

## **Defence Industrial Corridors – Strengthening indigenous manufacturing capacity**

### ***DICs in Uttar Pradesh, Tamil Nadu to propel industrial development***

(Ministry of Defence)

December 14, 2021

*“It is our responsibility to make India of Sardar Patel's dreams and to make a self-reliant India. And the UP Defence Industrial Corridor in Bundelkhand is going to play a pivotal role in this campaign. Bundelkhand, which was once known for India's valour and courage, will now be recognized as a major center of India's strategic strength.”*

***-Prime Minister Narendra Modi<sup>1</sup>***

### **Introduction:**

Prime Minister Shri Narendra Modi's dream is to develop the ecosystem to foster an environment of New and Creative Entrepreneurship in the defence manufacturing sector. There is a need to work with a sense of mission to keep our defence forces equipped with state-of-the-art systems, and to create the necessary domestic manufacturing ecosystem to achieve this.<sup>2</sup> India, today, is not just focusing on expansion of Defence market but is also looking at arenas to strengthen indigenous manufacturing under '[Make in India](#)' scheme.

In the Union Budget (2018-19), Finance Minister had announced setting up of two Defence Industrial Corridors (DICs) in the country.<sup>3</sup> Subsequently, it was decided to set up two Defence Industrial Corridors in Uttar Pradesh and Tamil Nadu. These defence industrial corridors will utilize the existing defence manufacturing ecosystems in these regions, and further build upon it. These corridors will become the engines of economic development and growth of defence industrial base in the country.

Setting up of Defence Industrial Corridors would catalyse indigenous production of defence and aerospace related items, thereby reducing our



<sup>1</sup><https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1773360>

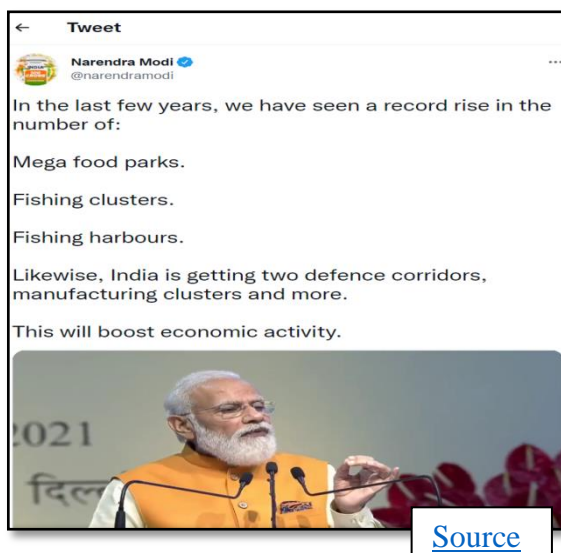
<sup>2</sup><https://www.pib.gov.in/PressReleasePage.aspx?PRID=1528765>

<sup>3</sup><https://pib.gov.in/PressReleasePage.aspx?PRID=1578090>

reliance on imports and promoting export of these items to other countries. This will lead to achieve India's goal of self-reliance in defence, generation of direct/indirect employment opportunities and growth of private domestic manufacturers, [Micro, Small and Medium Enterprises \(MSMEs\)](#) and Start-ups.<sup>4</sup>

### **Uttar Pradesh DIC:**

The establishment of a Defence Industrial Corridor in Uttar Pradesh was announced by the Prime Minister while inaugurating the UP Investors' Summit in Lucknow on February 21, 2018.<sup>5</sup>



Uttar Pradesh.

