure will greatly benefit new establishments from the Aerospace & Defence Industry.

B. Clusters

Cluster development, led by one or more anchor units and supported by multiple MSMEs is key to the growth of any sector. Presence of HAL has led to development of the defence cluster near Nashik. Some of the defence OEMs from the Private sector are manufacturing defence vehicles for the Indian Army; at the same time there are industrial units producing defence components that are based in Pune. Nagpur is also growing as Aerospace hub with the MRO at MIHAN. Mazgaon Dock in Mumbai is India's prime shipyard for manufacturing warships and submarines.

C. Skilling

Maharashtra has well established engineering and technical institutes. There are 857 engineering Degree and Diploma colleges in the state with an annual intake capacity of more than 3.25 lakhs. In addition, there are 871 Industrial Training Institutes (ITIs) with an intake capacity of more than 1.25 lakhs. The literacy rate is around of 83 percent, the state is much better than the national average.

Maharashtra is also home to the renowned Defence Research and Development Organization (DRDO) Research and Development Lab at Pune. DRDO was established with the aim to enhance indigenous capacity of defence systems and undertake design and development to produce world class weapon systems and equipment for the three services of Indian Armed Forces. Apart from these, there is prestigious academic institute such as Defence Institute of Advanced Technology (Pune).

D. Presence of diverse Industries

Maharashtra has presence of various sectors such as IT/ITeS, Auto and Auto Component, Engineering, Textile and Food processing. The IT/ITeS sector has huge presence in Pune and Mumbai. Pune also houses the Auto and Auto component industry. Many Engineering and Auto companies are also located at Aurangabad.

This ecosystem created by these industries in terms of supply chain, skills etc. will act as a support for the Aerospace & Defence manufacturing units.



4. VISION

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.

5. MISSION

- A. To promote Maharashtra as the Aerospace & Defence manufacturing hub
- B. To develop Maharashtra as the Defence R&D and innovation centre
- C. To develop Maharashtra as an export hub for Aerospace and Defence products
- D. To develop industry ready skilled manpower for the Aerospace & Defence sector
- E. To promote Maharashtra as globally recognised MRO hub

6. POLICY OBJECTIVES

The objectives of the Aerospace & Defence Manufacturing Policy, 2018 are:

- A. To attract investment worth \$ 2 billion in the next five years in the Aerospace & Defence Sector
- C. To develop world class skilled manpower in collaboration with the industry stakeholders
- C. To create 1 lakh employment opportunities over the next five year
- D. To promote the building of indigenous advanced Aerospace & Defence technology
- E. To promote Defence MSMEs to compete at global level

7. STRATEGY

The state shall adopt following strategies to achieve its policy objectives.

A. Anchor Units

Anchor units are the most crucial components for building an ecosystem for a cluster. The State will provide special incentives as well as any other kind of support required to such units in the form of Fiscal and Non-Fiscal Incentives.

B. Development of Nagpur MRO into a Global Hub for Airlines

- Leverage the strategic location and existing MRO facility of Nagpur to develop it as a Global Hub for Airlines.
- Incentives on State Goods and Service Tax (SGST) on Service Parts at the Nagpur MRO to make it a preferred choice for the low cost carriers.

C. Promotion of Indigenous technology and R&D

- In order to give impetus to Research and Development, need based support will be provided to R&D institutions set up with the approval of the State Government.
- Fiscal and Non-Fiscal incentives will be provided to investors who set-up Aerospace & Defence related R&D centres. This facility will also be extended to the unit holders engaged in R & D for their own purpose.
- Apart from new and existing R&D institutions, testing facilities, incubation and innovation centers will also be covered.

D. Human Resource Development

- Incentive to units for training cost to develop skilled human resources.
- Focus on imparting vocational training and provide support in up gradation of Engineering Colleges, Polytechnics & ITIs,



E. **Thrust on MSMEs**

Besides anchor units, MSME units are expected to play a crucial role in development of Aerospace & Defence ecosystem in the State. MSMEs clusters will form a supplier base to anchor units.

In order to support the MSME units, incentives will be provided to assist in market development, quality certifications and patent registration etc.

