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महत्वपूर्ण सरकारी आज्ञायें।

Industries and Commerce (Group-1) Department

Notification

Jaipur, March 12, 2026

Rajasthan Aerospace and Defence Policy 2026

No F5 (64)/Industries/Gr-1/2025 :-

1. Preamble

In pursuit of India's vision of self-reliance in aerospace and defence, the Government of Rajasthan recognises the strategic and economic significance of this sector in enhancing national security, advancing indigenous capabilities, and generating high-value employment. Rajasthan's unique geographic advantage, robust infrastructure, defence presence, and progressive governance position it as a natural choice for aerospace and defence investments.

The Rajasthan Aerospace and Defence Policy 2026 is a forward-looking framework aimed at creating a globally competitive ecosystem for manufacturing, innovation, MRO, R&D, and allied services. This policy is designed to attract Original Equipment Manufacturers (OEMs), system integrators, MSMEs, startups, and skilling institutions into the aerospace and defence value chain.

Through this policy, the State commits to providing fiscal and non-fiscal incentives, plug-and-play infrastructure, land availability, skilling support, and a streamlined governance framework. It also aligns with national missions such as Atmnirbhar Bharat, Make in India, iDEX, and Defence Production & Export Promotion Policy (DPEPP), thereby creating a cohesive and future-ready industrial environment.

This policy sets forth Rajasthan's vision to emerge as a preferred destination for aerospace and defence manufacturing in India, strengthen dual-use innovation, and contribute meaningfully to India's strategic autonomy and global competitiveness.

2. Introduction

The Aerospace and Defence sector in India is poised at a transformational juncture, driven by a potent blend of strategic policy initiatives, robust market dynamics, and accelerating indigenous capabilities. The Indian Aerospace and Defence market, currently valued significantly, is underpinned by ambitious modernization programs, burgeoning private sector participation, and sustained governmental support aimed at positioning India as a global hub for aerospace and defence manufacturing.

India's commitment to bolstering its defence infrastructure is underscored by a substantial allocation in its recent budgets. For instance, in the Interim Budget of 2024, the Ministry of Defence (MoD) was allocated INR 6,21,540 crores, the highest amongst all ministries, making up approximately 13% of the total national budget. Notably, capital expenditure key to modernisation received INR 1,72,000 crores, a 5.78% increase compared to the previous fiscal year. A significant portion, amounting to INR 40,778 crores, was specifically earmarked for indigenous development of aircraft and aero engines, emphasizing India's commitment to self-reliance in defence technology. Furthermore, an additional INR 23,800 crores were allocated towards naval fleet modernization and INR 41,838 crores towards heavy and medium vehicles, indicating diversified investments across defence platforms.

India's aerospace sector has demonstrated significant prowess, manufacturing over 4,000 aircraft domestically, including major platforms like the LCA Tejas, ALH Dhruv, and Sukhoi 30. The strategic emphasis on 'Make in India' has led to robust collaborations between global aerospace giants and Indian entities, fostering a sophisticated ecosystem comprising Tier 1, 2, and 3 suppliers. These developments are backed by substantial policy support, including a streamlined Defence Procurement Procedure and ease of doing business reforms that have propelled India's ranking significantly upwards in the World Bank's Ease of Doing Business index.

The Indian space sector, integral to the broader aerospace market, is experiencing exponential growth. Driven by the government's vision for inclusive growth, India's space economy is set to significantly expand from USD 9.6 billion in 2020 to an estimated USD 12.8 billion by 2026. The Indian Space Research Organisation (ISRO) is increasingly engaging private players, enabling the growth of spacetechn startups, which saw investments surge by 196% year-on-year in 2021 alone. Strategic developments, including the deployment of small satellites, advancements in launch vehicle technology, and increasing demand for satellite-based services, underpin a buoyant outlook for the sector.

The private sector's growing involvement is particularly evident in India's rapidly maturing defence space segment, reflecting a paradigm shift from exclusive government-run operations to robust public-private partnerships. This transition aligns with global trends where commercial participation, innovation, and advanced manufacturing technologies are driving the aerospace and defence sectors' future trajectories.

As part of broader national strategic goals, India is actively fostering innovation ecosystems via initiatives like Innovations for Defence Excellence (iDEX) and the Defence Corridors projects which are designed to stimulate regional economic

development, enhance local manufacturing capabilities, and position India as a global defence manufacturing hub.

Rajasthan: A Strategic Investment Destination for India's Aerospace and Defence Sector

Rajasthan, with its strategic geographic position, robust infrastructure, and supportive governmental policies, presents an unparalleled opportunity for investment in the Aerospace and Defence sector. Its central location within India provides access to approximately 40% of the nation's market, positioning it strategically along vital industrial corridors, most notably the Delhi-Mumbai Industrial Corridor (DMIC). About 39% of the DMIC, a key artery for industrial logistics and commerce, passes through Rajasthan, offering potential investors prime access to major national and international markets.

Rajasthan's robust infrastructure further underscores its suitability for aerospace and defence investments. The state has extensive road networks with 10,477 km of national highways, the third largest in India, and a substantial rail network of 9,190 km, the second largest nationally. Rajasthan's aviation infrastructure includes seven domestic airports, one international airport, and an air-cargo facility, significantly bolstering logistics capabilities. RIICO (Rajasthan State Industrial Development and Investment Corporation), with over 54 years of industrial infrastructure experience, manages 425 industrial parks and sector-specific zones, thereby providing an organized industrial ecosystem.

2.1 Strong Economic Environment

Rajasthan's robust economic growth and favorable business climate are indicative of its industrial potential. The state's Gross State Domestic Product (GSDP) reached USD 197 billion in FY2024, with a consistent compound annual growth rate (CAGR) of 10% over the past decade. This economic stability provides a reassuring backdrop for investors, ensuring long-term investment security and sustained industrial growth.

Additionally, Rajasthan's export growth has been robust, with a CAGR of 11% over the past five years. The state's targeted annual growth rate of 15% in both manufacturing and service sectors reflects a strong commitment to economic development, job creation, and industry expansion.

The government's proactive economic policies, coupled with incentives designed to attract investment and support industrial activity, further enhance Rajasthan's appeal as an optimal investment destination in the aerospace and defence sectors. This conducive economic environment supports sustained industrial growth and long-term profitability for investors.

2.2 Established Defence Presence

Rajasthan's established defence presence includes strategic military installations and research facilities, significantly bolstering its defence readiness and operational capabilities.

- **The Southwestern Command**, headquartered in Jaipur, is a pivotal operational command of the Indian Army responsible for border security and rapid deployment of forces. This command manages critical tactical operations and maintains a state of heightened preparedness due to its proximity to the international border.
- **The Defence Research and Development Organisation's (DRDO) Defence Lab** in Jodhpur specialises in crucial strategic research, including advanced material sciences, camouflage technologies, and life estimation of weapons systems under harsh desert conditions. This facility not only supports national defence objectives but also facilitates innovative research and technological advancements essential for modern warfare.
- Further strengthening Rajasthan's defence capabilities is the **Mahajan Field Firing Range (MFFR)**, India's largest desert training facility. The MFFR offers extensive terrain ideal for comprehensive training exercises, simulating realistic battlefield conditions. The vastness and harshness of this training area make it an unparalleled location for military exercises and training programs, enhancing combat readiness and tactical proficiency of the armed forces.

2.3 Robust Supporting Industries

Rajasthan's robust industrial ecosystem provides critical support to the Aerospace and Defence manufacturing sectors, leveraging its existing industrial strengths.

- The state's **Metal Machining Sector**, which includes specialised steel, copper, and brass units, is crucial for manufacturing ammunition and other defence components. These industries provide essential raw materials and components, ensuring seamless integration into the A&D manufacturing supply chain.
- The well-established **Automotive Industry Ecosystem** in Rajasthan further enhances the state's attractiveness. Over 100 companies operate across various segments such as engines, transmissions, electronic components, and automotive parts. These industries offer substantial synergies for defence equipment manufacturing, including mechanical and electronic gadgetry, critical for various defence applications.
- The state also hosts a significant **Maintenance, Repair, and Overhaul (MRO)** facility operated by Bharat Electronics Limited (BEL) in Jodhpur. This facility provides strategic equipment maintenance, tool-room capabilities, and specialised research and development, all vital for sustained operational readiness and long-term equipment reliability in defence applications.

2.4 Flexible Land Availability

Rajasthan offers abundant land resources that are strategically positioned and highly suitable for aerospace and defence manufacturing and testing operations. The state has substantial government-owned land parcels, as well as privately held land, available for development into manufacturing units, testing sites, and research facilities.

The government's proactive approach facilitates flexible public-private partnerships, significantly easing land acquisition and aggregation processes. This approach reduces entry barriers and accelerates the setup process for industries, fostering rapid industrial growth. The availability of economic, undeveloped lands in remote desert areas and abandoned airstrips further provides ideal conditions for specialised activities such as explosive manufacturing, testing of air weaponry, and advanced R&D centres.

2.5 Skilled Workforce Availability

Rajasthan's educational infrastructure creates a steady and sustainable flow of skilled manpower, essential for the A&D industry's growth. The state boasts over 100 engineering colleges that produce thousands of qualified engineers annually, providing a strong technical workforce base.

Furthermore, the presence of 1,600 Industrial Training Institutes (ITIs) and numerous dedicated skill universities ensures a continuous supply of trained technicians and specialists. These institutions offer specialized training programs tailored to meet industry-specific requirements, ensuring that graduates are well-equipped with practical skills and technical knowledge pertinent to aerospace and defence manufacturing.