The Uttar Pradesh Defence Industrial Corridor is being set up by the [Uttar Pradesh Expressways Industrial Development Authority \(UPEIDA\)](#). Subsequently, six nodes in Uttar Pradesh Defence Corridor viz. Agra, Aligarh, Chitrakoot, Jhansi, Kanpur and Lucknow have been identified.<sup>6</sup> The state government has already worked on land acquisition on all nodes of UPDIC. The Union Government is working hand-in-hand with the state government to promote Research and Development (R&D) and growth of Micro, Small & Medium Enterprises (MSMEs) in

### **Advantages of selecting Uttar Pradesh for Defence Industrial Corridor:**<sup>7</sup>

- It is amongst top five manufacturing & exporting states of India.
- It is India's fourth largest economy, contributing nearly 8 per cent to GDP.
- 53 Universities, 4345 Colleges, 168 Polytechnics with several research Institutes, Centers of Excellence and vocational institutes along with premier institutes like IIM & IIIT are situated in the state.
- Substantial defence manufacturing facility is already present - 09 Indian Ordnance factories & 03 [Hindustan Aeronautics Limited \(HAL\)](#) units producing steel



<sup>4</sup><https://pib.gov.in/PressReleasePage.aspx?PRID=1605965>

<sup>5</sup><https://pib.gov.in/PressReleasePage.aspx?PRID=1521316>

<sup>6</sup><https://www.makeinindia.com/defence-industrial-corridors-india>

<sup>7</sup><https://static.investindia.gov.in/s3fs-public/inline-files/DEFENCE%20CORRIDOR%20-%20UTTAR%20PRADESH.pdf>

castings, small arms, parachutes, field guns etc.

- It is well connected to Eastern & Western Dedicated Freight Corridor.
- It has a strong ancillary base with highest number of MSMEs in India (14.2 per cent)
- It has a vast human resource base – 56 per cent of UP's 230 million population are in the working age group.
- It has the largest railway network in the country, higher capacities for passenger & cargo air traffic and strong logistics infrastructure.



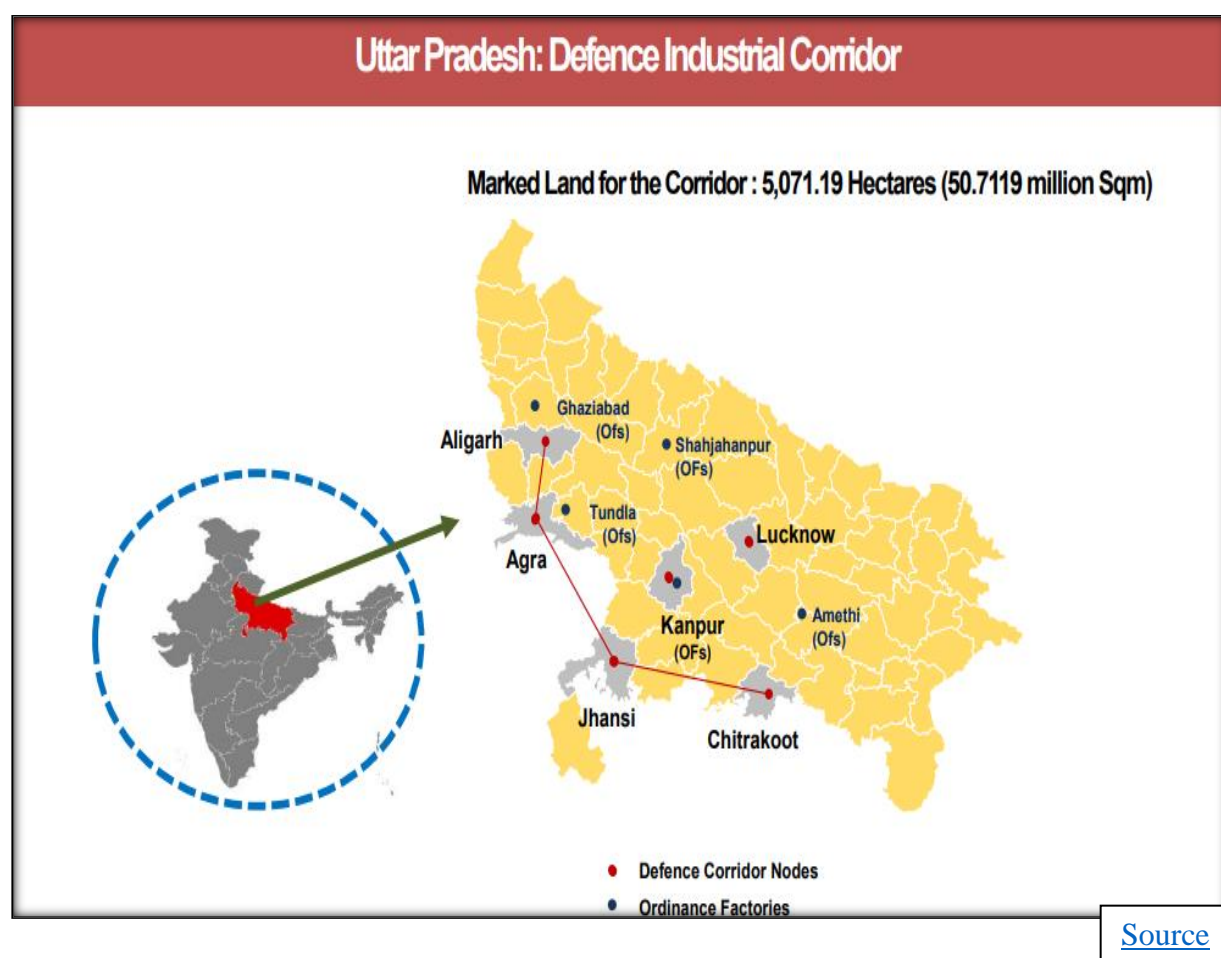
### **Uttar Pradesh Defence Industrial Corridor (UPDIC) – Salient Features:<sup>8</sup>**

