



EAST COAST ECONOMIC CORRIDOR

Paving the Way for Regional Cooperation and Integration in South Asia

4 July 2018 • Manila, Philippines

ECD as a Development Strategy in South Asia

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SOUTH ASIA DEVELOPMENT PROFILE

- **Countries:** Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka
- **GDP:** \$2.7 trillion (2016)
- **Population:** 1.5 billion (2016)
- **GDP Growth:** 6.5% (2017: ADO)
- Industry share of GDP mostly below 30%
 - 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

South Asia adopts 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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East Coast Economic Corridor

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EAST COAST ECONOMIC CORRIDOR

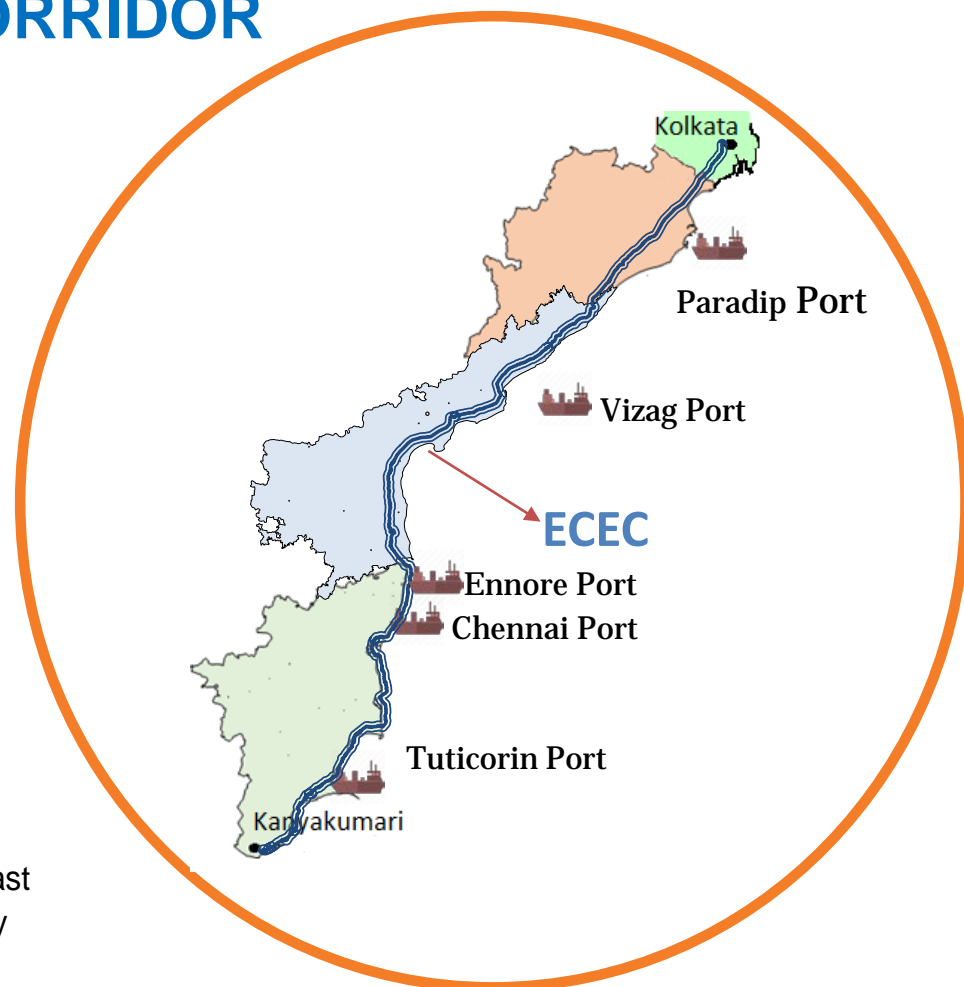
India's First Coastal Corridor

- 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



Act East
Policy

ADB is the lead partner in ECEC development



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ECEC Analytical Approach

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

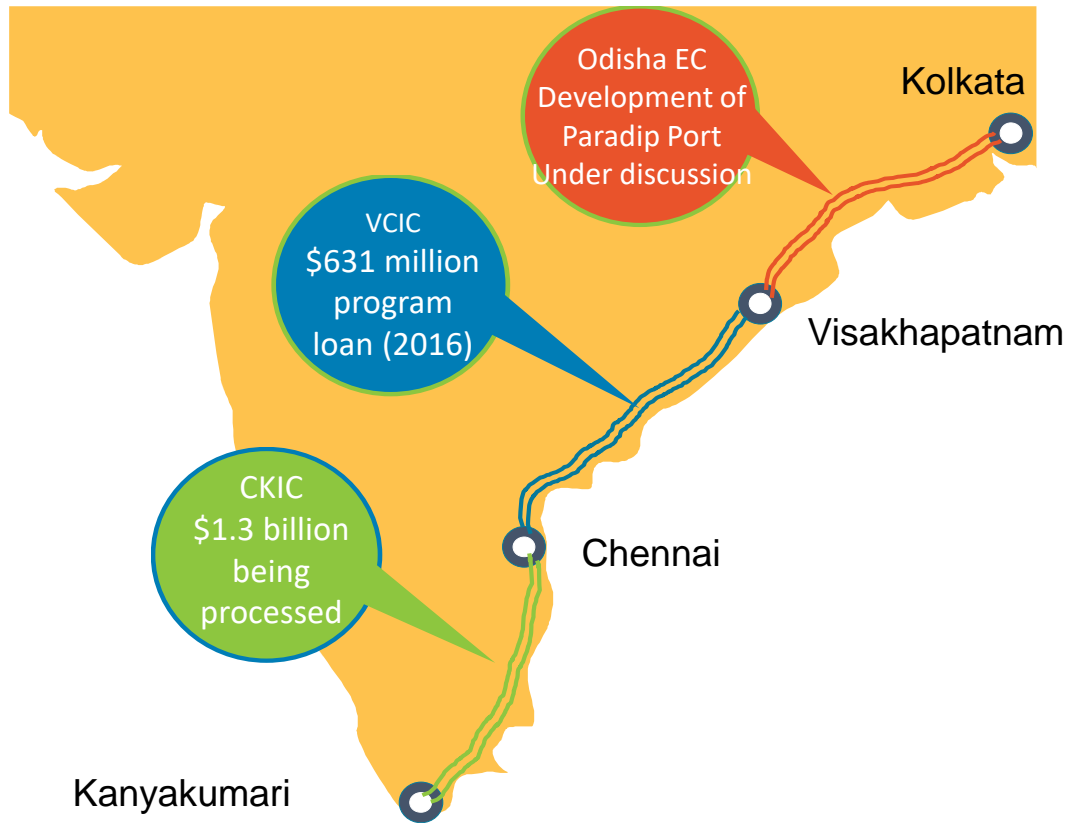
Project prioritization at node level

Legal and governance structure

Financing plan

Social and environment impact assessment

Status of ADB Involvement



Phase 1: Visakhapatnam—Chennai Industrial Corridor

- Conceptual Development Plan
- Regional Prospective Plan
- Master Plan completed