The state government's initiatives towards skill development and continuous improvement in technical education further enhance workforce capabilities, making Rajasthan an attractive destination for investors looking for competent and industry-ready personnel.

3. Scope of Policy

The scope of the Rajasthan Aerospace and Defence Policy 2026 encompasses the promotion of manufacturing, research, testing, and services across the aerospace and defence value chain. It applies to new units engaged in aircraft, UAVs, missiles, avionics, defence electronics, MRO, and precision engineering. Eligible entities include OEMs, MSMEs, startups, R&D centres, and training institutes. The policy supports both civilian and defence applications, across greenfield projects. It aims to attract investments, foster innovation, and integrate Rajasthan into global supply chains by leveraging its industrial parks, defence infrastructure, and skilled manpower. All activities must align with national security and regulatory frameworks.

3.1 Vision

The vision of the Rajasthan Aerospace and Defence Policy 2026 is to position the state as a premier destination for aerospace and defence manufacturing, innovation, and services. The policy aims to build a globally competitive ecosystem that attracts leading OEMs, empowers MSMEs and startups, and fosters self-reliance through indigenous production. By leveraging Rajasthan's strategic location, robust infrastructure, and skilled talent pool, the policy envisions contributing significantly

to national defence preparedness and integrating the state into global aerospace and defence value chains.

3.2 Applicability

- 3.2.1** New and existing manufacturing and service enterprises investing in and establishing new units.
- 3.2.2** Existing enterprises investing in expansions as defined in Clause 4.14.
- 3.2.3** Enterprises acquiring an asset under liquidation or resolution proceedings by the order of NCLT under The Insolvency and Bankruptcy Code, 2016 shall be eligible if they make a minimum additional investment equivalent to 25% of the acquisition cost of such asset, provided the unit undergoing liquidation or resolution (as the case may be) had not obtained any benefits of any past RIPS.
- 3.2.4** Only investments made, and employment generated by an enterprise in Rajasthan will be considered eligible investment & employment for applicable incentives and boosters under this Policy.
- 3.2.5** Unless specified otherwise, the Enterprise must commence commercial production or operation during the operative period of the Policy or as approved by the Appropriate Sanctioning Committee.

3.3 Eligibility

3.3.1 Aerospace and Defence Manufacturing Enterprises:

- a. The minimum investment required will be INR 50 crores.
- b. For existing Large/ Mega/ Ultra Mega enterprises making expansion investments, the minimum investment should be such that it meets the expansion criteria as defined in Clause 4.14 (benefits to be offered as per EFCI in expansion).
- c. For MSMEs registered with Government of India, the minimum investment required to avail incentives under this package shall be INR 25 crores (Investments between INR 25-50 crores to be treated under large category).

3.3.2 Aerospace and Defence Service Enterprises:

- a. For projects to be eligible under the Services Standard Package, minimum EFCI required will be INR 25 Cr.

3.4 Policy Period

The Rajasthan Aerospace & Defence Policy 2026 shall come into force on the date of its notification and shall remain in force for a period of five (5) years from that date, or until a new or revised policy is notified by the Government, whichever is earlier.

3.5 Nodal Department

The office of the Commissioner of Industries and Commerce, Government of Rajasthan, shall be the nodal department for the implementation of the Rajasthan Aerospace & Defence Policy 2026. It shall be responsible for processing applications for incentives, as prescribed under the policy, and for coordinating with relevant State Government departments and agencies to facilitate the extension of other benefits envisaged herein. RIICO will be the supporting agency for implementation of this policy.

3.6 Aerospace & Defence - Focus Sub Sectors

The policy supports eligible enterprises across aircraft, UAVs, defence manufacturing and services, avionics, MRO, space systems, propulsion, robotics, and strategic electronics. This list is indicative, and any aerospace or defence-linked entity meeting the eligibility criteria may apply under the policy.

3.6.1 Manufacturing Focus Sub Sectors

- a. Aircraft, Helicopter, and UAV Manufacturing: Design, assembly, and testing for commercial, civil, and defence applications.
- b. Avionics and Aerospace Electronics: Navigation, radar, communication, control systems for aerospace and defence platforms.
- c. Space Systems and Subsystems: Launch vehicle components, satellite buses, antenna systems, and propulsion modules.
- d. Satellite Applications and Payloads: Remote sensing, communication, navigation, weather, and military payloads.
- e. Defence Manufacturing: Arms, ammunition, armoured vehicles, radar, missile systems, and tactical gear.
- f. Precision Engineering and Components: High-accuracy parts, CNC-machined components, aerospace-grade fasteners and assemblies.
- g. Propulsion Systems: Jet engines, rocket engines, hybrid propulsion, and fuel systems.
- h. Tooling, Fixtures, and Ground Handling Equipment: Custom jigs, fixtures, MRO equipment, trolleys, and Ground Support Equipment (GSE).
- i. Strategic Electronics and Embedded Systems: Defence-grade microelectronics, real-time control systems, and embedded firmware.
- j. Robotics and Autonomous Systems: Drones, guided vehicles, exoskeletons, battlefield automation platforms.

3.6.2 Service Focus Sub Sectors

- a. Maintenance, Repair, and Overhaul (MRO): Services for aircraft, rotorcraft, and UAVs across domestic and international fleets.

- b. Aviation and Defence Training & Simulation: Pilot training academies, flight simulators, defence combat simulators, UAV operator training centres, and skill development institutes for technical and ground staff.
- c. Design, Testing, and Certification Services: Aerostructure design, airworthiness certification, prototype testing, software validation, and component testing facilities accredited by DGCA, CEMILAC, or equivalent authorities.
- d. Aerospace R&D and Engineering Services: Centres focusing on research, innovation, and product engineering in propulsion, materials, avionics, and advanced manufacturing technologies.
- e. Logistics, Supply Chain, and Warehousing: Specialised logistics for aerospace and defence equipment, bonded warehousing, temperature/humidity-controlled storage, and secure logistics corridors.
- f. Defence IT, Cybersecurity, and Systems Integration: Secure software, data protection systems, command & control integration, simulation models, and cyber-defence solutions.
- g. Calibration, Testing, and Quality Assurance: NABL/ ISO-certified testing and calibration facilities for aerospace components, fuels, materials, and electronics.
- h. Consultancy, Certification, and Compliance Services: Advisory and certification support for ISO, AS9100, DO-178C, MIL-STD, and defence offset compliance.
- i. Aftermarket Support and Lifecycle Management: Asset tracking, component refurbishment, upgrade programs, and performance-based logistics for aircraft and defence systems.
- j. Space Operations and Satellite Services: Ground stations, data processing centres, satellite communication hubs, launch integration services, and mission management.

3.7 Policy Objectives

The policy aims to promote indigenous manufacturing, attract global investment, empower MSMEs and startups, and develop advanced infrastructure. It seeks to enhance skill development, foster innovation and R&D, support dual-use technologies, and boost exports. These objectives position Rajasthan as a competitive hub in the global aerospace and defence ecosystem. The key objectives include:

3.7.1 Promote Indigenous Manufacturing and Service

Foster self-reliance by encouraging domestic production and servicing of aerospace and defence platforms, components, and systems.

3.7.2 Attract Investment and Technology

Position Rajasthan as an investment hub for global OEMs and suppliers by offering a conducive policy and infrastructure environment.

3.7.3 Enable MSME and Startup Growth

Strengthen local enterprises and startups through targeted incentives, vendor development, and integration into global value chains.

3.7.4 Develop World-Class Infrastructure

Establish sector-specific industrial zones, MRO hubs, and testing facilities aligned with aerospace and defence requirements.

3.7.5 Enhance Skilling and Employment

Create a skilled workforce through dedicated training centres, industry-academia partnerships, and on-the-job skilling programs.

3.7.6 Boost Research, Design, and Innovation

Encourage R&D, IP creation, and product design capabilities in collaboration with academic and private research institutions.

3.7.7 Support Dual-Use Technologies

Facilitate innovation in technologies with both civil and military applications like AI, robotics, advanced materials, and embedded systems.

3.7.8 Promote Exports and Global Linkages

Support the development of globally competitive products and integrate Rajasthan into international aerospace and defence supply chains.

4. Definitions

The underlying definitions will provide the clarity and understanding to all the stakeholder and set uniformity, for proper interpretation and implementation.

General Definitions

4.1 The definitions provided under Points 4.1 to 4.5, for the purpose of this Policy, shall be governed by Section 9.1.1 (General Definitions) of RIPS 2024, or by the corresponding provisions of the prevailing RIPS, as applicable. The definitions in effect at the time of publication of this Policy are as follows: Ancillaries

Ancillaries means an enterprise which uses products and its byproducts in manufacturing of distinct and different commodities other than products of the mother unit, is located within 50 km radius of the mother unit and supplies greater than 50% of their total production to the mother unit annually.

4.2 Enterprise

Enterprise means an industrial undertaking or a business concern or any other establishment by whatever name called, engaged in manufacturing of goods, in any manner, or engaged in providing or rendering of service or services.

4.3 Existing Enterprise

Existing Enterprise means a manufacturing or service enterprise that is engaged in commercial production or operation before or during the operative period of the Policy.

4.4 Exporter

Exporter means the unit bearing Import - Export Code & RCMC with the concerned EPC/ Board/ Authority/ Organisation.