F. **Support to collaborate with public sector enterprises**

- Special support would be provided to units established in joint collaboration with public sector enterprises of defence sectors/units under the Ministry of Defence
- The benefits under the policy will be made applicable to Joint venture units.

8. POLICY VALIDITY

The policy will be valid for 5 years.

9. COVERAGE AND APPLICABILITY

A. **Coverage**

Verticals included in eligible Aerospace & Defence sector including civil aviation will be as per Annexure "A". This list will be subject to modification from time to time as and when Government of India modifies the same.

B. **Applicability**

Incentives under this policy will be admissible to following units

- Units which are manufacturing defence or aerospace products / equipments / contraptions as Original Equipment Manufacturer (OEM) and supplying them to defence establishments, armed forces (army, navy, air force and others), para-military forces, provincial forces of the Government of India or State Governments or to other countries / State sponsored organizations by way of exports through approved official channels of supply.
- Ancillary Units which are manufacturing assemblies, sub-assemblies or components (along with or without other products) for defence or aerospace products / equipments /contraptions to Original Equipment Manufacturer (OEM) as in 9.0 B (i) or supplying not less than 80% of manufacturing equipment to them as replacement / spares to defence establishments, armed forces (army, navy, air force and others), para-military forces, provincial forces of the Government of India or State Governments or to other countries /State sponsored organizations by way of exports through approved official channels of supply.
- MSME units which are manufacturing or doing some job work exclusively for the units as in 9.0 A(i) and / or 9.0 A(ii) above.

In order to be eligible, such units need to produce a cost audit report or a CA certificate along with a certificate from Original Equipment Manufacturer (OEM) as in 9.0 B (i) indicating that at least 80% of the manufacturing equipment produced by such units were supplied to the above OEMs.



In case of some issue in respect of Coverage or Applicability, competent authority for interpretation will be the Development Commissioner (Industries)

- C. A defence manufacturer by whatever nomenclature when referred to means - for defence products requiring industrial license, an entity, which could include incorporation/ownership models as per Companies Act, partnership firms, proprietorship, and other types of ownership model as per relevant laws, complying with, besides other regulations in force, the guidelines/licensing requirements stipulated by Gol's Department of Industrial Policy and Promotion as applicable; and for defence products not requiring industrial license, an entity, which could include incorporation/ownership models as per Companies Act, partnership firms, proprietorship, and other types of ownership model as per relevant laws and complying with all regulations in force applicable to that industry.
- D. The Industrial Units which are not covered under the Aerospace & Defence Manufacturing Policy, 2018 will be eligible for regular incentives under the Industrial Policy.

10. FISCAL INCENTIVES

Fiscal incentives shall be extended to eligible Aerospace and Defence units under the umbrella of Package Scheme of Incentives (PSI). A basket of incentives under applicable Package Scheme of Incentives will be offered to eligible Micro, Small, Medium manufacturing enterprises (MSME) and Large manufacturing enterprises (LE). MSME and LE units will be eligible for incentives at one scale higher than as per taluka classification.

Aerospace and Defence units in A and B category areas with minimum Fixed Capital Investment (FCI) equal to Rs. 250.00 crores or minimum employment of 500 people and units in rest of the state with minimum FCI of Rs. 100.00 crores or providing employment to 250 people will be accorded Mega project status. The quantum of incentives for Mega projects shall be decided as per the provisions of IE&LD GR No. PSI-2013/C.R.-54/Ind-8 dated April 1, 2013 and any subsequent GRs or Guidelines issued based on the decisions in the Cabinet Sub-Committee or High Power Committee. Admissible investment period for Mega/ Ultra Mega Aerospace and Defense units will be 8 years in Category A and B areas and 10 years in other parts of State. The amount of incentives under "Basket of Incentives," to be given to such units will be as mentioned in 'Template of incentive'.



