EAST COAST ECONOMIC CORRIDOR
Paving the Way for Regional Cooperation and Integration in South Asia

SARD
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ASIAN DEVELOPMENT BANK
Members: Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, and Sri Lanka

GDP: $2.7 trillion (2016)

Population: 1.6 billion

Growth: 6.7% (2016); 7% (2017 forecast)

Industry share of GDP mostly below 30% (e.g., India 30%, Bangladesh 28%, Sri Lanka 26%)
  - Compared with mostly 40% in East Asia and 36% in Southeast Asia

Intraregional trade share of total trade at only 6%
  - Compared with averages of 37% in East Asia and 24% in Southeast Asia
Economic Corridor Development as a Growth Strategy

SASEC countries adopt ECD to

- boost manufacturing sector
- expand intraregional trade

ECD facilitates growth by

- easing infrastructure bottlenecks
- improving business environment
- stimulating trade and investment
- boosting productivity and efficiency

ADB-supported corridors in South Asia include

East Coast Economic Corridor in India
Colombo–Trincomalee Economic Corridor in Sri Lanka
Southwest Economic Corridor in Bangladesh

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How does an economic corridor develop?

<table>
<thead>
<tr>
<th>TRANSPORT CORRIDOR</th>
<th>TRANSPORT AND TRADE FACILITATION (TTF) CORRIDOR</th>
<th>LOGISTICS CORRIDOR</th>
<th>URBAN DEVELOPMENT CORRIDOR</th>
<th>ECONOMIC CORRIDOR</th>
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<tbody>
<tr>
<td>• Physical infrastructure</td>
<td>• Soft infrastructure • Harmonized cross-border transport operations, formalities, and institutional framework for seamless movement</td>
<td>• Similar to TTF corridor, but also encompass warehousing and cold storage investments</td>
<td>• Development of city-based economic clusters/nodes and agglomeration • Enable multisector approach and private sector participation</td>
<td>• Attract investment and generate economic activities along less-developed areas • Well-developed production chains</td>
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Sources: Banomyong, 2007; Srivastava, 2011; ADB, CAREC 2012

The subsequent stages do not necessarily exclude previous ones.
East Coast Economic Corridor
India’s First Coastal Corridor

- Stretches 2,500 km from Kolkata to Kanyakumari
- Covers three states: Odisha, Andhra Pradesh, Tamil Nadu
  - Combined GSDP: $331 billion in 2016 (18% of India’s GDP)
  - Home to 13% of India’s population
  - Home to 5 out of India’s 12 major ports
- Aligns with India’s industrialization pursuit

ADB is the lead partner in ECEC development
## Comprehensive Development Plan

- **Corridor Delineation and Node Selection**
  - Based on land availability, industrial agglomeration, proximity to roads, and availability of power and water

- **Industrial Analysis**
  - Shortlist industries based on comparative advantage and potential for growth

- **Infrastructure Planning**
  - Address critical infrastructure gaps
  - Project prioritization

- **Policy Framework and Skills Development**
  - Streamline business regulation
  - Design institutional structure
  - Skills upgrading

## Master Plan

- **Granular industry analysis (node and site levels)**
  - Land demand estimation
  - Assessment of GVC linkage potentials

- **Infrastructure planning at node level**
  - including urban ecosystem

- **Start up area planning**

- **Project prioritization at node level**

- **Legal and governance structure**

- **Financing plan**

- **Social and environment impact assessment**
Status of ADB Involvement

Phase 1: VCIC
- Conceptual Development Plan
- Regional Prospective Plan
- Master Plan almost completed

Phase 2: CKIC
- Comprehensive Development Plan
- Master Plan being prepared

Phase 3: Odisha Economic Corridor
- Comprehensive Development Plan

ADB expects to invest up to $5 billion in ECEC over a 5-year period
Supporting a Business-Friendly Regulatory Environment

**Key Reforms in Andhra Pradesh**

- Single Window System
- Automated construction permit approval
- Advanced automated solutions in environmental and pollution-related approvals
- Inspection and judicial reforms

**KIA**

- Andhra Pradesh ranked 1st in implementation of business reforms in 2016
- Kia Motors to establish its first Indian car manufacturing facility in Andhra Pradesh
- Isuzu, Foxconn and Kajaria setting up manufacturing facilities in the state
ECEC serves an extensive hinterland and can unify domestic markets through improved transport linkages.

Centrally located in South Asia, has great potential for land and coastal connectivity.

Eventually link to other corridors in India, Sri Lanka, and Bangladesh, and other transnational corridors to form a subregional corridor.

Function as spine corridor—the backbone for SASEC, BIMSTEC, and other regional cooperation platforms.

Reduce barriers at national boundaries to enable the movement of people and goods at least cost.