4.5 New Unit

New Unit means a new manufacturing or service enterprise and includes a unit set up by an existing enterprise for manufacturing products or providing services, having separately identifiable books of accounts and depositing the taxes and duties leviable under any State Act including Provident Fund separately.

4.6 Policy

Policy means Rajasthan Aerospace & Defence Policy 2026.

4.7 RIICO

RIICO means 'Rajasthan State Industrial Development & Investment Corporation Ltd'.

4.8 Government/ State

The Government or the State means the Government of Rajasthan.

4.9 Year

Year means financial year (From 1st April to 31st March).

Incentives Related Definitions

The definitions provided under Points 4.10 to 4.21, for the purpose of this Policy, shall be governed by Section 9.1.2 (*Incentive Related Definitions*) of RIPS 2024, or by the corresponding provisions of the prevailing RIPS, as applicable. The definitions in effect at the time of publication of this Policy are as follows:

4.10 Anchor Investors

The first 3 eligible enterprises making a mega or ultra-mega project category investment in each of the Aerospace and Defence Parks as mentioned in Clause 5.1.1 and 5.1.2.

4.11 MSME

The definition of Micro, Small & Medium Enterprises (MSMEs) as defined by Government of India (as amended from time to time), will be considered for applicability of MSME-related benefits under this policy.

Classification	Description
Micro	Investment in Plant and Machinery or Equipment: Not more than INR 2.5 crore and Annual Turnover not more than INR 10 crore

Small	Investment in Plant and Machinery or Equipment: Not more than INR 25 crore and Annual Turnover not more than INR 100 crore
Medium	Investment in Plant and Machinery or Equipment: Not more than INR 125 crore and Annual Turnover not more than INR 500 crore

4.12 Commencement of Commercial Production/ Operation

- 4.12.1** For a new enterprise, the date on which the enterprise issues the first bill of supply/ invoice/ tax invoice of the goods manufactured and/or of services rendered related to the investment made under the Policy.
- 4.12.2** For an existing enterprise making investment for expansion, the date on which the enterprise issues the first bill of supply/ invoice/ tax invoice of the goods manufactured and/ or of services rendered after completion of expansion.

4.13 Employment

Employment means employees are on the permanent payroll of the respective enterprises, i.e., receive wages or salary directly from the enterprise and which will include contract labour engaged for at least 6 months of the year. The percentage of contract labour engaged should not exceed 40% of total labour force.

4.14 Expansion

Expansion means the creation of additional capacity for production of goods or operational capacity for services, either in the same line of production/operation or through a new product line or a new line of services, by an existing enterprise at the same or a different site, involving additional investment.

Such expansion shall involve a minimum investment of INR 50 crore for Manufacturing Enterprises and INR 25 crore for Service Enterprises and shall further constitute at least 25% of the existing investment of the enterprise while resulting in an incremental capacity of not less than 20%.

4.15 Environmental Projects

Environmental projects shall mean:

4.15.1 Environmental Infrastructure Facilities

- Effluent Treatment Plant & Common Effluent Treatment Plant
- Establishing "Reuse and Recycling of Industrial Waste, electronic waste & plastic waste Plant"
- Augmentation and technology upgradation of existing ETPs & CETPs
- Common spray dryer, common multiple effect evaporator

- e. Implementation of cleaner production technology in place of existing process such as substitution & optimization of raw material, reduction in water consumption or energy consumption or waste generation
- f. For environment management project with use of clean, Efficient and Innovative Pollution Control Equipment
- g. Installation of online Continuous Stack Emission Monitoring Systems (CEMS)
- h. Setting Up of Environment Management System including setting up of Environment Management Laboratory
- i. Purchase of new equipment/ system related to safety, occupational health or for environment compliances for common use of enterprise located in cluster
- j. Development of Green Estate & Green Buildings for set up/ relocation/ retrofitting of existing polluting industrial units into Green Industrial Estates
- k. Green Buildings which obtain green rating under the Indian Green Building Council (IGBC/ LEED Certification)

4.15.2 Zero Liquid Discharge

Zero Liquid Discharge Based Treatment Plant means an effluent treatment plant in which the effluent water is either used or fully evaporated, and no effluent is discharged out of factory premises, as certified by the Rajasthan State Pollution Control Board.

4.15.3 Air Pollution Control Measures

Air Pollution Control Measures will be applicable for those green interventions which the State deems fit.

4.15.4 Water Conservation Solutions

- a. Wastewater treatment and recycling systems using technologies such as Activated Sludge Process (ASP), Membrane Bioreactors (MBR), Reverse Osmosis (RO), etc. to increase supply and use of treated water.
- b. Smart Solutions/IoT for Water and Wastewater to reduce dependency on manpower, enhance business continuity and remote operations using smart meters/ pumps/ sensors, data analytics, and cloud solutions.
- c. Adopting rainwater harvesting; restoring water bodies by de-silting defunct water bodies within the premises.
- d. Zero Liquid Discharge Solutions.

4.15.5 Energy Efficiency Solutions

Energy Efficiency Solutions means industries falling under the Rajasthan Green Rating system by meeting the eligibility criteria defined in the Green Rating of Industries in Rajasthan Policy.

4.15.6 Air Quality/ Emission Reduction Measures

Air Quality/ Emission Reduction Measures will be applicable for those green interventions which the State deems fit.

4.16 Eligible Fixed Capital Investment (EFCI)

Investment or Eligible Fixed Capital Investment (EFCI) means investment made by an enterprise in fixed assets, in the following, up to the date of commencement of commercial production:

4.16.1 Price paid for the land

4.16.2 Cost of new factory sheds and other new industrial buildings

4.16.3 Price paid for new plant and machinery

4.16.4 Other investment made in new fixed assets essential for the production of the unit as approved by the appropriate Sanctioning Committee

4.16.5 In case of eligible Service Enterprises the price paid for new air conditioning, servers, computers, printers, IT infrastructure, essential furniture & fixtures, equipment, office equipment and audio-visual equipment; and other investment made in new fixed assets essential for the rendering of services as approved by the appropriate Sanctioning Committee.

Provided that investment made in:

4.16.6 Land in excess of 30% of the total investment/EFCI made; and

4.16.7 Purchase of existing factory sheds, industrial buildings; and

4.16.8 Old plant and machinery; and

4.16.9 Plant and machinery transferred from other locations by the Enterprise shall not be included in investment/ EFCI; and

4.16.10 Provided further that eligible investment made, in purchase of unit / assets under liquidation or resolution proceedings by the order of NCLT under The Insolvency and Bankruptcy Code, 2016, or a manufacturing enterprise which has been taken over before the commencement or during the operative period of this Policy and sold during the operative period of the Policy by RIICO/ RFC/ Central Financial Institutions/ Banks shall be allowed for computation of EFCI (basis the eligibility criteria defined in the policy).

4.17 Ineligible Expenses

Appropriate Sanctioning Committee shall retain the discretion to exclude certain non- productive expenses from incentive eligibility.

4.18 Net Sales Turnover

4.18.1 Manufacturing Enterprise

Net Sales Turnover means the aggregate value of the realisation of amount made from the sale of manufactured goods by the enterprise during a financial year. Income from other sources (non-operating activities) like interest received, grants or subsidies, trading activity, resale of products I goods will not be counted under turnover.

4.18.2 Service Enterprise

Net Sales Turnover for Services means operating revenue generated in return for completing a service. It includes any service that the business provides, whether or not the customer makes payment. Revenue from shipment of goods or interest or other non-operating sources such as dividend income, investments, foreign exchange write-offs or any write-downs from business assets will not be eligible for calculating net sales turnover for turnover linked incentives for service enterprises.

4.19 Present Value

Present Value means the current value of a future sum of money or stream of cash flows given a specified discount rate.

4.20 State Tax due and deposited

State Tax due and deposited means:

4.20.1 The amount of State Tax (SGST) paid through debit in the electronic cash ledger account maintained by the enterprise in terms of sub-section (1) of section 49 of the Rajasthan Goods and Service Tax Act, 2017 (Act No. 9 of 2017) after utilisation of the available amount of input tax credit of the State tax (SGST) and Integrated tax (IGST); and/or

4.20.2 The amount of VAT and CST which have become due and have been deposited by the enterprise, as applicable, related to the period for which benefits under the Policy has been claimed.

4.21 Term Loan

Term Loan means term loan taken by enterprise from Financial Institutions or State Financial Institutions or Banks recognised by Reserve Bank of India.

4.22 Cluster

A cluster for this policy is defined as a group of at least 20 enterprises located within a district and engaged in the manufacturing, design, integration, testing, MRO, or assembly of products and systems related to aerospace, defence, or dual-use technologies. The cluster shall consist of units operating in the same or similar

product value chains, utilising similar production processes, core technologies, or workforce skills.

- 4.22.1** All member enterprises must be involved in related activities along the aerospace and defence value chain—including, but not limited to, aircraft systems, UAVs, satellite components, defence electronics, avionics, propulsion, and advanced materials— sharing similar technology platforms, skill sets, or production methods.
- 4.22.2** Enterprises must demonstrate interconnected manufacturing processes, defence- grade production inputs, or mutual consumption of intermediate components or subsystems, highlighting operational and value chain synergy.
- 4.22.3** Units must collectively propose the development and/ or utilisation of shared infrastructure such as prototyping labs, wind tunnels, electronics testing facilities, or composite material shops—and/or apply for incentives through a registered Special Purpose Vehicle (SPV) or any other recognised institutional entity.