- Uttar Pradesh Defence Industrial Corridor (UPDIC) is an aspirational project that intends to reduce foreign dependency of Indian Aerospace & Defence Sector. It took off to an encouraging start with the announcement of investments worth over Rs. 3700 crores in defence production at the Meet organized at Aligarh on August 11, 2018.
- The Uttar Pradesh Expressways Industrial Development Authority (UPEIDA) has been made the nodal agency to execute this project in conjunction with various other state agencies.
- Planned across Six nodes, namely – Lucknow, Kanpur, Jhansi, Agra Aligarh, Chitrakoot - which spreads across Central, East, West region of Uttar Pradesh and along the Golden Quadrilateral connecting Delhi – Kolkata supported by network of expressways.

<sup>8</sup><https://upeida.up.gov.in/updic/en/page/-uttar-pradesh-defence-industrial-corridor>



- This Corridor aims to position the state of Uttar Pradesh as one of the largest & advanced defence manufacturing hubs and put it on the world map.
- 22 MoUs were signed during the DefExpo 2020 in Lucknow between UPEIDA and private players, start-ups, industry giants and institutional organisations. 24 more MoUs were signed post-DefExpo taking the total to 46.
- Further, 16 MoUs were signed during Aero India 2021 and 6 more MoUs after Aero India 2021 making it 68 MOUs in all
- Ordnance Factories, Hindustan Aeronautics Ltd. (HAL), [Bharat Electronics Limited](#) (BEL), [Bharat Dynamics Limited](#) (BDL) and [BrahMos Aerospace](#) are the major giants which have planned investments in Uttar Pradesh to further strengthen defence manufacturing.



**Plug and Play support will be provided to the industries in the Corridor, which will consist of the following facilities:<sup>9</sup>**

1. Assured water supply and uninterrupted electricity (132 KVA) along with pelican wire fencing boundary wall at the site.
2. Connectivity with 4-lane heavy-duty highway connected with Bundelkhand Expressway and Delhi-Jhansi highway.
3. Single Window approvals and clearances to Defence and Aerospace (D&A) manufacturing units via [Nivesh Mitra](#), the single window system of the state of UP.

<sup>9</sup><https://www.makeinindia.com/defence-industrial-corridors-india>

4. Labour permits for D&A industry towards flexible employment conditions.
5. Simple Procedures and rationalized regulatory regime with easy reimbursement of incentives and subsidies.