Phase 2: Chennai—Kanyakumari Industrial Corridor

- Comprehensive Development Plan
- Master Plan being prepared

Phase 3: Odisha Economic Corridor

- Comprehensive Development Plan
- Paradip Port projects under discussion

ADB expects to invest up to \$5 billion in ECEC over a 5-year period

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Visakhapatnam—Chennai Industrial Corridor

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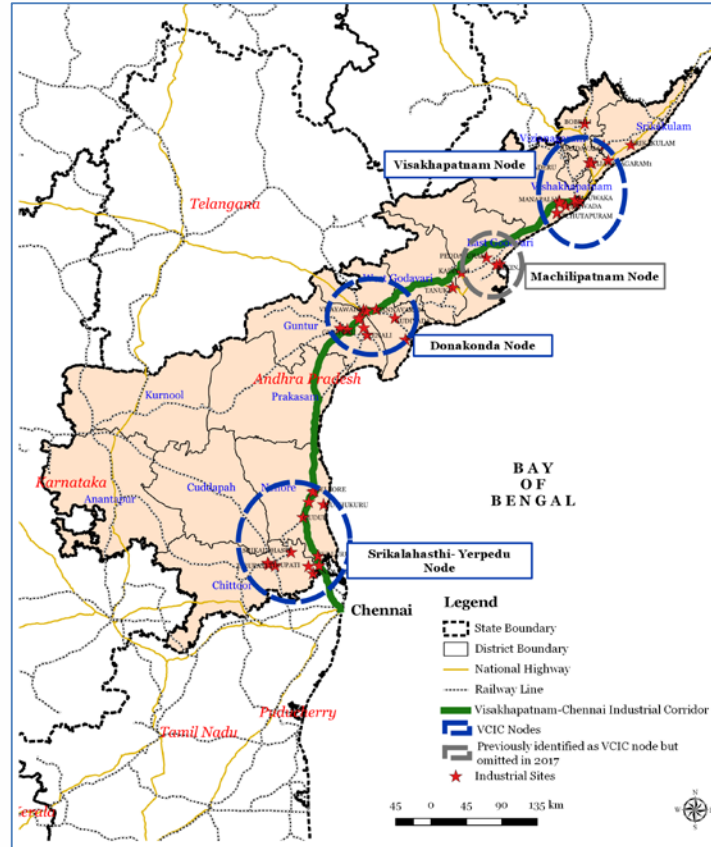
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Visakhapatnam—Chennai Industrial Corridor: PROFILE

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



IDENTIFIED NODES

- Visakhapatnam
- Machilipatnam
- Donakonda
- Srikalahasti—Chittoor

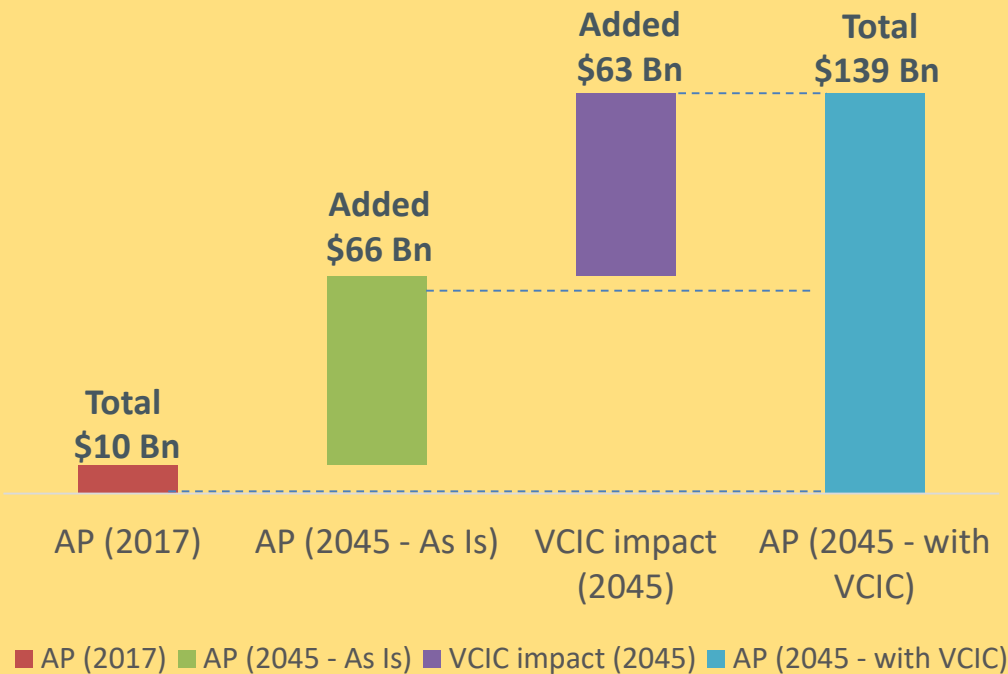
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VCIC provides an industry-linked approach to achieve the state's long term vision

Value-added impact of VCIC on manufacturing



Source: VCIC Conceptual Development Plan

Note Figures quoted above are in current prices for the years mentioned

- Increase manufacturing share **from 9.4% to > 20%** in Andhra Pradesh by 2045
- Generation of nearly **9.5 million jobs** by 2045
- Participation of corridor firms in **Global Value Chains** to drive growth in exports, access to technology, reducing imports and catering to domestic demand
- **Port-led economic development** strategy with the corridor emerging as the focal point of integrating India into East and South-East Asian production networks