4.23 SPV

A Special Purpose Vehicle (SPV) for this policy shall be a non-profit entity, registered as a company under Section 8 of the Companies Act, 2013, formed exclusively for the development, operation, and management of a Common Facility Centre (CFC) or other shared infrastructure. The SPV shall comprise a minimum of 20 aerospace and defence enterprises, with no upper limit on participating units.

- 4.23.1** The SPV shall operate on a mutual benefit model to support productivity, compliance, innovation, and market access for its members.
- 4.23.2** All participating enterprises must be financially and managerially independent, with no single member holding more than 5% equity (or equivalent capital contribution) in the SPV.
- 4.23.3** The SPV shall bear exclusive responsibility for establishing and managing sector- specific infrastructure such as calibration labs, flight-testing zones, qualification facilities, or R&D centres, deemed admissible under the scheme.
- 4.23.4** The SPV shall submit a legal agreement and governance framework that clearly articulates the rights, responsibilities, financial contributions, and voting powers of all member enterprises.

4.24 Common Facility Centre (CFC)

A Common Facility Centre (CFC) in the A&D cluster context refers to a shared infrastructure asset that provides specialised services and facilities required for the high-precision, capital- intensive, and quality-sensitive nature of aerospace and defence manufacturing. These facilities cater to the collective needs of MSMEs and

OEM suppliers that cannot individually invest in such resources. Admissible CFC components may include:

- 4.24.1 Common Processing Facilities e.g. metal forming shops, CNC-based fabrication centres, and composite curing facilities.
- 4.24.2 Specialised Testing Infrastructure e.g., EMI/EMC labs, vibration testing, environmental chambers, or wind tunnels.
- 4.24.3 Product Design and Incubation Centres for prototyping, simulation, and CAD/ CAM support.
- 4.24.4 Quality Certification and Standards Facilities NABL-accredited labs, AS9100/ ISO- certified testing centres.
- 4.24.5 Packaging and Dispatch Infrastructure for sensitive and export-bound aerospace components.
- 4.24.6 Skilling and Training Infrastructure that includes advanced training centres for CNC programming, avionics assembly, drone repair, and aerospace welding.
- 4.24.7 R&D and Innovation Labs as jointly maintained facilities to support advanced materials, electronics miniaturisation, or propulsion technologies.
- 4.24.8 Common Logistics and Warehousing for inventory storage, bonded warehousing for export-ready defence products.
- 4.24.9 Raw Material and Components Bank for bulk procurement of titanium alloys, defence electronics, composites, etc.
- 4.24.10 Backward/ Forward Linkage Facilities including subassembly shops and final integration centres.
- 4.24.11 Export Enablement Infrastructure providing facilities such as certification, documentation, and packing support for global supply chains.
- 4.24.12 Any other facility as approved by the Appropriate Sanctioning Committee that enhances competitiveness, innovation, or export-readiness of the A&D cluster.

Aerospace & Defence Sector Definitions

4.25 Aerospace and Defence Sector Enterprise

For the purpose of this Policy, an Aerospace and Defence (A&D) Enterprise means any industrial or service enterprise, including a startup, MSME, or large unit operating within the aerospace, defence, space, or internal security manufacturing and service value chains, engaged in one or more eligible activities listed herein, and satisfying the eligibility criteria and approval of the Appropriate Sanctioning Committee.

Such enterprises may be involved in the design, development, prototyping, assembly, integration, manufacturing, testing, servicing, repair, R&D, training,

simulation, or operation of products, systems, or services for civil, commercial, or defence applications, directly or through supply chain linkages with Government or private A&D entities.

4.26 Categories of Aerospace & Defence Sector Enterprises

A&D Enterprises shall include both Manufacturing and Service units, as detailed below:

4.26.1 Manufacturing Enterprises

Units engaged in one or more of the following:

- a. Design, engineering, manufacture, or assembly of materials, components, sub- assemblies, systems, tooling, ground support equipment, software/firmware, or integrated platforms for aerospace, space, defence, or internal security applications.
- b. Production of aircraft, rotorcraft, UAVs, satellites, propulsion systems, or related launch infrastructure.
- c. Manufacturing of arms, ammunition, missiles, armoured vehicles, radar, optronics, or communication systems.
- d. Production of defence-grade electronics, avionics, navigation, and surveillance systems.
- e. Precision engineering, additive manufacturing, and advanced material components (lightweight alloys, composites, ceramics).
- f. Specialised infrastructure construction for A&D facilities such as hangars, test bays, blast-proof storage, clean rooms, or EMI/ EMC and NDT labs.
- g. Green and sustainable aviation technologies including sustainable aviation fuels (SAF), hydrogen propulsion, or low-emission aerospace systems.

4.26.2 Service Enterprises

Units engaged in one or more of the following:

- a. Maintenance, Repair and Overhaul (MRO) services for aircraft, engines, UAVs, avionics, or defence platforms.
- b. Aviation and Defence Training & Simulation centres, including pilot training academies, combat simulators, UAV operator training, and skill development institutes.
- c. Design, testing, certification, calibration, and quality assurance facilities accredited by competent authorities (DGCA, DGAQA, CEMILAC, DRDO, or equivalent).

- d. Aerospace R&D, engineering services, and innovation hubs working on propulsion, materials, avionics, or advanced manufacturing technologies.
- e. Logistics, warehousing, and secure supply chain operations for A&D equipment, including bonded or temperature-controlled facilities.
- f. Defence IT, cybersecurity, and systems integration — including digital twins, C4ISR systems, or secure software solutions.
- g. Aftermarket support, lifecycle management, and performance-based logistics for A&D products.
- h. Consultancy, certification, and compliance services related to ISO, AS9100, DO- 178C, MIL-STD, and defence offset regulations.
- i. Space operations and satellite services including ground stations, mission control, and data processing centres.

4.26.3 Tiered Supply Chain and Value Chain Linkages

Enterprises that supply components, sub-assemblies, test equipment, software, or services to:

- a. Indian or foreign OEMs, Tier-1, Tier-2, or Tier-3 vendors engaged in A&D production.
- b. Government defence PSUs (e.g. HAL, BEL, BDL, BEML), DRDO, ISRO, InSpace, NSIL, or equivalent private defence integrators.
- c. The Indian Armed Forces (Army, Navy, Air Force), Coast Guard, Central Armed Police Forces (CAPFs), and internal security agencies; or
- d. Airport/ ATM operators, air navigation service providers, and certified MRO operators supporting A&D systems.

4.26.4 Strategic, Licensing, and Compliance Criteria

- a. An enterprise shall be recognised as an A&D Enterprise if it meets any of the following criteria or evidence:
- b. Holds valid aerospace/ defence certifications such as AS9100, NADCAP, AQAP, or equivalent international standards.
- c. Holds industrial licences under the Arms Act or is listed under DPIIT's Defence Licensing List.
- d. Is a registered vendor or approved supplier with DPSUs, Armed Forces, ISRO, or other authorised government entities.
- e. Holds valid purchase orders, contracts, or long-term agreements with OEMs, Tiered suppliers, or defence/ space agencies.

- f. Has undertaken offset-eligible work, Make-I/ II projects, or iDEX participation under the Defence Acquisition Procedure (DAP) or equivalent frameworks.
- g. Operates facilities licensed or cleared for restricted processes, explosives, bonded storage, or secure data management relevant to A&D.
- h. Has received R&D or manufacturing grants/ contracts from central or state defence/ space agencies or under public-private partnership programs.

4.26.5 Emerging and Dual-Use Enterprises

Enterprises developing or supplying dual-use goods, technologies, or systems with verified or potential military, space, or internal security applications shall qualify as A&D Enterprises, provided that they conform to A&D program standards or supply to a recognised A&D bill of materials.

4.26.6 Exclusions and Integration

- a. Purely generic commercial enterprises without demonstrable aerospace, defence, space, or security linkages or those not conforming to relevant programme standards, certifications, or supply frameworks shall be excluded from recognition under this category.
- b. For avoidance of doubt, any enterprise engaged in any of the above manufacturing or service activities and meeting two or more objective evidence of compliance shall be deemed an Aerospace & Defence (A&D) Enterprise, eligible for consideration under this Policy, subject to approval by the Appropriate Sanctioning Committee.

5. Incentives

5.1 Eligibility

5.1.1 RIICO Designated Aerospace and Defence (A&D) Parks

In a strategic move to catalyse the growth of the Aerospace and Defence (A&D) manufacturing ecosystem in Rajasthan, RIICO (Rajasthan State Industrial Development and Investment Corporation) is poised to establish dedicated Aerospace and Defence Parks at select locations, which will be notified or designated by it from time to time. These specialised parks will offer a secure, innovation-driven, and infrastructure-ready environment, tailored to the operational, technological, and regulatory needs of Aerospace and Defence (A&D) Manufacturing Enterprise, including OEMs, Tier-1 and Tier-2 suppliers, component manufacturers, MROs, and precision engineering units.

5.1.2 Private Aerospace and Defence (A&D) Parks

In addition to RIICO-developed parks, the Rajasthan Industrial Park Promotion Policy 2026 also enables the development of Aerospace and Defence-focused private industrial parks. These parks may be developed either independently by private developers or in partnership with RIICO under Public-Private Partnership (PPP) mode.