- The investment incurred in erection of test range and storage facilities required by the unit will be considered as a part of admissible project cost for the purposes of incentives. The expenditure on test range upto a ceiling of 20% of the total project cost or Rs. 100 Crores whichever is lower will be considered a part of admissible fixed capital investment for incentives. Further, in view of unique requirement of defense sector, investment in Test Range & Storage facilities on separate locations shall be permissible as per justified requirement of the project. However such facilities should be set up in same category of taluka (as per PSI Classification) or lower category.
- The incentive period will be allowed to be commenced upon acceptance of the products by department of Defence, Government of India (MoD).
- Since, technical know how constitutes a vital and substantial part of defence products manufacturing, expenditure on this as a part of admissible fixed capital investment for incentives, will be allowed upto a ceiling of 20% of the total project cost or Rs. 100 Crores whichever is lower.
- If the Industrial unit is engaged in Research and Development (R & D) activity for their own purpose then the investment in Research and Development (R & D) by the unit will be considered a part of admissible project cost 10% of the total project cost or Rs. 50 Crores whichever is lower.

The incentives if any, offered by Government of India or any of its agencies or local bodies shall be over & above the incentives offered under this policy of State Government

A. **Reimbursement of Stamp Duty**

Eligible Aerospace and Defence units will be reimbursement stamp duty during the investment period, for acquiring land and for term loan purposes.

- The amount of incentives under “Basket of Incentives,” as mentioned in para 10, to be disbursed to MSMEs and LEs every year will be limited to 1/10th of the total Basket of incentives sanctioned, with the provision of carrying forward the differential between the actual sanctioned amount for a given year and the yearly disbursement limit.

For Mega Projects/Ultra Mega Projects, if the E.C. period is more than 10 years, the yearly limit for disbursement shall be equal to the total quantum of incentives divided by the number of years as per eligibility period, with the provision of carrying forward the differential between the actual sanctioned amount for a given year and the yearly disbursement limit.

- For Aerospace and Defence units under this policy, there will be no operative period succeeding eligibility period. Existing Aerospace and Defence units, seeking benefits under this policy for expansion, will be required to create minimum 25 percent more additional Fixed Capital Investment (FCI) than that of existing gross FCI or the said additional FCI should result in at least 25 percent increase in existing installed capacity or should result in at least 10 percent increase in employment in non-supervisory category.



11. ADDITIONAL INCENTIVES & INTERVENTIONS

A. Anchor Units

- A unit will qualify as an Anchor Unit based on the following pre-conditions:
 - i. It should have qualified as a Mega or an Ultra-Mega Project.
 - ii. It should have a confirmed order book of USD 100 Million as on the date of application, from MoD or similar bodies worldwide. Order books from large and established private defence contractors/manufacturers will also be considered.
- Up to a maximum of 10 anchor units will be qualified in the State during the investment period. Of these, at least 5 units should be from Vidharbha & Marathwada regions. Anchor Units will be qualified on a first come-first serve basis and in the case where multiple investors have applied, the final decision will rest with the High Power Committee.
- 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. Lease / Sublease of the land will be permitted only to the licensed Aerospace and Defense manufacturing companies/ units. "Change of land use for other than eligible defense manufacturing activities" will not be permitted in future. If due to unavoidable reasons beyond the reach of Company/ units compels 'Change of Use' then Units / Company will have to refund all concessions availed from MIDC will have to be refunded along with penal interest, as per procedure adopted by MIDC.
- Anchor units will be allowed to utilize 20% of the land for facilitating set up of their vendor units.
- If any Mega / Ultra Mega Project in MIDC area obtains Building Completion Certificate (BCC) and commences commercial production within admissible development period, then it shall be eligible for concession in water charges, service charges and fire cess as per the following table.

Sr. No.	Building Completion Certificate (BCC)	Concession
1	Minimum 50% and less than 75%	100% waiver from payment of service charges and fire cess + 20 % concession in water charges.
2	Minimum 75% and less than 100%	100 % waiver from payment of service charges and fire cess + 30 % concession in water charges.
3	100 %	100 % waiver from payment of service charges and fire cess + 40 % concession in water charges.

Above concession will be provided for the balance original development period couened from the date of obtaining BCC and commencement of Commercial production.