**Major Incentives: UP Defence & Aerospace Units & Employment Promotion Policy**  
**2018:<sup>10</sup>**

- 25 per cent rebate on land cost and no development charges.
- Land available at down payment of 30 per cent of the land cost and the remaining amount can be paid immediately or under multiple payment options spreading over 3, 10 and 30 years.
- Capital subsidy for development of Defence & Aerospace Parks.
- Capital Subsidy for both new and expansion of D&A and Vendor/MSME Units.
- Special Support for units undertaking offset obligations: Reimbursement of up to 30 per cent of the purchase price of the land and 100 per cent reimbursement from stamp duty.
- Incentive on transportation
  - 50 per cent subsidy on imported equipment, plant and machinery from logistics parks/transport hubs and harbour/port to the place of production in the state.
  - 30 per cent subsidy on finished products from the unit to logistics parks/transportation hubs, harbour/port for a period of five years from the date of start of commercial production.
- Reimbursement of up to 75 per cent of cost of technology transfers to first 10 vendors.
- 50 per cent subsidy for five years on capital investment for setting up R&D testing and certification facilities in the D&A sector.
- 50 per cent reimbursement towards cost incurred for utilising Common Testing and R&D facilities of [Defence Public Sector Undertakings](#) (DPSUs) and Ordnance Factory Board (OFBs) to D&A units.
- 20 per cent reimbursement of project cost of setting up Effluent Treatment Plant by D&A units.
- Skill Development: Government will reimburse the cost of the “on job” technical training.
- Reimbursement of 50 per cent of the cost of certification from Indian and International bodies for multiple products and certificates.



<sup>10</sup><https://static.investindia.gov.in/s3fs-public/inline-files/DEFENCE%20CORRIDOR%20-%20UTTAR%20PRADESH.pdf>

## **Uttar Pradesh Defence Industrial Corridor: Major Highlights<sup>11</sup>**

- MoU signed with Indian Navy and Indian Air Force to facilitate integration of MSMEs and Start-Ups directly with the end user.
- Creation of Defence Testing Infrastructure at the Nodes initiated by MoD and Common Facility Centre by state
- Centers of Excellence (CoE) in collaboration with IIT Kanpur and IIT BHU
- Next Generation (Brahmos-NG) Missile Project planned by BrahMos Aerospace in Lucknow Node
- Missile Unit being set up by Bharat Dynamics Limited at Jhansi Node
- First private sector Defence manufacturing facility, run by Aerolloy Technologies, a wholly owned subsidiary of PTC industries, in UP Defence Industrial Corridor operationalized. It will manufacture parts for Aircraft Engines, Helicopter Engines, Structural parts for aircrafts, Drones and UAV, Submarines, Ultra-Light Artillery Guns, Space Launch Vehicles and Strategy Systems etc.<sup>12</sup>
- Foundation stone for an integrated Metal Manufacturing Facility under PTC industries has been laid. It will produce key Raw Materials in Titanium and other Exotic Alloys for aerospace applications. This plant will significantly reduce the country's dependence on imports for all platforms which require Titanium and Nickel Super Alloys and help in building a strong and [Atmanirbhar Bharat](#).<sup>13</sup>

## **Major Rail Corridors in Uttar Pradesh:**

- [Eastern Dedicated Freight Corridor](#)<sup>14</sup> - The Eastern Dedicated Freight Corridor with a route length of 1856 km consists of two distinct segments: an electrified double-track segment of 1409 km between Dankuni in West Bengal & Khurja in Uttar Pradesh & an electrified single-track segment of 447 km between Ludhiana (Dhandarikalan) - Khurja - Dadri in the states of Punjab, Haryana and Uttar Pradesh. Eastern Corridor is projected to cater to a number of traffic streams - coal for the power plants in the northern region of Uttar Pradesh, Delhi, Haryana, Punjab and parts of Rajasthan from the Eastern coal fields; finished steel, food grains, cement, fertilizers, lime stone from Rajasthan to steel plants in the east and general goods. The total traffic in Uttar Pradesh direction is projected to go up to 116 million tonnes in 2021-22. It is also proposed to set up Logistics Park at Kanpur in U.P. and Ludhiana in Punjab. The following table depicts the distance traversed through each state.