5.1.3 Eligible Enterprise

The Aerospace and Defence Manufacturing Package specified herein shall be applicable to all Aerospace and Defence (A&D) Manufacturing Enterprises as defined in clauses 4.25 and 4.26 establishing their units in the RIICO designated A&D Parks and Private A&D Parks as mentioned in Clause 5.1.1 and 5.1.2. and meeting the following eligibility criteria.

- The minimum investment required will be INR 50 crores for manufacturing enterprises.
- The minimum investment required will be INR 25 crores for service enterprises.

5.2 Project Category for Aerospace and Defence Enterprise

An Aerospace and Defence (A&D) Enterprise as defined in subject to verification of compliance with the criteria specified therein. The project categories shall be determined in accordance with Section 3.1.2.1 of RIPS 2024 for Manufacturing Projects and Section 3.2.2.1 of RIPS 2024 for Services Projects, or by the corresponding provisions of the prevailing RIPS, as applicable. The categories in effect at the time of publication of this Policy are as follows:

Project Category	Manufacturing Enterprise	Service Enterprise
Large	An enterprise with an: EFCI of INR 50 Cr. to < INR 300 Cr. Or Employment Generation of 100 with minimum EFCI of INR 50 Cr.	An enterprise with an: EFCI of INR 25 Cr. to < INR 100 Cr. Or Employment Generation of 500 with minimum EFCI of INR 25 Cr.
Mega	EFCI of INR 300 Cr. to < INR 1,000 Cr. Or Employment Generation of 250 with minimum EFCI of INR 150 Cr.	EFCI of INR 100 Cr. to < INR 250 Cr. Or Employment Generation of 2,000 with minimum EFCI of INR 75 Cr.
Ultra Mega	EFCI of more than INR 1,000 Cr.+ Or Employment Generation of 750 with minimum EFCI of INR 500 Cr.	EFCI of more than INR 250 Cr.+ Or Employment Generation of 4,000 with minimum EFCI of INR 150 Cr.

Projects pertaining to the Aerospace and Defence sector shall be eligible to avail benefits under Section 3.3 (Sunrise Package) of RIPS 2024, or under the

corresponding clauses of the prevailing RIPS, as applicable. For the purpose of incentive calculation for projects approved under this Policy, Area Category 3 shall be deemed applicable, irrespective of the original area categorisation assigned to the tehsil in which the project is located. The applicable incentives as per Section 3.3 of RIPS 2024, effective at the time of publication of this Policy, are as follows:

Incentives for projects in the Aerospace and Defence Sector

5.3 Asset Creation Incentive

The options stated below are mutually exclusive and an eligible enterprise must make a one- time, irreversible choice while applying for seeking Asset Creation Incentive. Eligible Enterprises can avail either of –

- Investment Subsidy
- Capital Subsidy
- Turnover Linked Incentive

5.3.1 Investment Subsidy

A reimbursement of 75% of State tax due and deposited for a period of 7 years with subject to the following annual ceiling:

Year	Manufacturing Enterprise	Service Enterprise
Year 1 to 3	Up to INR 50 Cr.	Up to INR 10 Cr.
Year 4 to 7	Up to INR 65 Cr.	Up to INR 15 Cr.

5.3.2 Capital Subsidy

Eligible Enterprises can avail Capital Subsidy based on the project category as outlined in the table below as a fixed percentage of EFCI in annual instalments of 10 years post commencement of commercial production:

Project Category	Manufacturing Enterprise	Service Enterprise
Large	20% of EFCI	14% of EFCI
Mega	23% of EFCI	16% of EFCI
Ultra Mega	28% of EFCI	20% of EFCI

Capital Subsidy shall be subject to the annual ceiling as follows:

Year	Manufacturing Enterprise	Service Enterprise
Year 1 to 3	Up to INR 50 Cr.	Up to INR 10 Cr.
Year 4 to 7	Up to INR 65 Cr.	Up to INR 15 Cr.
Year 8 to 10	Up to INR 80 Cr.	Up to INR 20 Cr.

5.3.3 Turnover Linked Incentive

Eligible Enterprises can avail Turnover Linked Incentive based on the project category as outlined in the table below as a fixed percentage of Net

Sales Turnover in annual instalments of 10 years post commencement of commercial production:

Project Category	Manufacturing Enterprise	Service Enterprise
Large	1.65% of Net Sales Turnover	1.2% of Net Sales Turnover
Mega	1.85% of Net Sales Turnover	1.3% of Net Sales Turnover
Ultra Mega	2.00% of Net Sales Turnover	1.4% of Net Sales Turnover

Turnover Linked Incentive shall be subject to the annual ceiling as follows:

Year	Manufacturing Enterprise	Service Enterprise
Year 1 to 3	Up to INR 50 Cr.	Up to INR 10 Cr.
Year 4 to 7	Up to INR 65 Cr.	Up to INR 15 Cr.
Year 8 to 10	Up to INR 80 Cr.	Up to INR 20 Cr.

5.4 Asset Creation Incentive: Top-Ups

Eligible Enterprises can avail following Asset Creation Incentive Top-ups as a percentage of the Asset Creation Incentive amount subject to the annual ceilings mentioned in clause 5.3 with respect to specific Asset Creation Incentives are inclusive of additional top up benefits.

- Employment Booster and;
- Sunrise Booster or Anchor Booster or Thrust Booster or Interest Subvention.

5.4.1 Employment Booster

Enterprises generating employment greater than the minimum employment threshold stipulated in clause 5.2 for a given Project Category shall be eligible for an Employment Booster over the Asset Creation Incentive amount basis the table outlined below:

Particulars	Slab 1	Slab 2	Slab 3
Employment Slabs (Multiple of minimum employment threshold)	1.5x - <2x	2x - <2.5x	Greater than or equal to 2.5x
Booster % on Asset Creation Incentive (ACI) amount	10%	12.5%	15%

5.4.2 Sunrise Booster

The first three units categorised as mega or ultra mega projects (as per the Manufacturing/ Services project category slabs) will be eligible for a 25% Sunrise Booster on the selected Asset Creation Incentives (Capital Subsidy, Turnover Linked Incentive, or Investment Subsidy).

5.4.3 Thrust Booster

Subsequent eligible enterprises after the first three enterprises that have availed the Sunrise Booster will be eligible for Thrust Booster of 10% over the Asset Creation Incentive amount.

5.4.4 Anchor Booster

- a. Eligible Anchor Investor shall be eligible for an Anchor Booster of 20% over the Asset Creation Incentive amount subject to the ceiling of 20% over chosen Asset Creation Incentive amount OR 20% over annual ceilings prescribed for respective Asset Creation Incentive chosen by such Enterprise (whichever is lower).
- b. Additionally, 100% banking, wheeling and transmission charges shall be waived off/ reimbursed (for a period corresponding to the disbursal period for chosen Asset Creation Incentive) for captive power plants set up, provided energy generated is used for captive consumption only and no third-party sale will be allowed:
 - i. There shall be a ceiling of 200% on the size of the captive power plant
 - ii. 100% Banking allowed with no restrictions on withdrawals during peak hours.
 - iii. For 'behind the meter' RE plants, there should be no ceiling on the maximum capacity of RE generation and ED exemptions should be applicable on perpetuity, provided they do not inject any power to the grid during off-peak hours.

5.5 Special Incentives

5.5.1 Banking, Wheeling & Transmission Charges

100% Banking, Wheeling and Transmission charges shall be waived off/ reimbursed (for a period corresponding to the disbursal period of the chosen Asset Creation Incentive) for captive power plants set up by the first 3 Aerospace and Defence Sector Enterprises, provided the energy generated is used for captive consumption only and no third-party sales are made.

- a. There shall be a ceiling of 200% on the size of the captive power plant.
- b. 100% Banking allowed with no restrictions on withdrawals during peak hours.
- c. For 'behind the meter' RE plants, there should be no ceiling on the maximum capacity of RE generation and ED exemptions should be applicable on perpetuity, provided they do not inject any power to the grid during off-peak hours.

5.5.2 Flexible Land Payment Model

Eligible Manufacturing Enterprises that fall under the Mega or Ultra-mega project category shall be eligible to avail land basis the outlined payment schedule:

Particulars	Payment Schedule
25% of land cost + Bank Guarantee of an amount equivalent to 75% of the land cost for 3 years	Upfront
75% of land cost	Distributed equally over 10 annual instalments at an interest rate of 8%

Land cost support shall only be available:

- Once per eligible Manufacturing Enterprise making a new investment; and
- Only on land leased from RIICO; and
- Only if the land is purchased specifically for the purpose of establishing the A&D manufacturing project in respect of which the enterprise is seeking incentives under this Policy.

5.5.3 Office-Space Lease Rental Subsidy

A 25% subsidy on lease rentals shall be provided for a period of 5 years, with a maximum limit of INR 1 crore per annum. The Office Space Lease Rental Subsidy shall be granted once per Aerospace and Defence Sector Enterprise making a new investment.

Note: Enterprises may avail either the Flexible Land Payment Model or Office Space Lease Rental Subsidy.

5.5.4 Factors of Production (Inclusion of Investments in Captive Power Plants / Group Captive Power Plants in EFCI)

Enterprises investing in captive renewable power plants will be eligible to Include 51% of the said investment in their EFCI. Asset Creation Incentive basis their respective slabs will be applicable on the EFCI.