B. Industrial Townships

In order to promote the concept of walk-to-work, for Defence and Aerospace parks & Mega, Ultra-Mega and Anchor Units which are established on minimum area of 40 hector outside MIDC area & which are engaged in manufacturing activities will be considered under Integrated Industrial Area (I.I.A.) Policy of State government. If parks & units engaged in Electronics manufacturing of defence & Aerospace equipments, are established on minimum area of 10 hector, will be covered under Integrated Information Technology Townships ie I.I.T.T. of prevailing IT & ITES Policy of Govt. of Maharashtra.

C. Promotion of Common Facilities

MIDC will on a case to case basis assist in setting up Common Facility Centers for the Aerospace and Defence Industry. The common facilities may include test firing range, testing and research laboratories and any such activities required by the defence and aerospace sector. MIDC shall offer equity in the form of land and financial assistance to the extent of 15% of the project cost including the cost of land subject to a maximum of 15 Crores. The private players will build, operate and own common facility for areas such as training, testing, design etc.

In order to be eligible for above incentive, the Private Sector player will need to make a minimum investment of Rs. 100 Crores through FDI from an established common facilities services provider in the Aerospace & Defence sector.

A Special purpose vehicle may be formed in clusters to develop such common facilities.

D. Defence and Aerospace Manufacturing Industrial Cluster :

Land will be made available to the Defence and Aerospace Manufacturing Industrial Clusters as per the prevailing policy of Maharashtra Industrial Development Corporation. If at least 20 or more Micro, Small and Medium industrial units forms an SPV for Defence and Aerospace Manufacturing then state government will sanction Rs. 15 Crores as a state government's share in Central Governments Micro small enterprises Cluster Development Programme (MSE-CDP) .

State Governments prevailing policy of Maharashtra State Industrial Cluster Development Programme (MSI- CDP) will be ammended and for each Defence and Aerospace Manufacturing Industrial Cluster Rs. 15 Crores will be sanctioned for Special Purpose Vehicle (SPV).

E. Equity fund for MSME in the Defence and Aerospace Manufacturing Sector :-

enterprises in Defence and Aerospace Manufacturing Sector in the state, Corpus of Rs. 1000 Crores will be created by the State Government. Industrial Development Corporation will contribute for the fund.

• Promotion of Nagpur MRO

- In order to promote Nagpur as a Global Hub, any Airline that sets up its Global Hub at Nagpur and utilizes its MRO facilities will be provided with the following incentives:
- 50% reimbursement of VAT on Aviation Turbine Fuel (ATF)
- 100% reimbursement of State Goods and Service Tax (SGST) on Service Parts.



F. **Support to R&D Institutions**

- In order to give impetus to Research and Development, need based support will be provided to,
 - i. R&D institutions set up with the approval of the State Government
 - ii. Any private institution engaged in R&D activities as per Defence Long Term Technology Plan such institutions & the industrial units those are engaged in R&D activities for their own purpose.
 - iii. Apart from new and existing R&D institutions, testing facilities, incubation and innovation centers will also be covered.
- The assistance given will be up to 50% of the project cost excluding land and building subject to a maximum amount of Rs. 10 crores.
- Additional FSI of 0.5 will be provided to eligible R&D units.

G. **Promoting Skill Development for Aerospace & Defence Sector**

- The State shall upgrade vocational and technical training courses for meeting growing needs of skilled and semi-skilled manpower in the Aerospace & Defence sectors. This will also provide suitable employment opportunities for local people. Foreign investment in training facilities for skilled workers, engineers and managers will be encouraged.
- Private sector companies from the Aerospace & Defence Sector will be encouraged to adopt vocational training institutes whereby they can use the facility infrastructure to provide training in skills that are relevant to the sector.
- Appropriate infrastructure & Curriculum will be developed by upgrading ITIs / technical / vocational schools / Polytechnics & Engineering Colleges through private partnership to train the semi-skilled and skilled labourers.

H. **Earmarking Land for Defense parks**

Across the state, multiple 200 acres of land will earmarked for aerospace and defense parks and townships. This may include specialty parks such as Missile integration, Aerospace etc.