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<sup>11</sup><https://upeida.up.gov.in/updic/en/page/-uttar-pradesh-defence-industrial-corridor>

<sup>12</sup><https://pib.gov.in/PressReleasePage.aspx?PRID=1771478>

<sup>13</sup>Ibid

<sup>14</sup><https://dfccil.com/Home/DynemicPages?MenuId=76>



[Source](#)

Eastern DFC	
States	Kms
Punjab	88
Haryana	72
Uttar Pradesh	1058
Bihar	239
Jharkhand	196
West Bengal	203
<b>Total</b>	<b>1856</b>

[Source](#)

- **Western Dedicated Freight Corridor<sup>15</sup>** - The Western Dedicated Freight Corridor covers a distance of 1504 km of double line electric (2 X 25 KV) track from JNPT to Dadri via Vadodara-Ahmedabad-Palanpur-Phulera-Rewari. Alignment has been generally kept parallel to existing lines except provision of detour at Diva, Surat, Ankleshwar, Bharuch, Vadodara, Anand, Ahmedabad, Palanpur, Phulera and Rewari. However, it is entirely on a new alignment from Rewari to Dadri. The Western DFC is proposed to join Eastern Corridor at Dadri. More than 300 kms of track completed from Rewari-Madar and trains are running on trial basis. The Western Corridor passes through 5 states as follows:



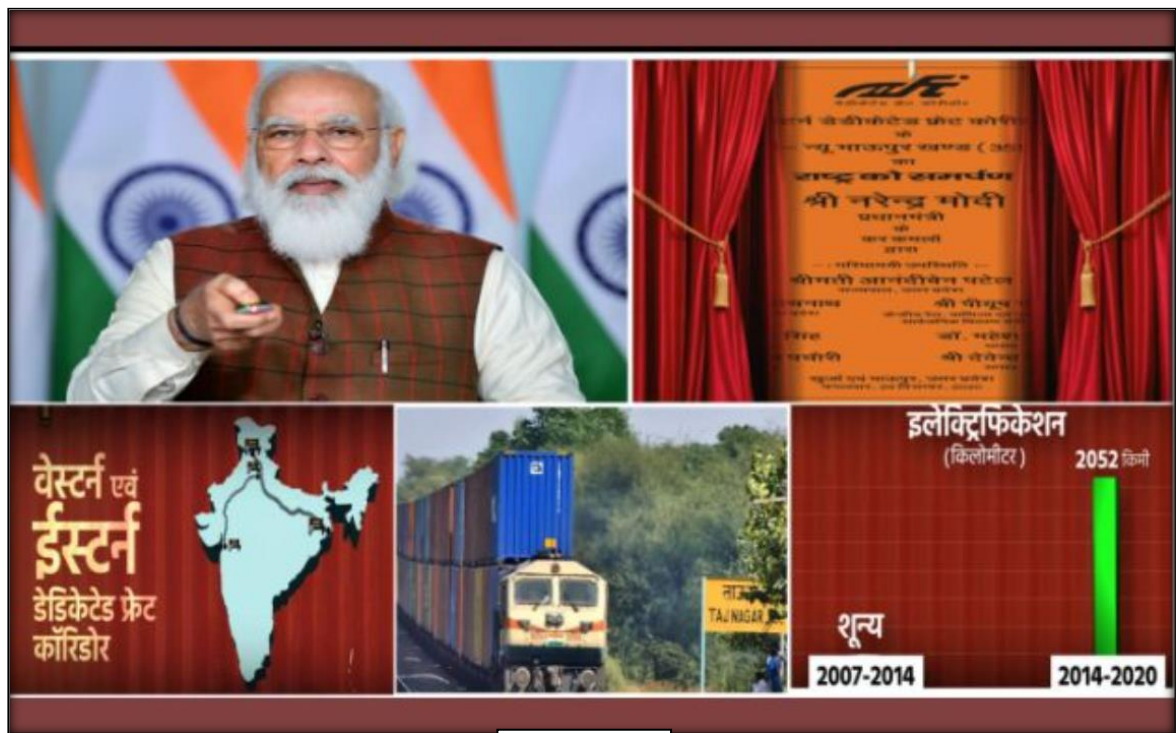
[Source](#)

