



INCENTIVE FOR AEROSPACE AND DEFENCE SECTOR UNITS



S. N.	Particulars	Details
1.	Name of the department	Industries & Mines Department
2.	Policy title	Aerospace & Defence Policy
3.	Policy operational period	2016-2025

S. No.	Incentive Type	Eligibility Criteria/Description	Incentive Detail
1.	Land	For permissible construction activities such as jetties, ship building ship repair, ship breaking and related activities for A&D sector, Inter-tidal land	<ul style="list-style-type: none"> • Jantri Rate <ul style="list-style-type: none"> ○ Government land would be provided at 50% Jantri. ○ Inter tidal land falling under GMB will be provided with the prevailing GMB guidelines/regulations/Rules with the ownership of Govt./GMB. ○ Any other Inter-tidal land would be provided at 25% of the Jantri rate of adjoining revenue land. ○ To OEM to manufacturer in the state, the government land parcels will be identified and provided at Jantri Rate to the developer of A&D ancillary cluster. • Stamp Duty <ul style="list-style-type: none"> ○ 100% reimbursement of stamp duty and registration charges paid for on purchase of land. • PPP <ul style="list-style-type: none"> ○ The government will support to promote A& D testing ranges/sites in the state for testing of A&D products in PPP Model.
2.	Capital Investment Subsidy	MSME will be eligible for Capital Investment Cash subsidy on its eligible fixed capital investment as defined under this resolution (One time only)	<ul style="list-style-type: none"> • Micro unit - 25% of eligible fixed capital investment <ul style="list-style-type: none"> ○ Ceiling - Rs. 12.5 lakhs one time during the operative period of the scheme • Small unit - 25% of eligible fixed capital investment <ul style="list-style-type: none"> ○ Ceiling - Rs. 1.25 Cr. one time during the operative period of the scheme • Medium unit - 25% of eligible fixed capital investment <ul style="list-style-type: none"> ○ Ceiling - Rs. 2.5 Cr. one time during the operative period of the scheme
3.	Interest Subsidy	Duration: 5 years from first disbursement of Term Loan	<ul style="list-style-type: none"> • Mega A&D: <ul style="list-style-type: none"> ○ ECB (External Commercial Borrowings) - maximum of 2% or 50% of the interest rate at which the loan is availed per annum whichever is lower ○ Domestic borrowing - 5% or 50% of the rate of interest at which the loan is availed per annum whichever is lower ○ The total interest subsidy amount on ECB plus Domestic borrowing shall be maximum {10 crore per annum. • Large A&D: <ul style="list-style-type: none"> ○ ECB - maximum of 2% or 50% of the interest rate at which the loan is availed per annum whichever is lower ○ Domestic borrowing - 5% or 50% of rate of interest at which the loan is availed, per annum whichever is lower ○ The total interest subsidy amount on ECB plus Domestic borrowing shall be maximum 5 crore per annum