Unify Domestic Markets and Serve as a Subregional Corridor
Link India and South Asia with Global Production Networks

The iPhone supply chain

- Strategic location as a maritime corridor
- Link South Asian industries with regional and global production networks through port development
- Strategic location as a maritime corridor connecting to Chennai-Dawei Corridor, Trilateral Hwy, and GMS, etc.
- Enhance South Asian companies’ outward orientation via overseas trade and investment

Sources: Study team analysis; The Gateway Online. (n.d.). The iPhone Supply Chain. Quoted in P. Tran. 2014. The Global iPhone Supply Chain. Social Times. 27 January.

iPhones are assembled in the People’s Republic of China by Taipei, China manufacturer Foxconn.
Way Forward

- **Rebalance toward demand-side interventions**
  - Identify anchor investors and assess their infrastructure requirements
  - Spearhead investor promotion and leverage partnerships with target markets

- **Revisit trade strategy**
  - Analyze national trade policies
  - Streamline trade procedures

- **ADB committed to support ECEC through**
  - Upstream analytical work
  - Project preparation
  - Project financing and implementation
Vizag-Chennai Industrial Corridor: PROFILE

VCIC
- Corridor influence area accounts for more than 800 km of Andhra Pradesh’s coastline
- Key region for food production (especially marine products and rice) and chemicals and petrochemicals
- Emerging as an alternative to the Chennai automobile cluster and a gateway for textile movement

MANUFACTURING OUTPUT (2035)
- BAU – INR 302,700 crore
- BIS – INR 782,300 crore

EMPLOYMENT (2035)
- BAU – 5.8 million
- BIS – 11.8 million
Chennai–Kanyakumari Industrial Corridor: PROFILE

CKIC Brief
- Corridor influence area comprises 23 out of 32 districts in Tamil Nadu, 64% of the state’s area, 70% of its total population, and 67% of GSDP
- Three major ports and two minor ports with combined cargo of 240 MTPA
- A developed industrial ecosystem in key sectors such as automobiles and textiles

MANUFACTURING OUTPUT (2035)
- BAU – INR 1,049,231 crore
- BIS – INR 1,429,014 crore

EMPLOYMENT (2035)
- BAU – 8 million
- BIS – 12 million
Odisha Economic Corridor: PROFILE

- Corridor influence area accounts for 20 districts contributing to 80% of GSDP and accounting for 63.1% of Odisha’s area
- With proximity to northern Indian states, can play a crucial role in the transportation of various goods
- Odisha is a mineral-rich state and contributes to India steel production more than any other state

MANUFACTURING OUTPUT (2035)
- BAU – INR 679,432 crore
- BIS – INR 1,324,752 crore

EMPLOYMENT (2035)
- BIS – 996,841
ADB Funding

**VCIC**

- Sep 2016: $631 million program approved

**Transport**
- 138 km of state highways and roads

**Power**
- 10 power substations
- 281 km of transmission and distribution lines

**Urban**
- Effluent and water treatment plants
- 488 water pipes and 47 storm water drains
- MFF Project 2 initiated in 2018
- Another project pipeline to be developed from Master Plan

**CKIC**

**Urban**
- Tranche 1 ($160M ADB loan) to cover Chennai water supply and sewerage in Chennai, Coimbatore, Tirunelveli, Vellore, and Trichy
- Tranches 2 and 3 to support follow-on projects

**Transport**
- Requested $484M assistance for Tamil Nadu Industrial Connectivity Project (PPR cleared by DEA)
- Covers 13 state highways across the state

**Power**
- Requested $675M assistance for substations and transmission lines in southern districts

**OEC**

**Power**
- Odisha Power Transmission Improvement Project (concept note under preparation)
- ADB funding of $200M covering substations and transmission lines
Institutional and Regulatory Support to VCIC:
State, local, and industrial park levels

1. Review of Policies and Regulations at the state/local government level:
   - Drafting the Single Desk Policy and associated rules for operationalization
   - Identifying provisions such as granting exemptions to certain industries, delegation of powers, deemed approvals and on-the-spot approvals through amendments to the state/local regulations
   - Introduction of risk-based inspections and transparent reporting

2. Support in design and implementation of IT-enabled Single Desk System:
   - Design inputs – Common Application Form (CAF), checklists, fee structures, approval and escalation hierarchy and MIS templates
   - System Improvement inputs based on Business Process Reengineering (BPR) initiatives for all Competent Authorities
   - Project management development of IT-enabled platform

3. Formulate enabling institutional structures at state/industrial park level:
   - Dedicated nodal agencies at the state/district level to monitor Single Desk system and timeliness of clearances
   - Central corridor management authority in the state to plan & manage corridor development, including municipal services and provision of regulatory approvals to investors at the industrial park level

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Lessons Learned

1. ECD is aligned with India’s national economic development agenda.

2. Industrialization and urbanization strategies need to be integrated and synchronized.

3. Sound institutional mechanisms and regulatory frameworks must be in place.

4. Sustained efforts are needed to ensure the success of ECD.

5. Analytical studies, project identification, and implementation need to progress in parallel.

6. The ECD process needs to identify potential projects to link with ADB’s lending pipeline.
Thank you