Western DFC	
States	Kms
Haryana	177
Rajasthan	567
Gujarat	565
Maharashtra	177
Uttar Pradesh	18
<b>Total</b>	<b>1504</b>

[Source](#)

<sup>15</sup><https://dfccil.com/Home/DynemicPages?MenuId=77>

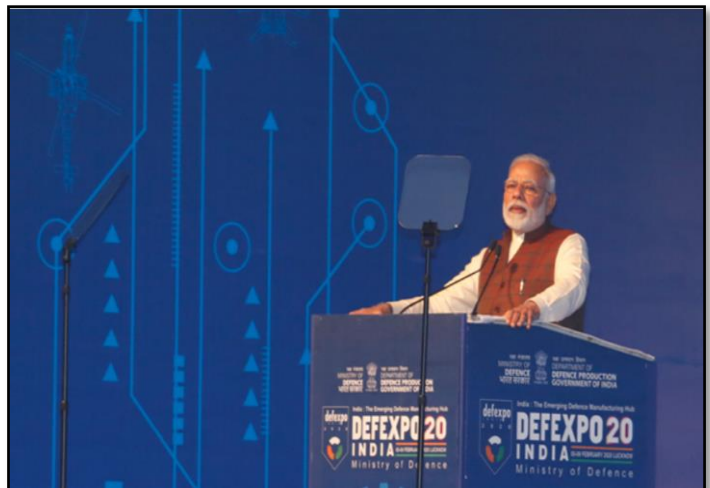




Source

### **DEFEXPO 2020: At a glance<sup>16</sup>**

The DefExpo 2020 was organised in the capital city of Lucknow (Uttar Pradesh) from February 5-8, 2020. The theme of the DefExpo 2020 was 'India: The Emerging Defence Manufacturing Hub'. The DEFEXPO 2020 offered an opportunity to the Original Equipment Manufacturers (OEMs) and their vendors to collaborate with the Indian defence industry to leverage the incentives available in the Corridor.



*Speaking about the DefExpo, Prime Minister Shri Narendra Modi said, “The DefExpo will provide the opportunity to professionals and industry to find new meeting grounds for developing military industrial enterprises.”*

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<sup>16</sup><https://static.investindia.gov.in/s3fs-public/inline-files/DEFENCE%20CORRIDOR%20-%20UTTAR%20PRADESH.pdf>



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7. <https://dfccil.com/Home/DynemicPages?MenuId=76>
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9. <https://www.narendramodi.in/category/news?sa=western-dedicated-freight-corridor>

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2. <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1579096>
3. <https://www.hindustantimes.com/india-news/up-defence-corridor-2-firms-invest-rs-580-crore-to-make-drones-101628770936984.html>
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### **Video References:**

1. [https://www.youtube.com/watch?v=5\\_re7zbmSC8](https://www.youtube.com/watch?v=5_re7zbmSC8)
2. <https://www.youtube.com/watch?v=FVrWgh6ppdg>
3. <https://www.youtube.com/watch?v=eqGgIbH9bX0>
4. <https://www.youtube.com/watch?v=YsAYbyow8Lc>
5. [https://www.youtube.com/watch?v=Kw5P\\_wiWJdI](https://www.youtube.com/watch?v=Kw5P_wiWJdI)
6. <https://www.youtube.com/watch?v=X8Uj9orFWM0>

### **Tweets:**

1. <https://twitter.com/narendramodi/status/984406315509350402>
2. <https://twitter.com/narendramodi/status/1448205734253039616?lang=en>
3. <https://twitter.com/rajnathsingh/status/1459117464814428162>
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