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			<ul style="list-style-type: none"> MSME: <ul style="list-style-type: none"> ECB - maximum of 2% or 50% of the interest rate at which the loan is availed per annum whichever is lower Domestic borrowing - 7% or 50% of rate of interest at which the loan is availed per annum whichever is lower The total interest subsidy amount on ECB plus domestic borrowing shall be maximum 1 crore per annum
4.	Reimbursement of Value Added Tax (VAT) and Central Sales Tax (CST)	Reimbursement of Value Added Tax (VAT)	<ul style="list-style-type: none"> An A&D enterprise would be allowed 100% reimbursement of net VAT and CST to the extent of 90% of the eligible Fixed Capital Investment made by it in the project for the period of 10 years from the Date of Commencement of Commercial Production (DoCP)
		Incentive Limit	<ul style="list-style-type: none"> Reimbursement of the tax amount levied on the goods sold outside the state; Reimbursement of the tax amount levied on the goods sold within the state; Reimbursement of the tax credit reversal under section 11(6) of the VAT Act, 2003; The enterprise shall be reimbursed up to the extent of tax actually realized in the government treasury with regard to above on the sale of the specified goods. The enterprise shall have to give an undertaking that the goods sold to Gujarat dealers would be further resold to customers within Gujarat as local sale only, and there would be no interstate sale of the goods by Gujarat dealers without value addition. If a Gujarat dealer seeks differential adjustment of tax credit by selling goods to customers outside Gujarat the amount of such differential adjustment shall be reduced from the amount of reimbursement to be allowed to the enterprise
		Other	<ul style="list-style-type: none"> Additional tax, if levied by the state government will not be eligible for reimbursement. Incentive to multiple enterprises in a single supply chain(downstream or upstream units/trades) will not be allowed, i.e. if a supply has been considered for tax incentive for an enterprise, then the same supply should not lead to incentive for an upstream or downstream unit
5.	Reimbursement of SGST	Reimbursement of SGST	<ul style="list-style-type: none"> Unit will be eligible for the reimbursement of 100% Net SGST paid for eligible products only to the extent of 90% of Eligible Fixed Capital Investment for the period of 10 years from the DoCP
6.	Incentive in Power Tariff and Electricity Duty		<ul style="list-style-type: none"> An A&D enterprise shall be given 100% exemption on Electricity Duty for the first 5 years from the date of commencement of commercial production, Existing enterprises undertaking expansion or diversification shall be entitled to exemption or reimbursement only for the additional electricity consumed
			<ul style="list-style-type: none"> An A&D enterprise that purchases power from a state owned Distribution company shall be given subsidy on Power Tariff of Rs.1 per unit in the billed amount for a period of 5 years from the date of commencement of production on the quantity of power purchased from the state owned Distribution Company
7.	Assistance for Skill Development	The state government shall reimburse the expense incurred by the enterprise for training of	<ul style="list-style-type: none"> Mega A&D enterprise: <ul style="list-style-type: none"> 50% of the cost of training, up to a maximum of 1 lakh per employee per annum subject to 25

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		its employees, in India or abroad, for the first 5 years, subject to the conditions mentioned:	<p>employees per industrial unit per annum with the ratio of 80% technical staff trainings and 20% for techno managerial staff trainings</p> <ul style="list-style-type: none"> • Large A&D enterprise: <ul style="list-style-type: none"> ○ 50% of the cost of training up to a maximum of t 1 lakh per employee per annum subject to 20 employees per industrial unit per annum with the ratio of 80% technical staff trainings and 20%for techno-managerial staff trainings. • MSME: <ul style="list-style-type: none"> ○ 75% of the cost of training up to a maximum of Rs.10,000 per employee per annum in house subject to 10 employees per industrial unit per annum with the ration of 80% technical staff trainings and 20%for techno-managerial staff trainings • The training period shall not be more than one year and only trainees domiciled in Gujarat would be eligible for this incentive. <p>• An enterprise shall be eligible for this assistance for manpower trained for a period starting one year prior to the date of commencement of production. However, the assistance shall be disbursed only after the commencement of commercial production</p>
8.	Assistance for R&D Centres		<ul style="list-style-type: none"> • To encourage research and development in the A&D sector in the state,50% capital subsidy, limited to 5 crores, shall be provided to an A&D enterprise or organization in setting up a R&D Centre in the state
9.	Equity Support		<ul style="list-style-type: none"> • The State Government may participate in the equity share capital of a Mega or Large A&D enterprise directly or through a State PSU. Such participation shall be decided by the government / CCCIPM on a case-to-case basis and would depend on the merits of each case. • In cases where the government decides to make equity investment, it shall enter into an agreement with the promoters of the enterprise specifying the terms and conditions for the equity participation.
10.	Other Support		<ul style="list-style-type: none"> • Centres of Excellence would be set-up in the State Universities in focus sectors of A&D. • The State Government shall endeavor to work with the Government of India to set-up a campus of a national level university or institution in the A&D sector in the state. • The State Government shall work with A&D Sector Skill Council, setup by the National Skill Development Corporation, for skill development. • The single window facilitation cell of the state government would offer market facilitation and market access services to A&D MSMEs, in the nature of: <ul style="list-style-type: none"> ○ Identification of new markets ○ Facilitation of interaction between MSMEs and representatives of identified markets