I. **Marketing Assistance**

- Assistance to MSME units for participation in International trade fairs of Aerospace and Defense products outside India at the rate of 50% of total rent, literature and display material cost subject to a ceiling of Rs.3.00 lakh, once in a year. The unit should not participate in an individual capacity, but only as a part of the Industry Association which would participate in such trade fairs. The assistance will be by way of reimbursement. MSME units shall have to apply within six months from the date of participation for the assistance.
- Assistance to Industry Associations at 50% of total rent subject to a ceiling of Rs.10.00 lakh for participation in International trade fair as Maharashtra Pavilion outside India for participation by minimum 5 units. Such assistance shall be in the form of reimbursement and will be extended only once in a year.
- Viability gap support to Industry organizations to conduct National seminar/exhibition subject to ceiling of Rs. 10 lakhs for national and Rs. 25 lakhs for International trade Seminar/Exhibition in Maharashtra.



12. INITIATIVES FOR SIMPLIFICATION OF RELEVANT LEGISLATIONS

- A. Aerospace and Defence units administered by the Labour department of State Government will benefit from-
- Relaxations under the Shops and Establishment Act with regard to working hours, work shifts and employment of women.
Exemption from maintaining physical records for attendance and salary.
 - Option for self-certification and filing of consolidated annual returns under 13 Acts.
 - To maintain employee related records required under various labour laws in electronic form, and to accept returns in electronic form.
- B. Aerospace and Defence Industry will be declared as essential service under, "Maharashtra Essential Services and Maintenance Act" (MESMA). Government would make necessary amendments in the Act to include this industry in the list of essential services.
- C. Aerospace and Defence units involving only assembly type of manufacturing activities & not discharging process effluent and with less than 100 employees will be exempt from obtaining consent from the Maharashtra Pollution Control Board (MPCB). Such units will be covered in the GREEN category of consent if they submit application in prescribed format to M.P.C.B. GREEN consent can be valid from minimum 6 years to maximum 15 years of period. For issuing consents to Aerospace & Defence units high priority will be given. M.P.C.B. has started issuing AUTO consent renewal, as a fast track arrangement from consent application & processing. Once proposal is submitted in the prescribed format along with all required documents, can be cleared within 10 days from the date of submission by Conveying special meeting for the same.
- D. Aerospace and Defence units will be treated as continuous process industry for the purpose of power supply.
- E. In order to adopt all new changes in technology over the period of time, it is clarified that if any unit changes the machinery due to changes in technology but keeps the capital investment same, in such cases, the prior permission of industries department will not be required.

13. State level committee constituted under IPS will implement and periodically monitor this policy.

ANNEXURE - A

Defence sector manufacturing will constitute manufacturing systems, sub systems and components of the defence items notified by Department of Defence Production, Ministry of Defence through Press Note No. 3 (2014 Series) which require Industrial License. The Components and subsystem which go into making defence system/item listed in above mentioned press note and do not require industrial license are also eligible for the benefits of this policy.

Defence items defined as per in vogue Defence Procurement Procedure (DPP) will also be included under the purview of this policy. In addition, manufacture of components, systems, sub-systems and components for civil aviation. This list of items will get modified whenever Government of India modifies any changes in their notification released through Press Note No. 3 (2014 Series)