VCIC Master Planning

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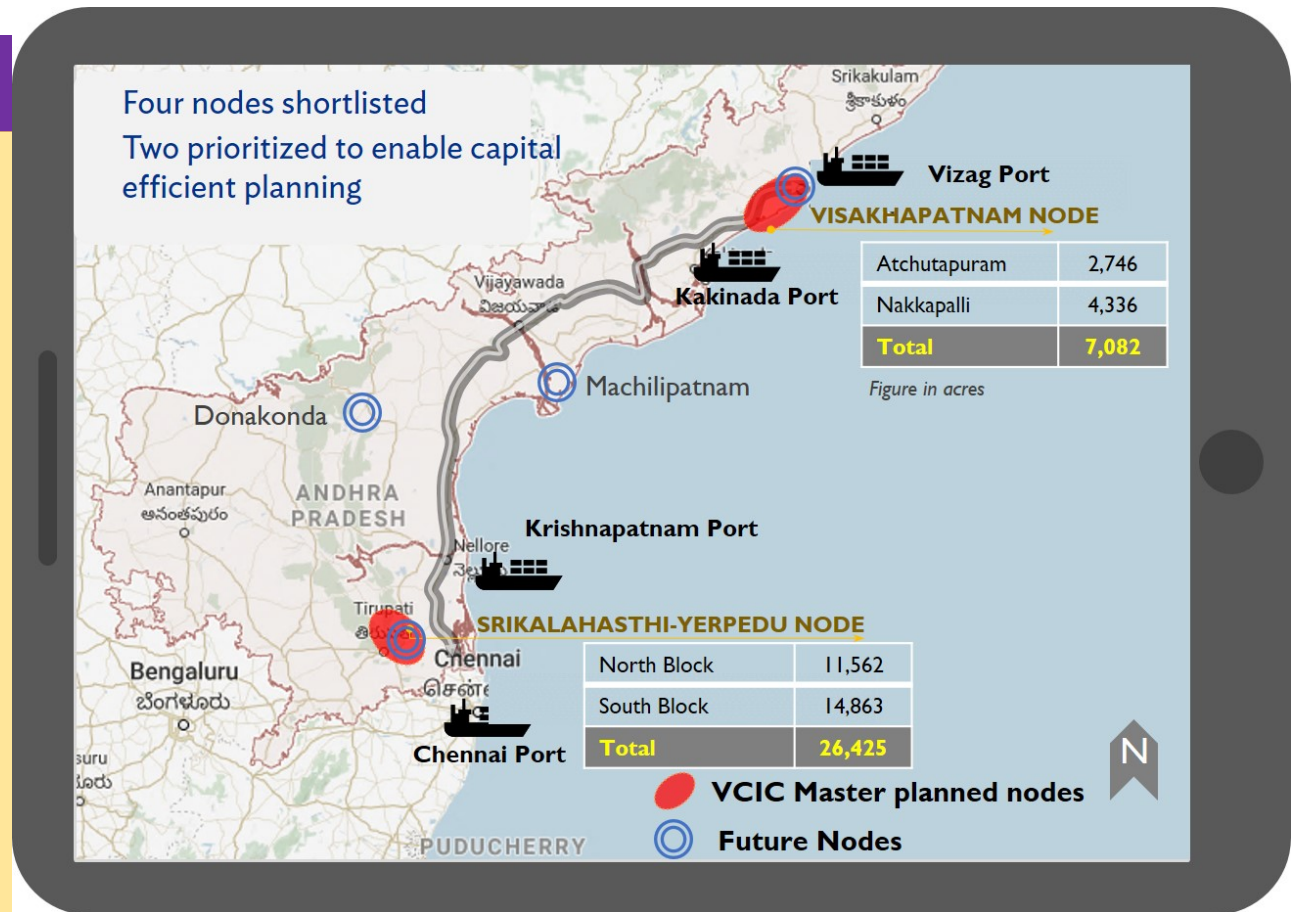
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NODE PRIORITIZATION

Prioritization Philosophy

- Two districts collectively contribute to **~40%** share in AP manufacturing
- **High investment interest across Partnership Summits** (~35% of allocated investment interests over 3 years)
- Result in **two axis of industrial development** in North & South of the state with different thematic development
- **Access to gateways (ports and airports)** for export/import trade within 100km from industrial site

