

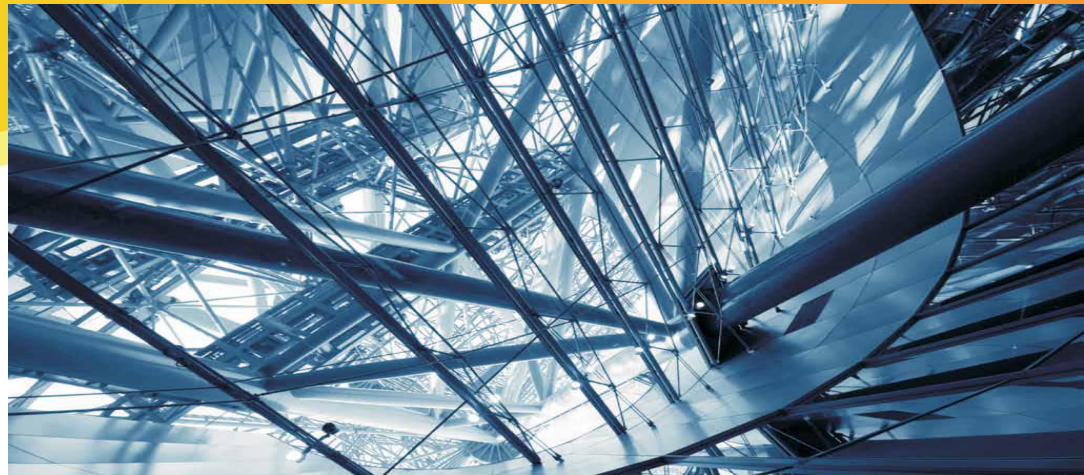
**ADB**



# Visakhapatnam–Chennai Industrial Corridor Development Program

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# VCICDP: Key Features

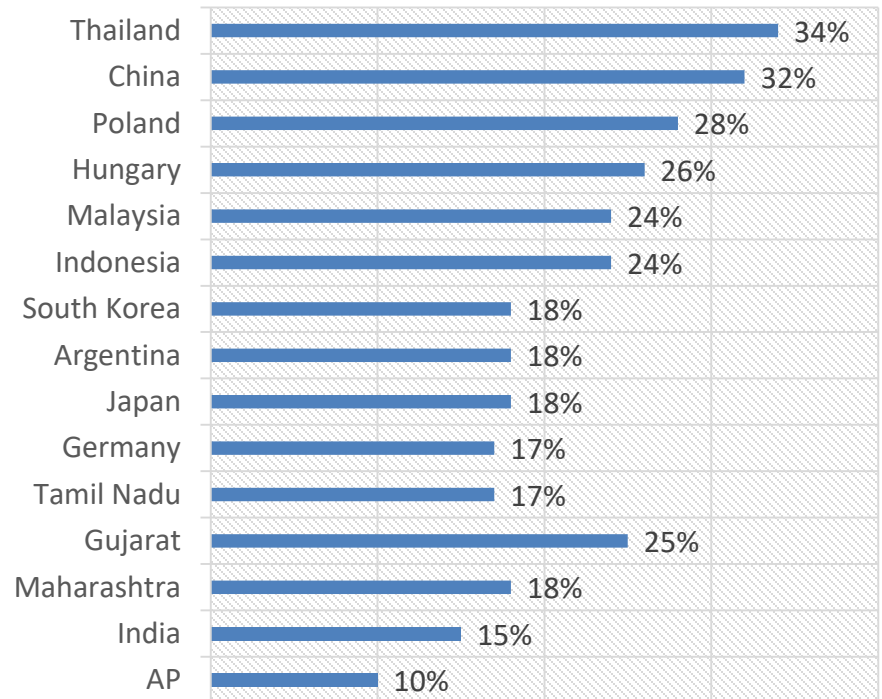
- **Expand industrial output**

Increase manufacturing sector's contribution to GDP and boost exports (Increase of manufacturing share from 9.4% to 20% in Andhra Pradesh by 2045)

- **Expand employment opportunities**

Increase employment opportunities in the formal sector (Generation of about 9.5 million jobs by 2045)

