

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA
UNSTARRED QUESTION NO. 552
TO BE ANSWERED ON 04TH FEBRUARY, 2022

DEFENCE INDUSTRIAL CORRIDORS

552. SHRI MALOOK NAGAR:
SHRI RAJIV PRATAP RUDY:

Will the Minister of DEFENCE
be pleased to state:

- (a) whether the Government has set up defence industrial corridors in the country for production and manufacturing of defence equipment;
- (b) if so, the State/UT-wise details of locations where the said corridors are being set up particularly in Uttar Pradesh and Tamil Nadu along with estimated funds likely to spent thereon and the reasons for selecting these locations for the purpose;
- (c) the present status along with the investment made, employment potential and other benefits of such corridors;
- (d) the progress of the work carried out in the projects sanctioned/completed and incentives provided and supporting infrastructure proposed to be built in this regard;
- (e) whether Micro, Small & Medium Enterprises play a major role in these projects and if so, the details thereof along with the number and type of manufacturing units set up;
- (f) whether foreign investments are also being attracted for the projects and if so, the details thereof along with its implications on security; and
- (g) whether there is any proposal to set up defence industries corridor in Bihar and if so, the details thereof?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

- (a) & (b): The Government has established two Defence Industrial Corridors (DICs) in the country, one in Uttar Pradesh namely Uttar Pradesh Defence Industrial Corridor (UPDIC) and other in Tamil Nadu namely Tamil Nadu Defence Industrial Corridor (TNDIC) with an aim to attract investment of about INR 10,000 Crore in each corridor. Six nodes, namely Aligarh, Agra,2/-

Chitrakoot, Jhansi, Kanpur and Lucknow have been identified for UP Defence Industrial Corridor. Five nodes, namely Chennai, Coimbatore, Hosur, Salem and Tiruchirappalli have been identified for TN Defence Industrial Corridor. The nodes have been selected based on high potential for creation of end-to-end ecosystem for Aerospace and Defence sector development covering design, engineering and manufacturing.

(c) & (d): As per information received from State Governments, in UP Defence Industrial Corridor, Uttar Pradesh Expressways Industrial Development Authority (UPEIDA), the nodal agency, has signed 62 (sixty-two) Memorandum of Understandings (MoUs) with private / public industries, worth potential investments of approx. INR 8638 Crore. Out of 62 MoUs, 25 (twenty-five) proposals with potential investments of approx. INR 2527 Crore have been finalized and land has been allotted to the industries. In TN Defence Industrial Corridors, Tamil Nadu Industrial Development Corporation (TIDCO), the nodal agency, has made arrangements through MoUs etc. for potential investment of INR 11153 Crore by 40 Industries. Setting up of Defence Industrial Corridors aim to catalyse indigenous production of defence and aerospace related items, thereby reducing our reliance on imports and promoting export of these items to other countries which may create ample employment opportunities and growth of private domestic manufacturers; Micro, Small and Medium Enterprises (MSMEs); and start-ups. UP Government promulgated “Uttar Pradesh Defence & Aerospace Unit and Employment Promotion Policy” in 2018 and TN Government promulgated “Tamil Nadu Aerospace and Defence Industrial Policy” in the year 2019, offering incentives to the companies in form of Stamp duty incentives, Land cost incentives, Electricity tax exemption etc. Further, basic infrastructure support such as internal roads, drainage system, water and electricity supply etc. are also provided by the State Governments.

(e) & (f): Micro, Small & Medium Enterprises are the integral part for the successful implementation of both the corridors attracting investments in Aerospace and Defence sector. Presently out of total 81 MOUs signed by both the State Governments in two Defence Industrial Corridors, 30 are with MSMEs. In both the corridors, investments have been attracted from Anchor industries, MSMEs, including Foreign Original Equipment Manufacturers (FOEMs) and Start-ups. Even under Offset policy, higher multiplier of 2.0x level has been assigned for investment in Defence Corridors. As per the provisions of FDI policy in Defence sector, foreign investments in the sector is subject to security clearance by Ministry of Home Affairs. Further foreign investments in the defence sector are also subject to scrutiny on grounds of National Security and Government reserves the right to review any foreign investment in the Defence sector that affects or may affect National Security.

(g): At present there is no proposal for setting up of Defence Industrial Corridors in Bihar.