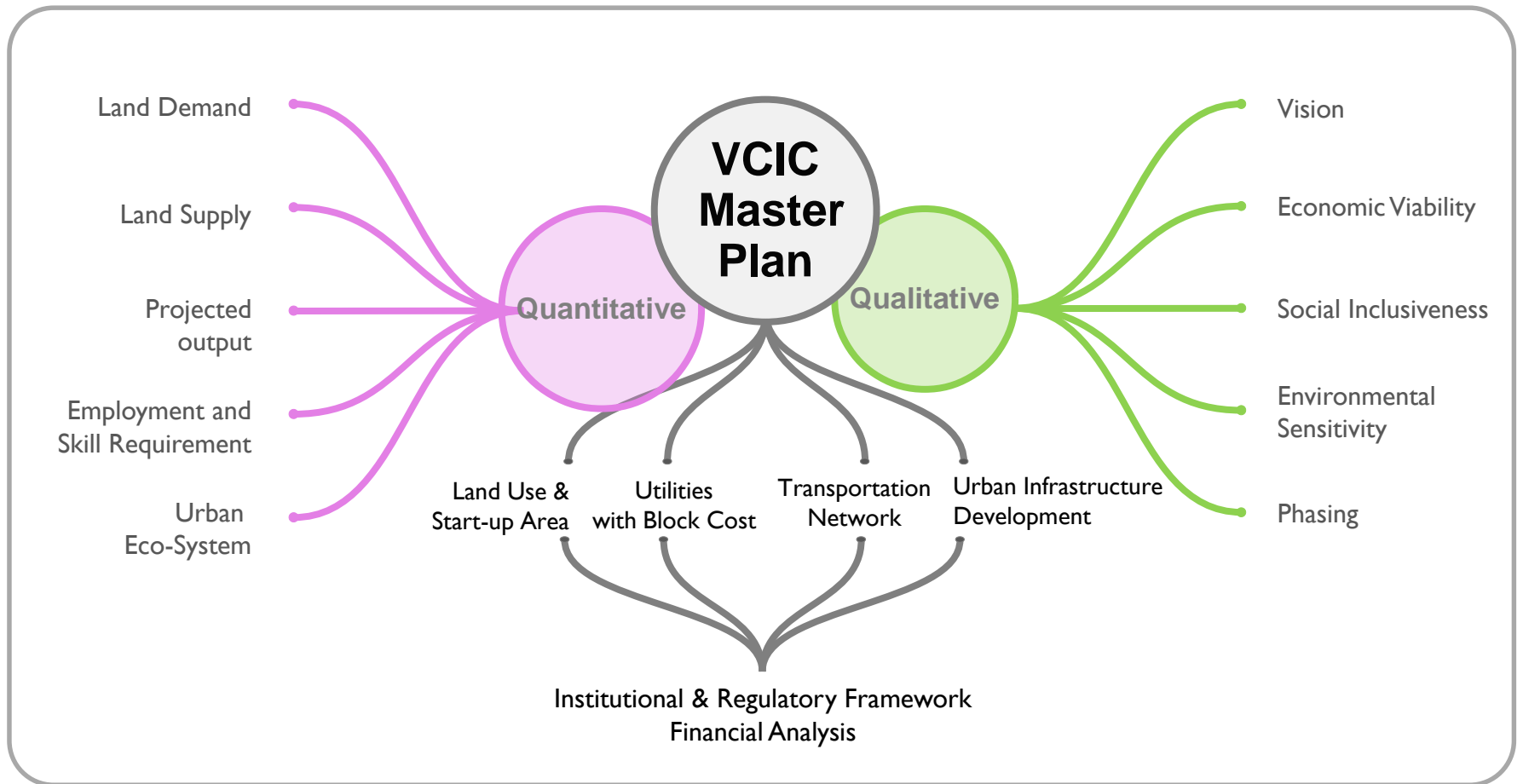


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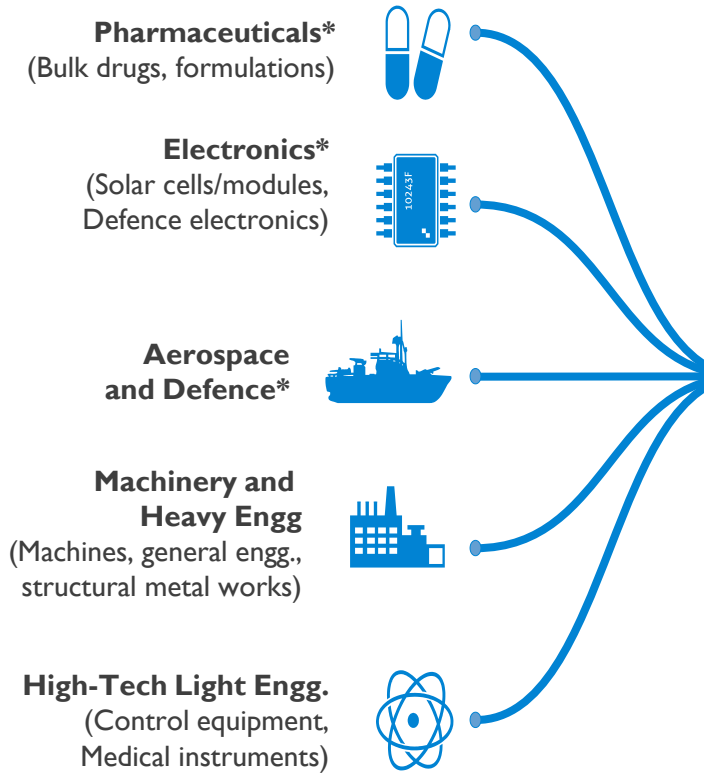
MASTER PLANNING FRAMEWORK



Industrial mix for each node was derived based on analytical research supplemented by over 120 industry consultations

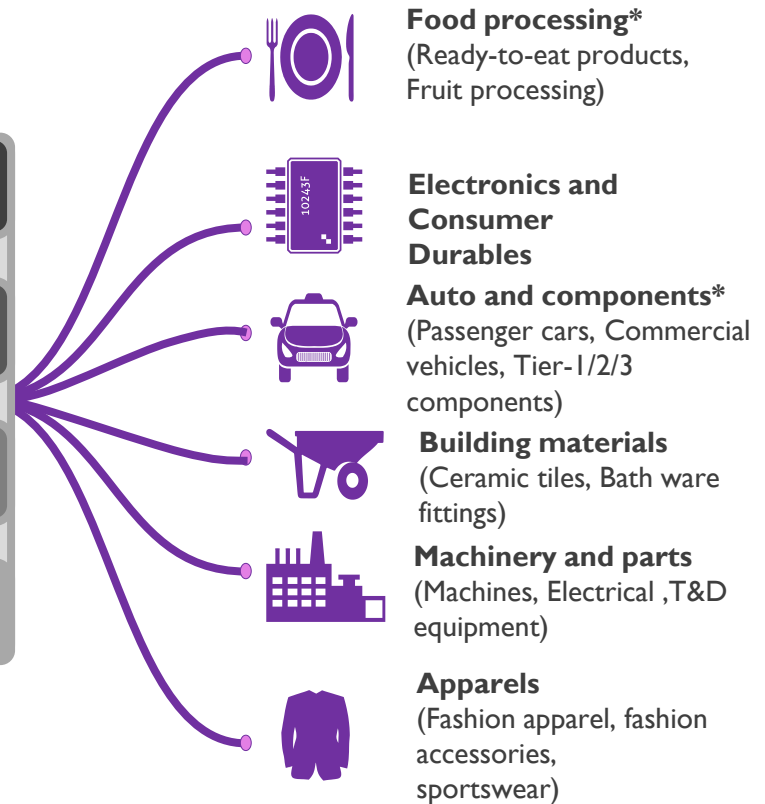
Visakhapatnam Node

as Technology and Engineering Hub



Srikalahasti Node

as end-product and manufacturing cluster



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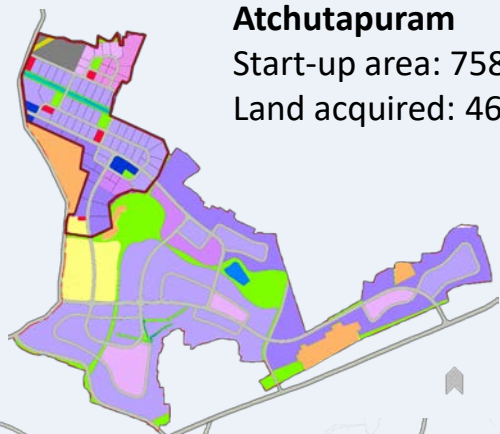


VISAKHAPATNAM NODE

Atchutapuram

Start-up area: 758 acres

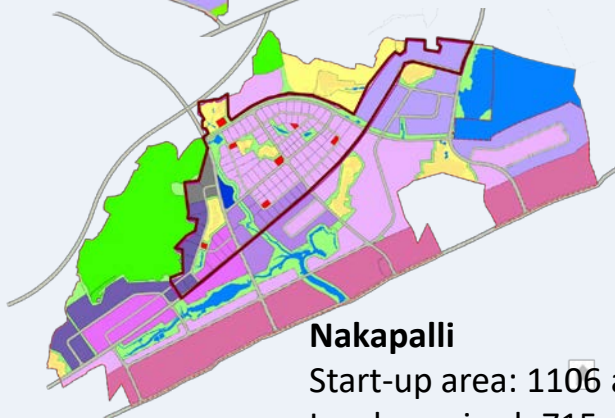
Land acquired: 467 acres (61%)



Nakapalli

Start-up area: 1106 acres

Land acquired: 715 acres (65%)

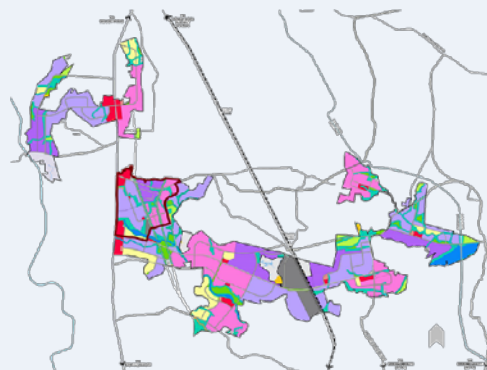


SRIKALAHASTI NODE

Chittoor North

Start-up area: 1335 acres

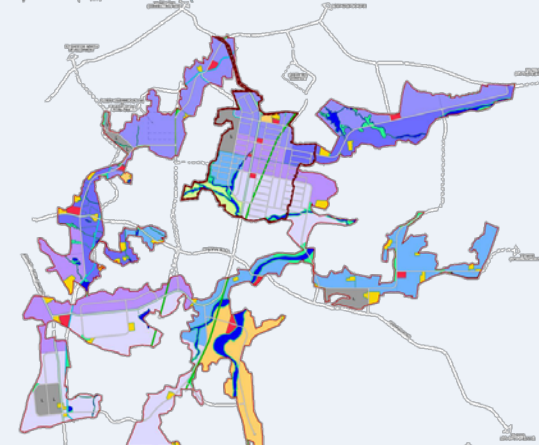
Land acquired: 309 acres (23%)