Enterprises entering into group captive power agreements (12+ years) shall be eligible to include 100% of their said investment in their EFCI. Asset Creation Incentive basis their respective slabs shall be applicable on the EFCI.

5.6 Mother-Ancillary Ecosystem Incentives

5.6.1 A group of Enterprises qualifying as an 'ecosystem' shall be eligible to receive financial incentives for the combined group investment, provided that the combined group investment is greater than INR 500 crores.

5.6.2 To be considered an 'ecosystem' under this Policy, ancillary units must be located within 50 km of the mother unit and supply more than 50% of their total production to the mother unit annually.

- 5.6.3** The ecosystem shall be required to present a legal agreement with details explaining that the Manufacturing Enterprises are applying as a part of a single ecosystem. The State may require submission of additional proof(s) to evidence the existence of an ecosystem, through an order/ notification, or through any other means deemed appropriate.

5.7 Exemptions & Reimbursements

- 5.7.1** Exemption from payment of 100% electricity duty for 7 years.
- 5.7.2** Reimbursement of 100% mandi fee/ market fee for 7 years.
- 5.7.3** Exemption from payment of 75% stamp duty and reimbursement of 25% stamp duty.
- 5.7.4** Exemption from payment of 75% conversion charge and reimbursement of 25% conversion charge.

Add-On Incentives Driven by State Priorities

The Add-On Incentives driven by State priorities shall be provided to promote sustainable growth, competitiveness, and innovation by offering targeted benefits for green initiatives, freight support, skill development, and intellectual property creation, thereby encouraging enterprises to align operations with environmental goals, export growth, workforce upskilling, and value-added innovation.

5.8 Add-On Green Incentives

Eligible Enterprises availing Asset Creation Incentive can avail the following up to a maximum of INR 12.5 crores for Environmental Projects as defined in clause 4.15:

- 5.8.1** Reimbursement of 50% of the cost of Environmental Projects.
- 5.8.2** 100% electricity duty exemption for captive renewable energy generation for 7 years.
- 5.8.3** 50% consent fee waiver for industries under the Rajasthan Green Rating System.

5.9 Add-On Skill and Training Incentives

Eligible Enterprises shall be eligible for reimbursement of 50% of the total cost of employee training, up to a maximum of INR 4,000 per worker per month, for a maximum of 6 months, as a one-time incentive.

OR

Reimbursement of 50% of the total cost of employee training, up to a maximum of INR 1,00,000 per employee per annum, for a maximum of 20 employees per Enterprise, as a one-time incentive.

5.10 Add-On IP Creation Incentive

An Intellectual Property (IP) creation incentive of 50% of the expenditure incurred towards obtaining patents, copyrights, trademarks, and registration of geographical

indications shall be provided, subject to an overall ceiling of INR 1 crore. This incentive shall be applicable only for granted patents and can be availed within 3 years of the commencement of business.

5.11 Incentives for MSMEs

The eligibility criteria, definitions, applicable incentives, and ceilings thereof for Micro, Small and Medium Enterprises (MSMEs) shall be as prescribed under the relevant provisions of the Rajasthan MSME Policy 2024, as amended from time to time.

Capacity Building Incentives

The State shall incentivise Capacity Building initiatives in the Aerospace and Defence sector by supporting training centres, skill academies, and knowledge hubs developed by private developers, industry associations, SPVs, or consortiums, in collaboration with defence agencies, PSUs, or research institutions, fostering skilled manpower and sectoral excellence in Rajasthan.

5.12 Common Facility Centres

To promote shared infrastructure and reduce the cost burden on individual enterprises, the State shall incentivise the development of Common Facility Centres (CFCs) equipped with specialised machinery, testing facilities, calibration labs, simulation systems, design and prototyping tools, and other sector-specific resources.

A Capital Subsidy of 50% of the EFCI, subject to a maximum ceiling of INR 10 crore, payable in 10 equal annual instalments shall be provided for developing CFCs projects with a minimum EFCI of INR 10 crore.

5.13 Quality Certification Incentive

To enhance operational excellence, sustainability, and global competitiveness of Aerospace and Defence (A&D) units, the State shall reimburse 50% of costs for obtaining approved quality, safety, environmental, and compliance certifications, up to a cumulative ceiling of INR 75 lakhs per unit within five years of commercial operations.

Eligible certifications may include and not limited to internationally/ nationally recognised standards such as AS9100, ISO 9001, ISO 14001, ISO 45001, ISO/IEC 27001, NADCAP, and equivalent certifications covering quality, safety, environmental management, cybersecurity, supply chain security, risk management, and ethical compliance. Certifications must be issued by accredited national/ international bodies, ensuring adherence to global benchmarks across production, testing, and operational processes.

5.14 Employment Generation Incentive

The Employment Generation Subsidy in the form of reimbursement of 50% of employers' contribution towards EPF and ESI shall be granted for a period of 3 years with annual incentive ceiling of INR 2 Cr:

5.14.1 For women employees, employees belonging to Scheduled Caste (SC), Scheduled Tribe (ST), Person with disability (PwD); and

5.14.2 For all employees if the Enterprise is providing more than 75% direct employment to persons domiciled in Rajasthan.

Provided further that the Employment Generation Subsidy shall not be granted for those employees for which employer is receiving reimbursement under any other Policy of Government of India or Government of Rajasthan. This shall only be granted to applicable categories as laid out in the policy.

Customised Incentive Package for Units

Enterprises eligible under the Silver, Gold, or Platinum categories shall be governed as per the provisions outlined under Tier-3: Customised Incentive Packages of the Rajasthan Investment Promotion Scheme (RIPS) 2024, and any amendments made thereto from time to time.

Incentives for Aerospace and Defence Parks

5.15 Aerospace and Defence Park

The development, eligibility, and incentivisation of Aerospace and Defence Parks in Rajasthan shall be governed by the provisions of the Rajasthan Industrial Park Promotion Policy 2026 or any subsequent revisions thereof. All such parks whether developed by private developers, or through Public Private Partnership (PPP) shall be treated at par with industrial parks under the said policy for the purpose of:

- Incentive eligibility (capital subsidy, land support, interest reimbursement, etc.),
- Compliance with minimum infrastructure and investment criteria,
- Governance and operational conditions, and
- Approval and monitoring mechanisms.

6. Administration

The State shall formulate and notify the necessary procedural guidelines to facilitate the effective implementation of the Rajasthan Aerospace & Defence Policy 2026 across all relevant departments, agencies, and institutional mechanisms.

6.1 Implementation and Interpretation Authority

All the related Departments shall implement the policy. The Department of Industries and Commerce shall act as the nodal coordinating, monitoring, and implementing department. Any matter pertaining to interpretation of any clause/section of the policy shall be referred to Department of Industries and Commerce, Government of Rajasthan. The decision of the Department of Industries and Commerce in such matters shall be final.

6.2 Review or Modification of the Policy

The State Government reserves the right to review or modify the Policy as and when needed in public interest. However, Forms released as part of the Policy may be modified, changed, added, or deleted by the Department of Industries and

Commerce as and when needed for the sake of convenience in implementation of the Policy.

6.3 Revision of the Policy by the State Government

The Government may revise the Policy, in full or in part, prospectively or retrospectively, to keep harmony with the provisions of the State Goods and Services Tax Act and Rules made there under.

6.4 Application Process for Incentives and Benefits

The RajNivesh portal, managed by the Bureau of Investment Promotion (BIP), shall serve as the single-point digital interface for facilitating all investment-related applications under this Policy. The portal enables end-to-end, time-bound processing of clearances, approvals, and submissions, ensuring transparency, efficiency, and ease of doing business.

6.5 Institutional Mechanism

The following institutional framework outlines the mechanism for effective implementation of the Rajasthan Aerospace & Defence Policy 2026 across all concerned stakeholders

6.5.1 State Level Sanctioning Committee

The State Level Sanctioning Committee (SLSC) shall have jurisdiction over all Enterprises investing more than INR 25 crores and Enterprise(s) making investments in more than one district. In cases requiring review by the State Level Sanctioning Committee, the decision of the State Level Sanctioning Committee shall be final. Detailed guidelines regarding this provision to be separately notified. The constitution of State Level Sanctioning Committee (SLSC) shall be as follows:

State Level Sanctioning Committee (SLSC)	
Secretary-in-charge Department of Industries and Commerce	Chairman
Secretary-in-charge Finance (Revenue) or nominee of Finance Department not below the rank of Joint Secretary	Member
Commissioner Commercial Taxes Department	Member
Managing Director RIICO	Member
Commissioner Investments and NRIs (BIP)	Member
Commissioner Department of Industries and Commerce	Member Secretary

6.5.2 District Level Sanctioning Committee

The District Level Sanctioning Committee (DLSC) shall have jurisdiction over enterprises investing less than INR 25 crores and over all Micro, Small and Medium Enterprises (MSME). The constitution of District Level Sanctioning Committee (DLSC), shall be as follows:

District Level Sanctioning Committee (DLSC)	
District Collector	Chairman
Nominee Member from Finance Department	Member
Nominee Member from the Department of Industries and Commerce	Member
General Manager (DIC)	Member Secretary

6.5.3 State Empowered Committee (SEC)

State Empowered Committee (SEC) is authorised, to consider and approve customised incentive packages for eligible enterprises.