CATEGORY	ITEMS INCLUDED
A. Arms and ammunition and allied items of defense equipment; parts and accessories thereof.	<p>All Rifle & Smooth-bore weapons and other arms, automatic/Semi-automatic or pump action type weapons, Weapons using case less ammunition, Silencers, special gun-mountings, weapons sights, signature reduction devices and flash suppressors to include rifles, carbines, revolvers, pistols, machine pistols, multi barrel rocket, machine guns, guns, rocket, cannon & missile systems -used on land, ships & shore based and airborne, howitzers, mortars, anti-tank weapons, projectile launchers, military flame throwers, rifles, recoilless rifles.</p> <p>Ammunition and fuze setting devices including the following:</p> <ul style="list-style-type: none">a. Safe and arming devices, fuzes, sensors and initiation devices;b. Power suppliers / cartridges with high one-time operational output;c. Combustible cases for charges;d. Submunitions including bomblets, minelets and terminally guided projectiles. <p>Bombs, torpedoes, grenades, smoke canisters, rockets, mines, missiles, depth charges, demolition charges, demolition-devices, demolition kits, aircraft missile protection systems (AMPS), “pyrotechnic” devices, cartridges and simulators (i.e. equipment simulating the characteristics of any of these items), specially designed for military use.</p> <p>“Energetic materials” and related substances includes all explosives like primers, boosters, initiators, igniters, detonators, smoke bomb, colour signals, propellants and pyrotechnics, oxidizers, binders, plasticizers, monomers, additive coupling agents, Precursors and other related ammunition.</p> <p>High velocity kinetic energy weapon systems and related equipment:</p> <ul style="list-style-type: none">a. Kinetic energy weapon systems specially designed for destruction or effecting mission abort of target;b. Specially designed test and evaluation facilities and test models, including diagnostic instrumentation and targets, for dynamic testing of kinetic energy projectiles and systems. <p>Directed Energy Weapon (DEW) systems, related or countermeasure “equipment and test models” as follows:</p> <p>All Rifle & Smooth-bore weapons and other arms, automatic/Semi-automatic or pump action type weapons, Weapons using case less ammunition, Silencers, special All</p>



CATEGORY	ITEMS INCLUDED
	<p>Rifle & Smooth-bore weapons and other arms, automatic/Semi-automatic or pump action type weapons, Weapons using case less ammunition, Silencers, special gun-mountings, weapons sights, signature reduction devices and flash suppressors to include rifles, carbines, revolvers, pistols, machine pistols, multi barrel rocket, machine guns, guns, rocket, cannon & missile systems –used on land, ships & shore based and airborne, howitzers, mortars, anti-tank weapons, projectile launchers, military flame throwers, rifles, recoilless rifles.</p> <p>Ammunition and fuze setting devices including the following:</p> <ul style="list-style-type: none">a. Safe and arming devices, fuzes, sensors and initiation devices;b. Power suppliers / cartridges with high one-time operational output;c. Combustible cases for charges;d. Submunitions including bomblets, minelets and terminally guided projectiles. <p>Bombs, torpedoes, grenades, smoke canisters, rockets, mines, missiles, depth charges, demolition charges, demolition-devices, demolition kits, aircraft missile protection systems (AMPS), “pyrotechnic” devices, cartridges and simulators (i.e. equipment simulating the characteristics of any of these items), specially designed for military use.</p> <p>“Energetic materials” and related substances includes all explosives like primers, boosters, initiators, igniters, detonators, smoke bomb, colour signals, propellants and pyrotechnics, oxidizers, binders, plasticizers, monomers, additive coupling agents, Precursors and other related ammunition.</p> <p>High velocity kinetic energy weapon systems and related equipment:</p> <ul style="list-style-type: none">a. Kinetic energy weapon systems specially designed for destruction or effecting mission abort of target;b. Specially designed test and evaluation facilities and test models, including diagnostic instrumentation and targets, for dynamic testing of kinetic energy projectiles and systems. <p>Directed Energy Weapon (DEW) systems, related or countermeasure “equipment and test models” as follows:</p> <ul style="list-style-type: none">a. “Laser” systems specially designed for, destruction or effecting mission, abort of a target;b. Particle beam systems capable of destruction or effecting mission- abort of a target;



CATEGORY	ITEMS INCLUDED
	<p>c. High power Radio-Frequency (RF) systems capable of destruction or effecting mission abort of target;</p> <p>d. Equipment specially designed for the detection or identification of; or defense against, systems at (a) and (c) above.</p> <p>e. Physical test models for the systems, equipment and components, specified under this head.</p> <p>f. 'Laser protection equipment (e.g. eye and sensor protection)'. Electronics Equipments Electronic Equipment used for electronic counter measure (ECM) and electronic counter countermeasure (ECCM), surveillance, intelligence, Command and Control systems, Global Navigation satellite systems (GNSS) jamming equipment. Data processing, storage and transmission security equipment, identification and authentication equipment (including identification Friend or Foe and non-Cooperative Target Return Identification systems), guidance and navigation equipment' Troposcatter-radio communications equipment' and Military Information Security assurance systems and equipment (like cryptographic devices including military Cryptographic key management and Cryptanalytic systems), communication equipment, frequency modules and secrecy devices, specially designed for Military use Armoured or protective equipment as follows:-</p> <p>a. Constructions of metallic or non-metallic materials, or combinations thereof, specially designed to provide ballistic protection for military systems</p> <p>b. Body armour or protective garments of level III (NIJ 0101.06, July 2008 or national equivalent and above). Specialized equipment for military training' or simulators specially designed for training in the use of any firearm or weapon. Imaging or countermeasure equipment, as follows, specially designed for military use:</p> <p>a. Recorders and image processing equipment;”</p> <p>b. Image intensifier equipment;</p> <p>c. Infrared or thermal imaging equipment;</p> <p>d. Imaging radar sensor equipment;</p> <p>e. Countermeasure or counter-countermeasure equipment Miscellaneous Concealment and deception equipment specially designed for</p>