Chittoor South

Start-up area: 2616 acres

Land acquired: 620 acres (24%)

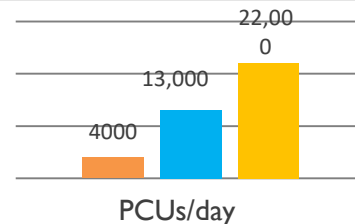
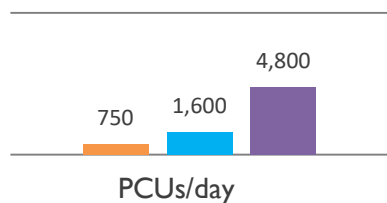


VCIC INFRASTRUCTURE DEMAND

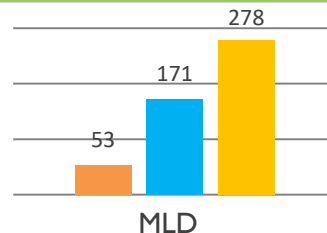
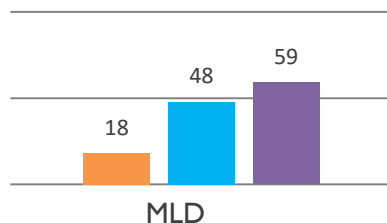
VISAKHAPATNAM


SRIKALAHASTI-CHITTOOR

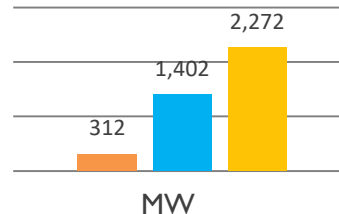
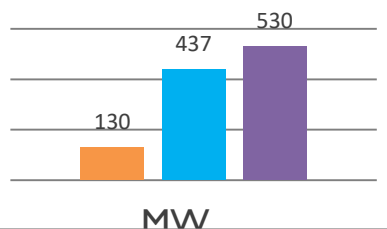
 Transport network



 Water supply



 Power supply



 Quality workforce

42,000 skilled labor and
68,000 others

120,000 skilled labor and
250,000 others

- Phase-1 (by Year 2022)
- Phase-2 (by Year 2030)
- Phase-3 (by Year 2041)

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Case: Srikalahasti Node (South Block)

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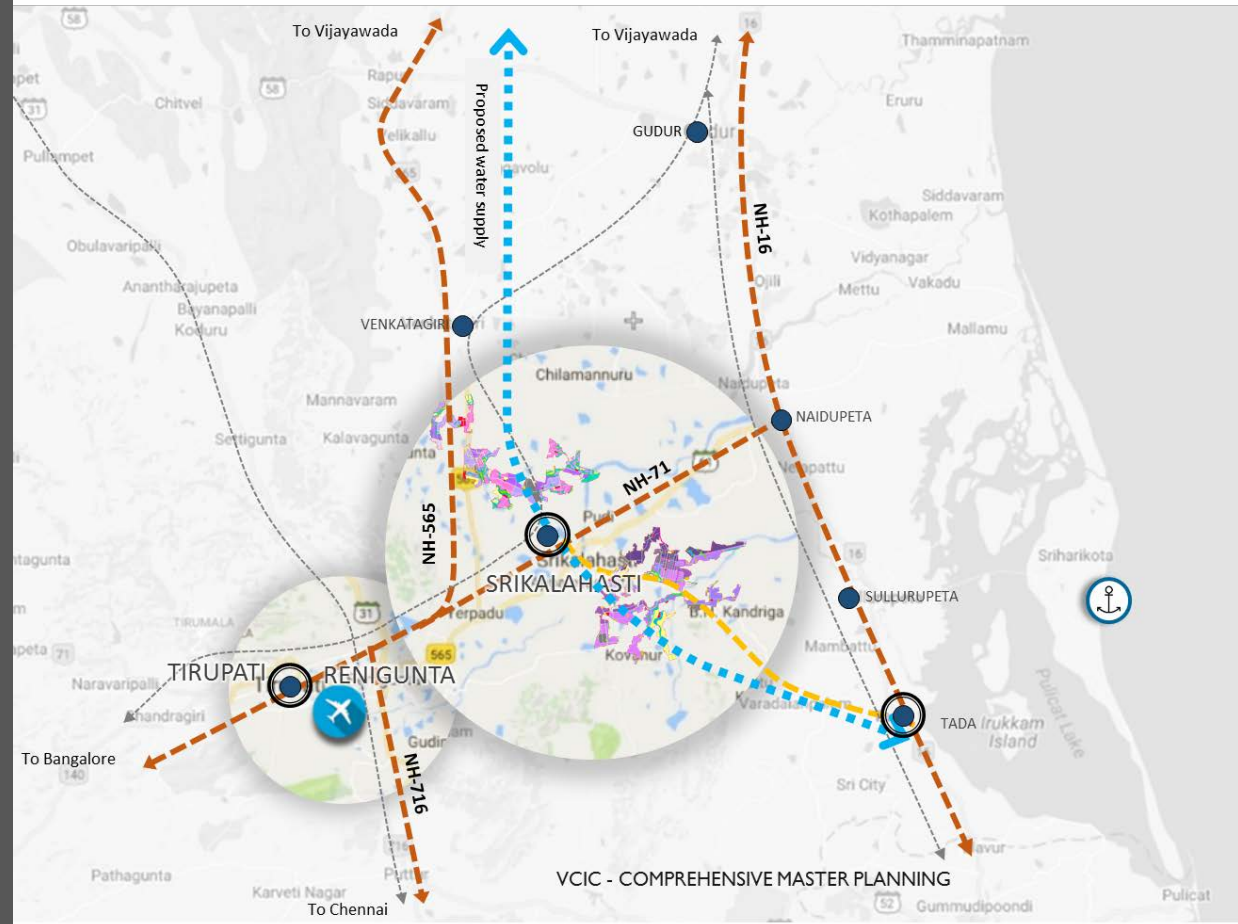
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SRICALAHASTI NODE

In line with regional profile of Srikalahasti Node

- Seaport & airport connectivity via NH16, NH71 & NH565 grid
- Industrial water supply scheme to the Srikalahasti Node (US\$ 104 million for Phase 1)
- Water supply & drainage upgrades in 3 key urban local bodies (Tirupati, Srikalahasti & Renigunta)