State Empowered Committee	
Chief Secretary	Chairman
Additional Chief Secretary (Finance) or an officer nominated by them, not below the rank of Secretary Member	Member
Secretary-in-charge Environment and Forest Department Member	Member
Secretary-in-charge Urban Development and Housing Department Member	Member
Secretary-in-charge Department of Industries and Commerce	Member
Commissioner Department of Industries and Commerce	Member
Secretary-in-charge Labour and Employment Department	Member
Secretary-in-charge Mines and Petroleum Department	Member
Additional Chief Secretary Principal Secretary to Chief Minister	Member
Secretary-in-charge Revenue Department	Member
Managing Director RIICO	Member
Secretary-in-charge Energy Department	Member
Secretary-in-charge Tourism Department	Member

State Empowered Committee	
Commissioner Investments and NRIs (BIP)	Member Secretary

7. Terms and Conditions

This policy clearly sets out the provisions, terms, and conditions to be followed, and outlines the rights, responsibilities, and limitations of all parties involved.

7.1 Phasing and Telescoping

- 7.1.1 Enterprises are permitted to phase their investments, provided that the minimum investment size for each phase exceeds INR 50 crores with a maximum of three phases allowed.
- 7.1.2 For Enterprises making an initial phase (Phase-1) investment as part of their total investment commitment within the operative period of this Policy, incentives will be disbursed according to the slabs defined under the Aerospace and Defence Manufacturing Package.
- 7.1.3 When the Enterprise proceeds with subsequent investments to fulfil the remaining portion of its total commitment, it shall receive benefits based on the slab corresponding to the cumulative actual investment, applicable for the remaining approved period under this policy. If this cumulative investment results in an upgraded slab, the Enterprise will be entitled to receive benefits under the upgraded slab. These benefits will accrue to the investments made prior to meeting the eligibility criteria for the higher slab. This provision applies to all investments made during the operative period of this policy.
- 7.1.4 Any phased investment beyond the operative period of the Policy shall be eligible for benefits under this policy for an additional 2 years post the Policy's operative period. This is provided that at least 50% of the total investment was made during operative period of this policy or within 2 years from grant of the Entitlement Certificate.

7.2 Transfer of Benefits in Case of Transfer of Business

- 7.2.1 When the ownership of a unit of an Enterprise availing benefit of the Policy is entirely transferred in any manner, then the remaining benefits of such unit under the Policy, if any, shall be transferred to the transferee Enterprise on fulfilment of any statutory levy.
- 7.2.2 For availing such remaining benefits, the transferee Enterprise shall submit a duly completed application as part of the attached forms and manner as may be prescribed, to the Member Secretary of the appropriate Sanctioning Committee along with proof of transfer of ownership of unit and original Entitlement Certificate(s) issued to the transferor Enterprise, within ninety days of such transfer.

- 7.2.3 The Member Secretary of the appropriate Sanctioning Committee shall register the application and place the completed application before the appropriate Sanctioning Committee within forty-five days from the receipt of the application unless specifically extended for reasons to be recorded in writing.
- 7.2.4 Where the application has been filed beyond the time period as provided in clause 7.2.2 the appropriate Sanctioning Committee having been satisfied with the genuineness of cause of delay may condone the delay in filing of the application from the prescribed date of application.
- 7.2.5 In case the committee approves the transfer of ownership, the Member Secretary shall amend the entitlement certificate(s) by making an endorsement in the said certificate(s) as under; “The benefit under this certificate is hereby transferred to M/s, and the said Enterprise is entitled to avail the benefits mentioned in this certificate for a period from to”
- 7.2.6 After such endorsement, the Member Secretary shall forward it to all concerned immediately but not later than fifteen days from the date of the decision taken by the committee in its meeting, unless specifically extended for reasons to be recorded in writing.
- 7.2.7 Where the committee is of the opinion that the transferee Enterprise is not eligible to avail the remaining benefits of the Policy, it shall provide an opportunity of being heard to such Enterprise and shall record the reasons of rejection. The decision of the Committee shall be communicated by the Member Secretary of the appropriate Sanctioning Committee to the Enterprise, and all concerned immediately but not later than thirty days from the date of decision taken by the committee in its meeting, unless specifically extended for reasons to be recorded in writing.

7.3 Extent and Period of Benefits

- 7.3.1 **Period of Benefit:** The period of benefit wherever applicable, shall be counted from the date of the issuance of the concerned Entitlement Certificate (EC) for that incentive, unless otherwise specified in the Policy. The period of validity of that EC will be 10 years in case of Capital Subsidy and Turnover Linked Incentive and 7 years in case of Investment Subsidy.
- 7.3.2 **Maximum Extent of Exemption:** The total extent of exemption from payment of tax/ fee in any case for any period shall not exceed 100% of exemption from payment of such tax/ fee. Moreover, the total amount of reimbursement of Market Fee (Mandi Fee) shall not exceed the Eligible Fixed Capital Investment.
- 7.3.3 **Extent of Interest Subvention:** The Interest Subvention shall be in addition to any other incentive available under any other Scheme of Government of India. The Enterprise availing Interest Subvention under any other Scheme/

package of State Government shall not be eligible for availing benefit under the Policy.

- 7.3.4** The Interest Subvention shall be allowed on the term loan taken from State Financial Institutions/ Financial Institution/ Bank recognised by Reserve Bank of India for making investment in plant & machinery and/or equipment or apparatus. Provided that the total benefit availed under Interest Subvention shall not exceed the total interest liability from such term loan on the Enterprise.
- 7.3.5** The Interest Subvention shall be available only for interest levied by the Financial Institution/ Bank. Penal interest or other charges shall not be reimbursed.
- 7.3.6** Interest Subvention shall be granted for the duration specified in the eligibility certificate or until the loan is fully repaid, whichever is earlier. In the event of the loan being transferred to another State Financial Institution, Financial Institution, or Bank recognised by the Reserve Bank of India, the Subvention may continue for the remaining period, subject to the approval of the appropriate Sanctioning Committee.
- 7.3.7** In cases of transfer of loan, principal amount needs to remain the same between one bank recognised by RBI/ FI/ SFI to other.
- 7.3.8** The Interest Subvention shall be given to the Enterprise which pays regular instalments and interest to the Financial Institution/Bank. If the Enterprise becomes a defaulter, it will not get interest subvention for the default period, and such defaulting period will be deducted from five years period as mentioned in the eligibility certificate.
- 7.3.9** The Interest Subvention shall be allowed only in a case where the Enterprise is engaged in manufacturing in which interest subvention is claimed except where it is engaged in manufacturing of seasonal goods.
- 7.3.10** In cases where the eligible loan amount for interest subsidy approved by the appropriate sanctioning committee is less than total term loan disbursed by the bank(s)/ FI(s), the amount of interest subsidy shall be calculated proportionately based on repayment of the eligible amount vis-a-vis total sanctioned loan amount.
- 7.3.11** An Enterprise availing benefits under this Policy shall comply with all statutory laws and regulations of the State of Rajasthan applicable to the Enterprise. Non-compliance may entail cancellation/ withdrawal of the benefits under the Policy.

7.4 Overall Extent of Subsidy

The total amount of subsidy for the total period of benefit shall not exceed 125% EFCI or as approved by the appropriate Sanctioning Committee.

7.5 Appeal

- 7.5.1** The State Level Sanctioning Committee shall be empowered to hear and decide appeals against the orders of the District Level Sanctioning Committee.
- 7.5.2** The State Empowered Committee constituted under Section 3 of the Rajasthan Enterprises Single Window Enabling and Clearance Act 2011 shall be empowered to hear and decide appeals against the order of State Level Sanctioning Committee.
- 7.5.3** The application for appeal shall be filed within a period of 90 days from the date of communication of the decision.

7.6 Revision by the State Government:

- 7.6.1** The Department of Industries and Commerce may suo motu or otherwise revise an order passed by any Sanctioning Committee if it is found to be erroneous and prejudicial to the interest of the State, after affording an opportunity of being heard to the beneficiary enterprise.
- 7.6.2** No order under this Section shall be passed by the State Government after the expiry of a period of three years after the date by which the benefits under the Policy are fully availed of.

7.7 Penal Clause

New investments must achieve commercial production within 36 months of availing stamp duty exemption. In case an entity fails to reach commercial production within 36 months from availing stamp duty exemption, the following actions will apply:

- 7.7.1** Claw back of 50% of applicable stamp duty exemption.
- 7.7.2** A deflator of 0.98 per year will be applicable for all incentives under the policy.

7.8 Other Terms and Conditions

- 7.8.1** All Greenfield Aerospace and Defence (A&D) units shall be eligible for incentives as per the provisions of the Rajasthan Aerospace & Defence Policy 2026.
- 7.8.2** An Enterprise availing benefits under this Policy shall comply with all statutory laws and regulations of the State of Rajasthan applicable to the Enterprise. Non-compliance may entail cancellation/withdrawal of the benefits under the Policy.
- 7.8.3** An Enterprise availing benefits under the Policy shall be subject to the conditions, procedures, instructions, clarifications, or amendments issued from time to time under the Policy.
- 7.8.4** In case the Enterprise is availing any subsidy:
- a. Under any other Scheme or Policy of the Government of Rajasthan; or

- b. Under any Scheme or Policy of any undertaking, corporation, or Enterprise- owned or controlled by the State Government; or
- c. Under any law of the State in respect of investment made in fixed assets, the total subsidy payable under this Policy shall be reduced to the extent of the Investment Subsidy so received. The Enterprise availing any such subsidy shall inform the authority disbursing the subsidy under the Policy regarding the details of the subsidy so availed.