CATEGORY	ITEMS INCLUDED
	military application, including but not limited to special paints, decoys smoke or obscuration equipment and simulators, and Metal embrittling agents.
B. Tanks and other armoured fighting vehicles.	<p>Ground vehicles are as follows:-</p> <ul style="list-style-type: none">a. Ground vehicles namely tanks and other military armoured/armed vehicles and military vehicles fitted with mountings for arms or equipment for mine laying or the launching of munitions includes all tracked and wheeled self-propelled armoured and non-armoured weapon systems and trailers for towed and static weapon systems.b. Other ground vehicles namely all-wheel drive vehicles capable of off road use which have been manufactured or fitted with materials or components to provide Ballistic protection to level III (NIJ 0108.01, September 1985, or comparable national standard or above) with mountings for arms or equipment for mine laying specially designed for military use.c. Amphibious, hovercrafts and deep water fording vehicles for military use. Cryogenic and superconductive equipment especially designed or configured to be installed in military vehicle.
C. Defense aircraft, space craft and parts thereof.	“Aircraft” including but not limited to helicopters, “lighter-than-air vehicle”, “Unmanned Aerial Vehicles” (UAVs), Remotely Piloted Vehicles (RPVs), autonomous programmable vehicles, unmanned lighter than air vehicle (to include all variety of manned and unmanned airborne vehicles - includes target systems, loitering missiles, drones, balloons, blimps, aerostat, parachutes, paragliders, ground effect machines, air cushion vehicles/hovercraft, UAVs and launchers, designed for military application).
D. Warships all kinds.	<ul style="list-style-type: none">a. Vessels of war (surface or underwater), other surface vessels (Fitted with automatic weapons having a caliber of 12.7 mm or higher, CBRN protection, active weapon countermeasure systems), special naval equipment, antisubmarine/ torpedo nets, hull penetrators and connectors “specially designed for military use”.b. Air Independent Propulsion (AIP) systems (nuclear/conventional) for marine applications.



CATEGORY	ITEMS INCLUDED
E. Products for Internal Security	<ul style="list-style-type: none">a. Arms and their ammunition including all types of close quarter weapons.b. Protective Equipment for Security personnel including body armour and helmets.c. Vehicles for internal security purposes including armoured vehicles, bullet proof vehicles and mine protected vehicles.d. Riot control equipment and protective as well as riot control vehicles.e. Specialized equipment for surveillance including hand held devices and unmanned aerial vehicles.f. Equipment and devices for night fighting capability including night vision devices.g. Navigational and communications equipment including for secure communications.h. Specialized counter terrorism equipment and gear, assault platforms, detection devices, breaching gear, etc.i. Training aids including simulators and simulation equipment.
F. Civil Aerospace Product	<ul style="list-style-type: none">a. All types of fixed wing as well as rotary aircraft including their air frames, aero engines, aircraft components and avionics.b. Aircraft design and engineering services.c. Technical publicationsd. Raw material and semi-finished goods.e. Flying training institutions and technical training institutions (excluding civil infrastructure). <p>Note :- If any unit is manufacturing the items which are not covered above but Department of Defense Production, Ministry of Defense has approved their items under Defense Procurement Procedure (DPP) & valid order is with the unit, then such items will be covered under this policy of state government</p>



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