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SRIKALAHASTI - SOUTH

START-UP AREA IDENTIFIED TO ATTRACT ANCHOR INVESTORS

Total site area = 14,863 acres
Start-Up area = 2,616 acres

Key Industries



Food processing



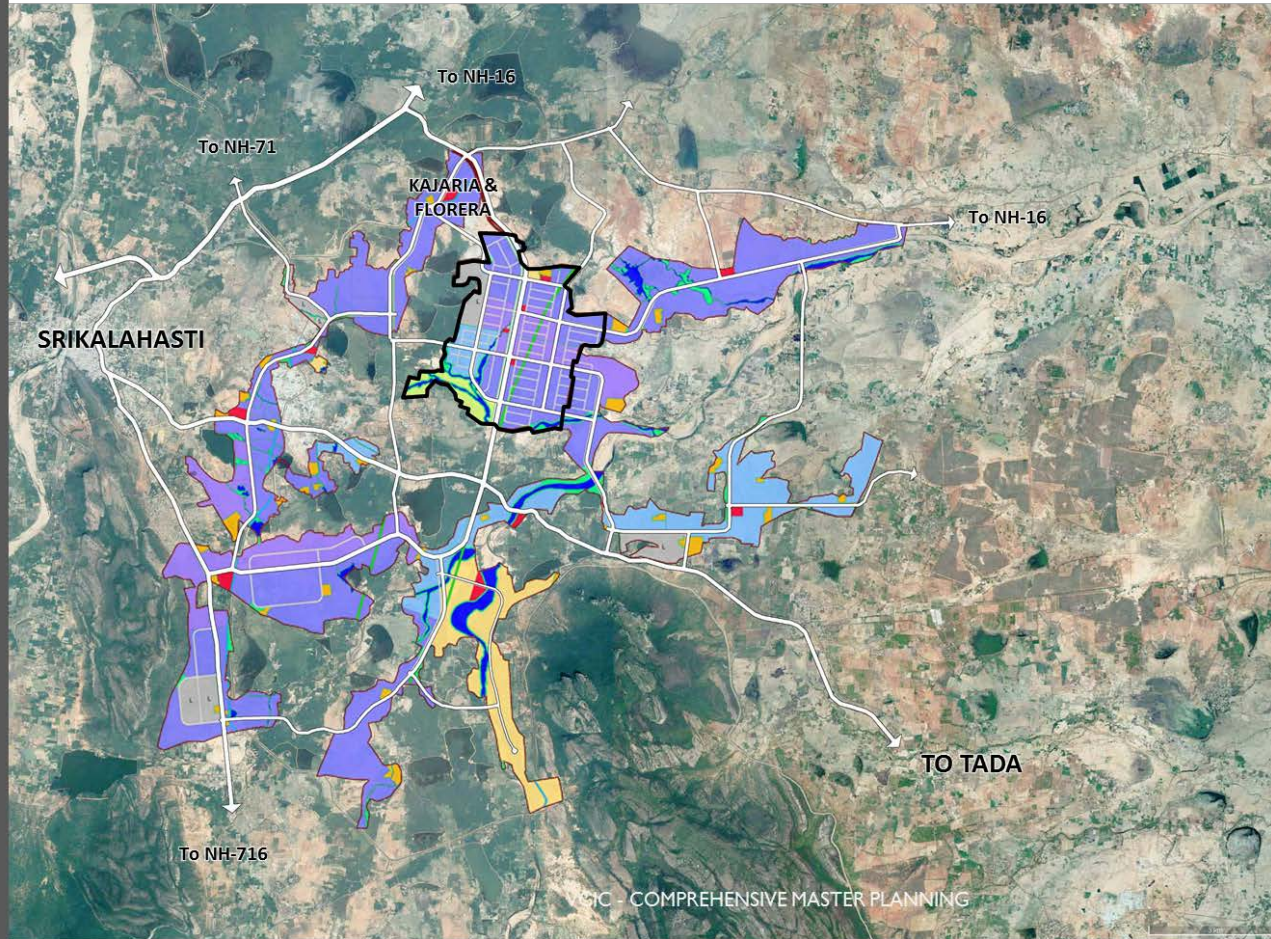
Apparels & textiles



Consumer durables & machinery



Building materials



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SRIKALAHASTI - SOUTH

Total site area = 14,863 acres

Start-Up area = 2,616 acres

450

truck-trips per day

1,142MW

power distribution

188MLD

water distribution

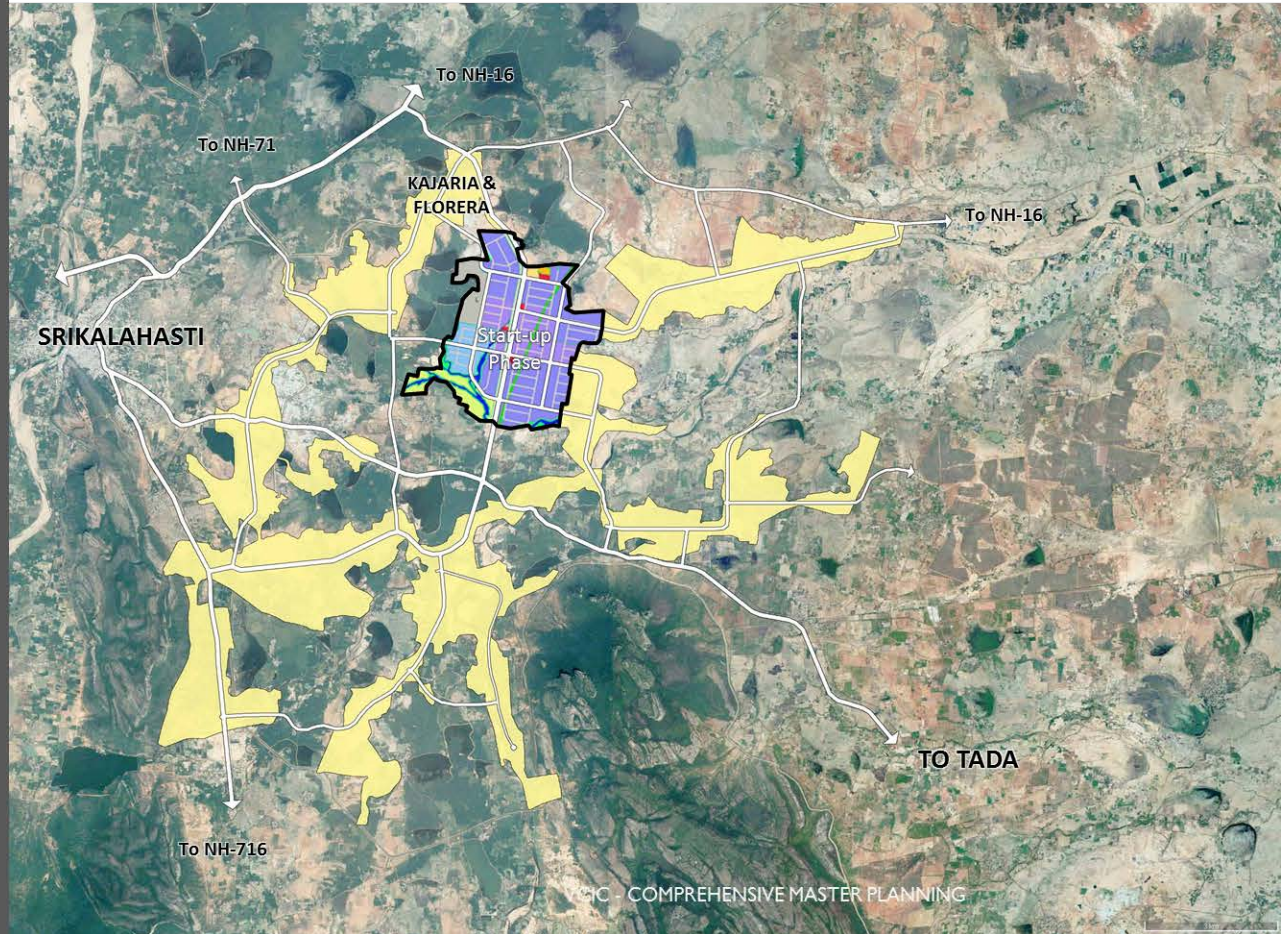
530TPD

solid waste management

120MLD

sewerage collection & treatment

THE INDUSTRIAL MASTER PLAN FACTORS IN NECESSARY INDUSTRIAL UTILITIES OF GLOBAL STANDARD



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SRIKALAHASTI - SOUTH

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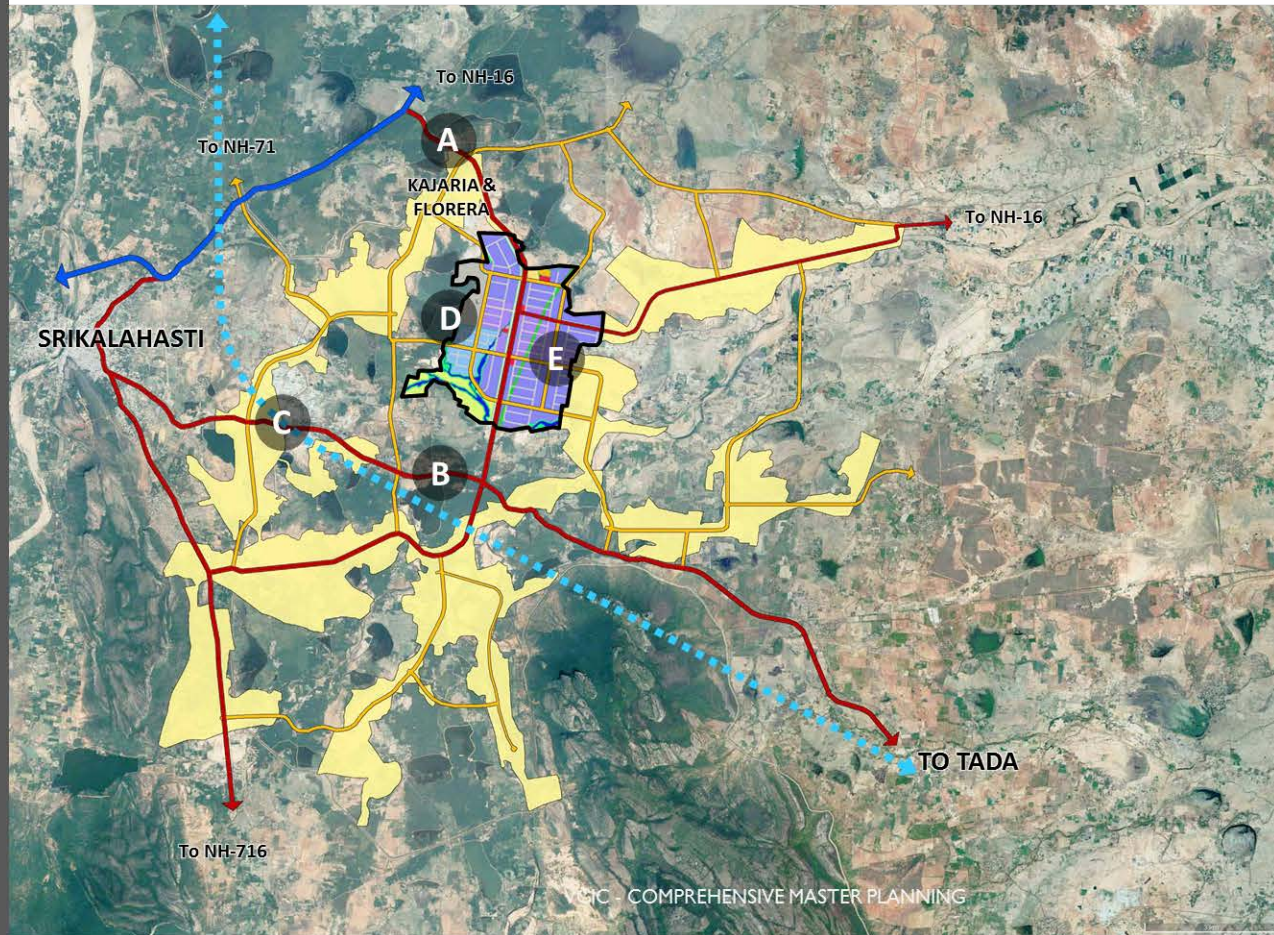
Package for Srikalahasti South Start-up Development

US\$ 322 mn

- A** US\$ 10 mn New road to ceramic cluster
- B** US\$ 66 mn Srikalahasti-Tada Road
- C** US\$ 104 mn Water supply scheme (Phase1) from Kandeleru*
- D** US\$ 221 mn Start-up Phase trunk infrastructure (water, power, sewerage disposal, drainage and workers accommodation)
- E** US\$ 35 mn Ready-built factories

* Water supply scheme is not added to node start-up total investment

PROJECTS & INTERVENTIONS IDENTIFIED TO OPERATIONALISE START-UP



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Institutional support

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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



- **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

Interactions with potential investors have already been initiated



Initiated business relationship with **KOTRA (Korea Trade-Investment Promotion Agency)**

Op-ed columnist invited to VCIC; and **Special report on VCIC** circulated by **top Korean business daily** in various media platforms

Engaged a **Communications and Network Specialist** expert to undertake VCIC promotion strategies

An **official of MoF (Japan)** will be assigned to **ADB** to further support investor promotion

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Potential anchors identified and discussions initiated

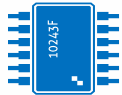
Vizag Node



Machinery and Precision Engineering



Creating the Future
SATAKE



Electronics

NEC

PHILIPS
Lighting



Metal Casting & Heavy Engineering



WELSPUN GROUP
LEADING TOMORROW TOGETHER



Srikalahasti Node



Machinery and Precision Engineering



WENDT



GRINDWELL
NORTON LTD.



Building materials



Asian Granito India Ltd.