- 7.8.5** Where on scrutiny or inspection by the officers of the Commercial Taxes Department or the Department of Industries and Commerce, it is found that the Enterprise, which has availed the benefits under this Policy, is not eligible for such benefits or, in order to get higher subsidy under the Policy, is effecting inter-state supply as intra-state supply through its subsidiaries/ intermediary/ marketing network/ dealers or any other middleman, either directly or indirectly controlled by it, a reference shall be made to the appropriate Sanctioning Committee. The appropriate Sanctioning Committee shall provide an opportunity of being heard to the Enterprise. On being satisfied that the Enterprise is not entitled to such benefits, the Sanctioning Committee may, for reasons to be recorded in writing, withdraw the benefits. The decision of the appropriate Sanctioning Committee shall be communicated by the Member Secretary of the appropriate Sanctioning Committee to all concerned. In case of withdrawal of benefits, the appropriate Sanctioning Committee may direct for recovery of the benefits already availed with interest @ 18% per annum.
- 7.8.6** The Enterprise availing the benefit of subsidy may, from the date of issuance of notification by the State Government, maintain the record of sale, purchase, and inventory of goods on the electronic media in digital form (online in computer) or in the manner as may be specified by an order by the State Government and shall provide online access of such record to the assessing authority as prescribed in the Rajasthan Goods and Service Tax Act, 2017 (Act No. 9 of 2017) and Rajasthan Value Added Tax Act, 2003 and the Central Sales Tax Act, 1956 or any rules made thereunder, to the officer authorized by the Commissioner, Commercial Taxes, Rajasthan, in this behalf.
- 7.8.7** Benefits under the Policy can only be availed if, and as long as there is, and for the period/ s, consent to establish and consent to operate, wherever applicable, from the Central/ Rajasthan State Pollution Control Board is effective.
- 7.8.8** In case of breach of any of the conditions mentioned anywhere in the Policy, the benefits availed under the Policy shall be withdrawn by the appropriate Sanctioning Committee and, on its recommendation, the concerned Department shall recover the benefits availed by the Enterprise

along with interest @ 18% per annum from the date from which the benefits have been availed.

- 7.8.9** Rectification by authority competent to disburse subsidy: Authority competent to disburse subsidy can claw back any wrongly disbursed subsidy with an interest of 9% per annum. However, no order for such claw back shall be passed without providing the Enterprise an opportunity to be heard. No order for such claw back shall be passed after the completion of 3 years from the end of the entitlement period.
- 7.8.10** Rectification of mistake by State Level Sanctioning Committee or District Level Sanctioning Committee:
- With a view to rectify any mistake apparent on record, the State Level Sanctioning Committee may either suo moto or on an application in this behalf, rectify any order passed by it or the District Level Sanctioning Committee.
 - A mistake shall include an order which was valid when it was made and is subsequently rendered invalid by an amendment of the Policy having retrospective operation or by a judgment of the Supreme Court, or the Rajasthan High Court.
 - No application for rectification shall be filed under this Section after the expiry of a period of three years from the date of the order sought to be rectified.
 - An application under this Section shall be presented to the Member Secretary of the State Level Sanctioning Committee. The Member Secretary shall place such application before the State Level Sanctioning Committee, and the State Level Sanctioning Committee shall dispose of such application.
 - No order of rectification shall be made after the expiry of four years from the date of the order.
- 7.8.11** Entitlement Certificate for Stamp Duty Exemption will be valid for 2 years or till the expiry of the Policy's operative period, whichever is earlier.
- 7.8.12** Provisions for e-governance: To enable electronic delivery of services under the Policy, notwithstanding anything contrary contained anywhere in the Policy, the Government Department responsible for the grant of benefit or issuance of Entitlement Certificate (EC), requires that an application or any communication, order, certificate, or disbursement of payment relating to benefits under the Policy shall be made or issued in electronic form. Further, to facilitate e-governance, the Government Department may change the procedure mentioned in the Policy to such extent that it is not inconsistent or incompatible with electronic forms of communication and payment, and such change shall not invalidate any action for the mere reason that it is repugnant to the procedural provisions of the Policy.

7.8.13 State Tax Due and Deposited: The term ‘State tax due and deposited’ by an Enterprise does not include the amount of state tax due and deposited against the supplies made by it to its extended arms (subsidiaries and/or marketing wings and/or dealers and/or distributors or any other middleman, either directly or indirectly controlled by it), where such extended arms are subsequently making inter-state supplies of goods so received and utilizing the credit of State Tax suffered on such goods for making payment towards the output tax under the Integrated Goods and Services Tax Act, 2017, in terms of sub-section (4) of section 49 of the Rajasthan Goods and Services Tax Act, 2017.

8. Abbreviations

Abbreviation	Expansion	Brief Context
A&D	Aerospace & Defence	Umbrella sector for eligibility, incentives, parks, vendor development, and skilling.
AI	Artificial Intelligence	Dual-use tech focus for R&D/ CoEs, defence analytics, autonomy, and smart manufacturing.
API	Application Programming Interface	Integrations for single-window systems, MoU/CRM, GIS, and policy dashboards.
AS9100	Quality Management System for Aerospace and Defence	Recognized QMS; covered under quality-certification reimbursement for supplier readiness.
ATMP	Assembly, Testing, Marking and Packaging	Semiconductor backend; aligns with ESDM/ A&D electronics supply chains and park tenants.
BEL	Bharat Electronics Limited	DPSU anchor/buyer; partnerships for sourcing, testing, CoEs, and vendor development.
BEML	Bharat Earth Movers Limited	DPSU partner; defence platforms supply chain and potential offsets/vendor linkages.
BIS	Bureau of Indian Standards	Standards compliance for products, processes, and procurement readiness.
CEMILAC	Centre for Military Airworthiness & Certification	Airworthiness approvals and guidance for aerospace products and modifications.
CETP	Common Effluent Treatment Plant	Shared green infrastructure in parks; enables EHS compliance and cluster operations.
CII	Confederation of Indian Industry	Partner for outreach, consultations, vendor meets, and policy advocacy.
CoE	Centre of Excellence	State-supported R&D/validation/ skilling hubs with industry–academia–agency collaboration.

Abbreviation	Expansion	Brief Context
CRPF	Central Reserve Police Force	End-user/ security force; creates downstream demand for defence equipment & services.
DGAQA	Directorate General of Aeronautical Quality Assurance	QA oversight for military aviation supplies; certification/ testing pathway.
DGQA	Directorate General of Quality Assurance	QA for land/ naval systems; testing and acceptance standards for defence stores.
DIC	District Industries Centre	District-level investor interface for registrations, facilitation, and MSME support.
DLI	Design Linked Incentive	GoI scheme for chip design; complements ESDM design/ startup ecosystem.
DMIC	Delhi–Mumbai Industrial Corridor	Logistics/ industrial connectivity backbone for proposed A&D clusters.
DRDO	Defence Research and Development Organisation	Tech partner for ToT, testing, problem statements (incl. iDEX), and CoEs.
EFCI	Eligible Fixed Capital Investment	Base for calculating capital subsidies; typically excludes land cost.
EoDB	Ease of Doing Business	Reform lens: SLAs, self-certification, single-window, and API-based clearances.

Abbreviation	Expansion	Brief Context
HAL	Hindustan Aeronautics Limited	OEM/DPSU anchor for sourcing, MRO, offsets, and CoE partnerships.
iDEX	Innovations for Defence Excellence	Startup procurement and grants; bridges user needs with innovators.
IPR	Intellectual Property Rights	Support for patenting and commercialization; ties to R&D/CoE outcomes.
ISRO	Indian Space Research Organisation	Space ecosystem partner; payloads, components, testing, and ToT.
ISO 9001	Quality Management Systems	Baseline QMS; stepping-stone to AS9100; eligible for reimbursement.
JSS	Joint Services Specification	Indian defence specs; compliance pathway for supplier qualification.
MIL	Military Standards (U.S. MIL-STD)	Accepted benchmarks for design/ testing; included in certification incentive scope.

NADCAP	National Aerospace and Defense Contractors Accreditation Program	Special-process accreditation (NDT, heat- treat, etc.); reimbursable certification.
OEM	Original Equipment Manufacturer	Anchor investors/buyers; mother-ancillary ecosystems and offsets.
PnP	Plug-and-Play	Ready-to-use sheds/ utilities; capital subsidy to speed unit onboarding.
PPP	Public-Private Partnership	Model for parks, testing labs, and shared infrastructure SPVs.
PSU	Public Sector Undertaking	Buyers/partners (e.g., BEL, HAL); anchor demand and collaboration.
QoS	Quality of Service	Service metrics for park utilities, digital connectivity, and SLAs.
R&D	Research and Development	Eligible activity for grants, CoE projects, and innovation outcomes.
SLA	Service Level Agreement	Enforced timelines/ metrics for approvals and park O&M.
SPV	Special Purpose Vehicle	Entity for park development/O&M or project-specific PPPs.
ToT	Transfer of Technology	Licensing/ offsets collaborations; enables localisation and scaling.
UAV	Unmanned Aerial Vehicle	Priority A&D sub-sector; manufacturing, payloads, and testing.
UAS	Unmanned Aircraft System	System-level term (airframe, control, comms); certification/ compliance.

By the order of the Governor,

Mahipal Kumar,

Deputy Secretary to Government.

राज्य केन्द्रीय मुद्रणालय, जयपुर।