### Manufacturing sector's contribution to total GDP



Source: World Bank, District Domestic Product, AP, RBI Handbook of statistics

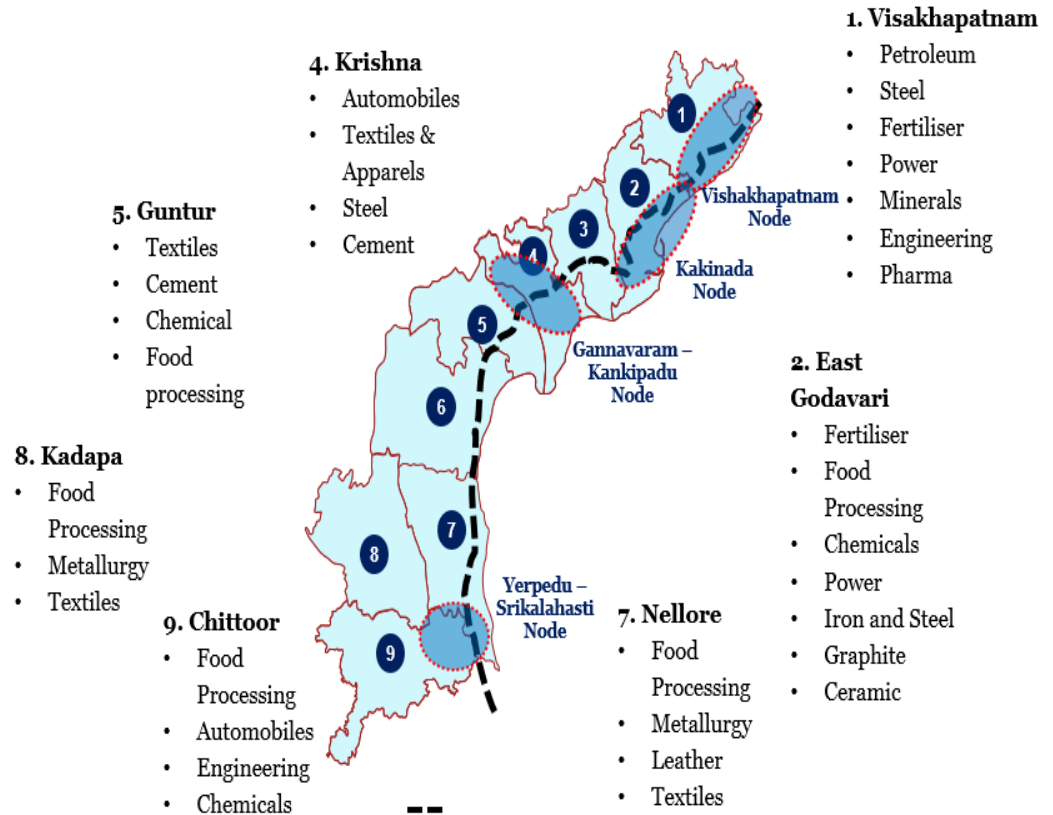
# Corridor and Nodes

- VC-Industrial Corridor**

More than 800 km of Andhra Pradesh's coastline, the first phase of East Coast Economic Corridor (2,500km from Kolkata to Kanyakumari)

- Four nodes**

- (i) Visakhapatnam Node
- (ii) Machilipatnam
- (iii) Donakonda
- (iv) Srikalahasti- Chittoor



# Impact, Outcome and Outputs (1/2)

- **Impact:** Increased contribution of the manufacturing sector to the state's GDP, trade, and employment
- **Outcome:** Enhanced growth and competitiveness of the VCIC
- **Outputs:**
  - ✓ **Output 1: Corridor management strengthened and ease of doing business improved (supported by Policy-based Loan and CDTA)**
    - Capacity development of institutions engaged in corridor management;
    - Support to enhance ease of doing business including establishment of an e-portal a single-desk system, with incentives for women entrepreneurs;
    - Industrial and sector policies to stimulate industrial development; and
    - Improvement in investor promotion, trade facilitation and logistics

# Impact, Outcome and Outputs (2/2)

- ✓ **Output 2: VCIC infrastructure strengthened and more resilient (supported by MFF (Project Loans) and UCCRTF Grant)**
  - Internal roads, water supply, drainage, and industrial effluent treatment in selected industrial clusters;
  - Roads for connectivity between industrial nodes, ports, and urban areas, and road safety measures;
  - Power transmission and distribution system in the industrial corridor; and
  - Smart cities planning with climate change resilience and continuous water supply in Visakhapatnam, the key city in the VCIC
  
- ✓ **Output 3: Institutional capacities, human resources, and program management strengthened**
  - Skills enhancement of workers and entrepreneurs, especially women;

# Financing

- Multitranche Financing Facility**

Modality and Sources	Indicative Tranches (\$million)		Amount
	Tranche I	Tranche II	
<u>ADB</u> Sovereign MFF-Tranche (Loan)	245	255	500
<u>Cofinancing</u> UCCRTF (Grant)	5	-	5
<u>Counterpart</u> Government	108	107	215
TOTAL	358	362	720