Food processing

Kraft Heinz



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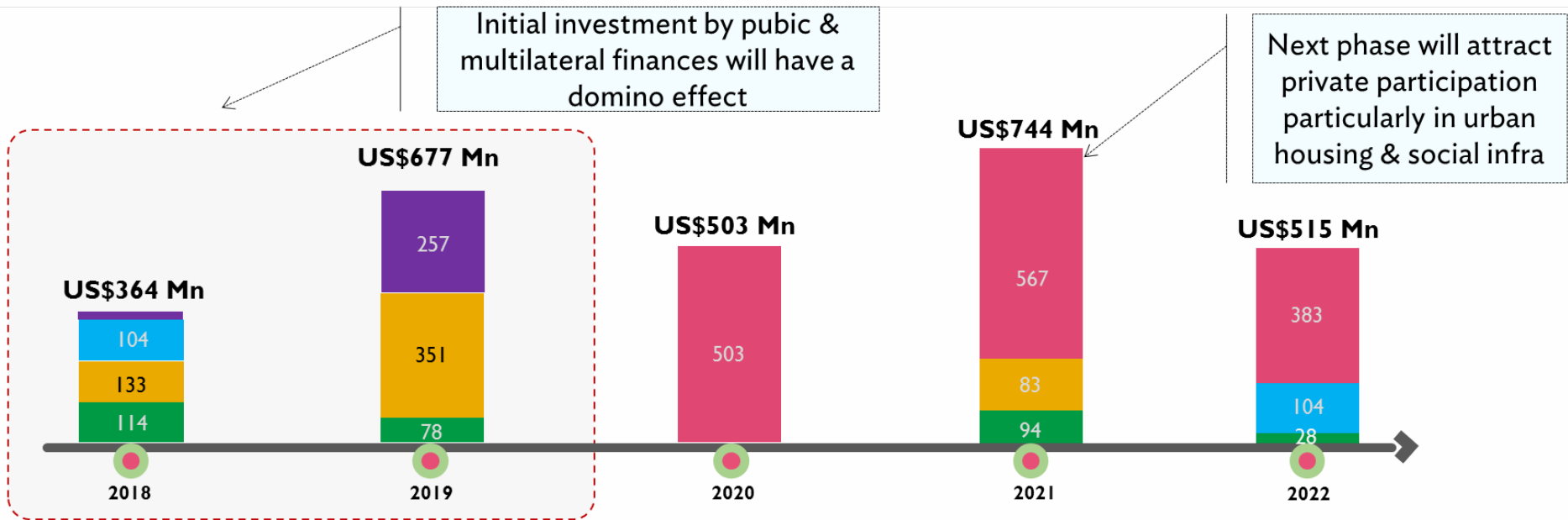
Future Direction

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Over \$ 2.8 billion will be required over the next five years to enable nodes

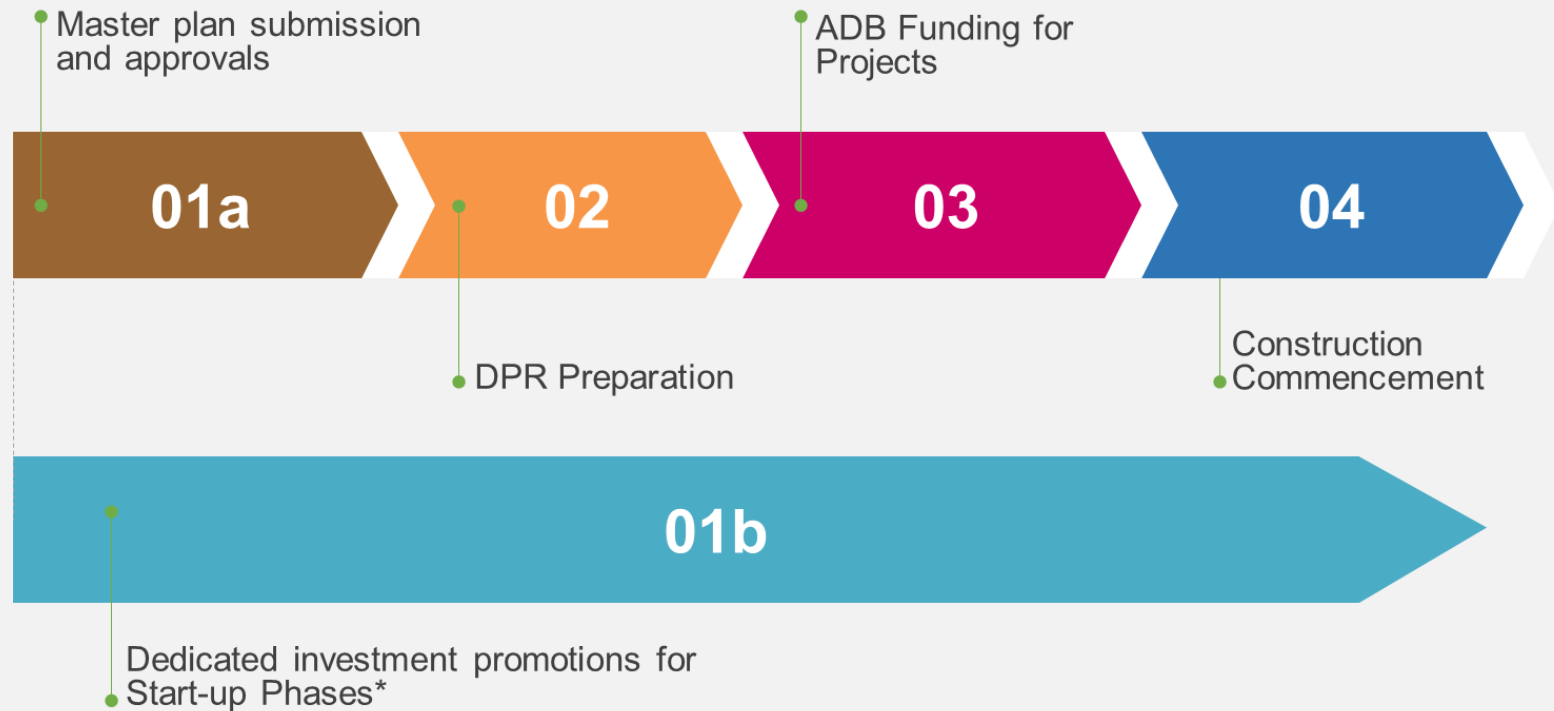


Note:
 Figures in USD mn (2017-18 prices)
 Conversion factor: 1 US \$ = INR 63.5



- Overall value of pipelined projects identified (till FY22) **INR 17,800 crores or US\$ 2.8 Bn**
 - Overall value of pipelined projects identified (FY23-FY45) **INR 12,700 crores or US\$ 2.0 Bn**
 - Portfolio of funds likely to be prioritized for external infrastructure projects in the initial years and gradually shifting to internal node level trunk infrastructure projects as well as urban infrastructure projects over the next 3-5 years
- * Details of projects provided in Annexures

Next Steps for Master Plan Implementation



Lessons Learned