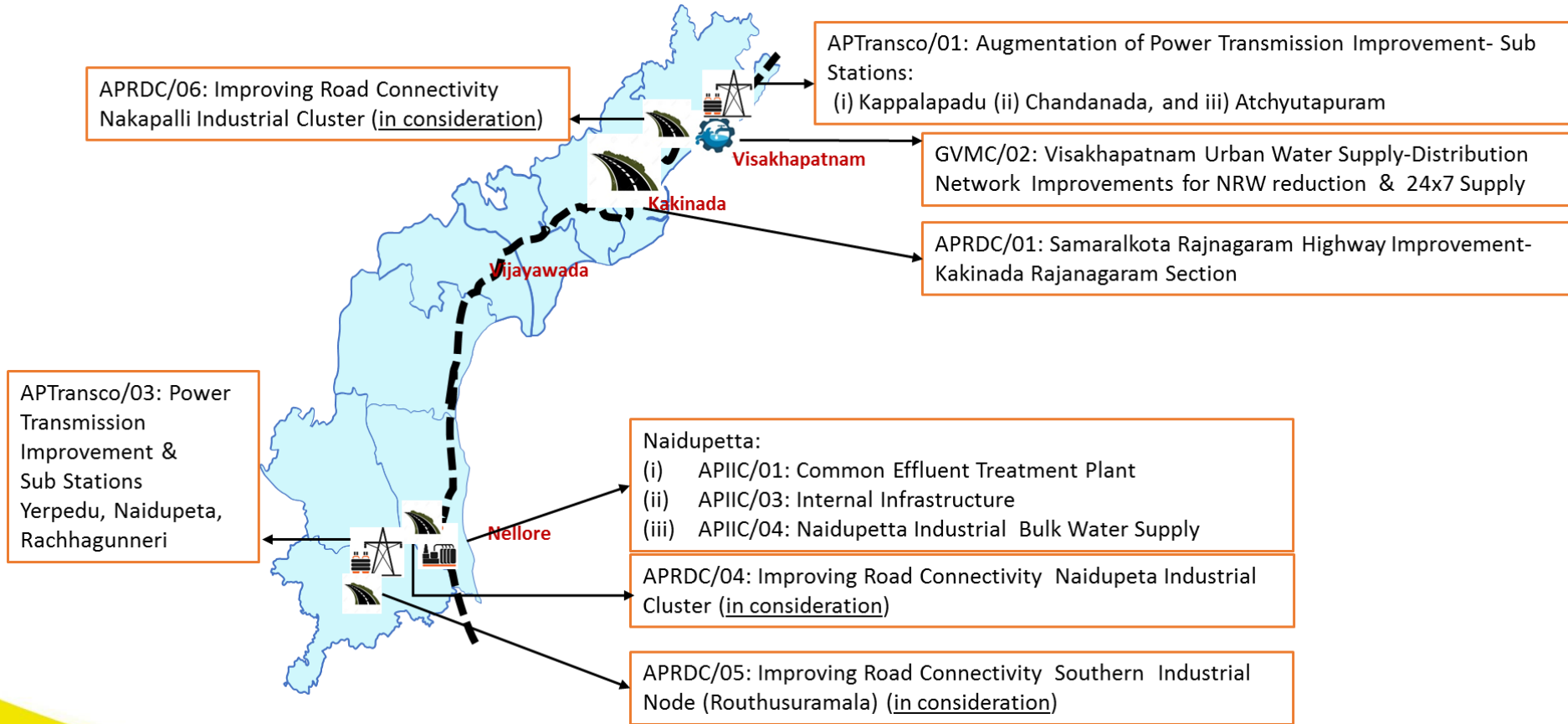
- Policy-Based Loan**

Modality and Sources	Amount (\$ million)
<u>ADB</u>	
Sovereign CDTA	1
Sovereign Program Loan	125
TOTAL	126

# Policy-based Loan

		Key Actions	
Corridor Management	1	Tranche 1	A State Industrial Corridor Management Authority notified.
		Tranche 2	A State Industrial Corridor Management Authority or equivalent operationalized.
	2	Tranche 1	Node-specific SPVs notified.
		Tranche 2	At least two node specific SPVs along with project management units established.
	3	Tranche 1	Roadmap prepared for a project development mechanism and its management, for planning and preparing infrastructure projects in industrial corridors.
		Tranche 2	Project development mechanism established.
Ease of Doing Business	4	Tranche 1	New industrial and sector level policies including fiscal incentives for investments notified and under implementation.
		Tranche 2	New industrial and sector policies implemented in all the four nodes of VCIC.
	5	Tranche 1	Updated state-wide single-desk policy notified to streamline approval processes for doing business.
		Tranche 2	State-wide single desk policy operationalized.
	6	Tranche 1	An e-portal operational for online applications for doing business and related government incentives.
		Tranche 2	The e-portal for doing business becomes the main system for industrial licensing in relevant state departments.

# Infrastructure Development (Project 1)





# Implementation Progress

- **Policy-based Loan**
  - ❖ **Tranche 1.** Full compliance of the policy actions under the Tranche 1 and \$62.5 million has been released.
  - ❖ **Tranche 2.** In the final stage of complying Tranche 2 policy conditions.
- **Multitranche Financing Facility**
  - ❖ **Project 1.** Five contracts awarded and three packages in the final stage of awarding. Additional three contracts under tender preparation.
  - ❖ **Project 2.** Advance contracting and due diligence under progress.

