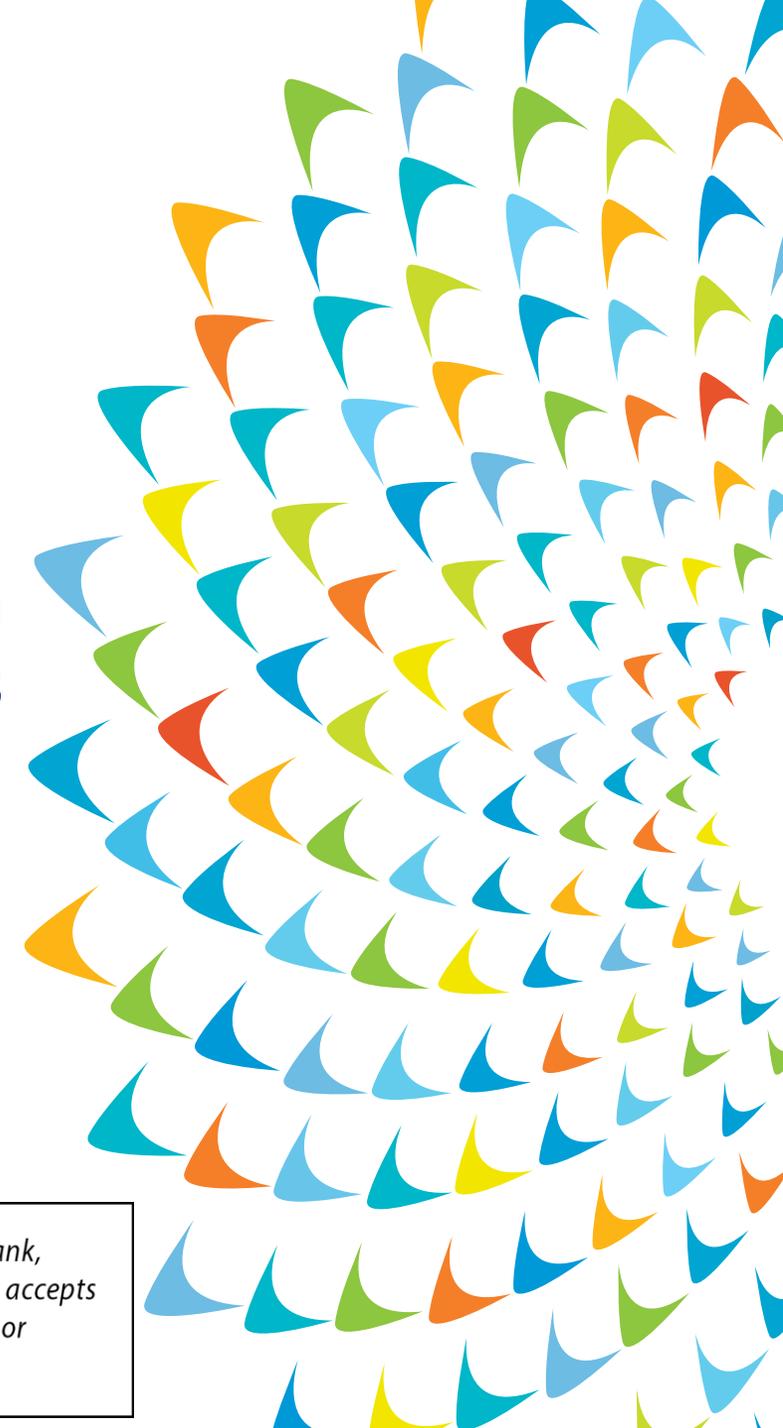


# SASEC Approach and Experience in Economic Corridor Development

Tbilisi, Georgia  
6 September 2023

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*The views expressed in this material are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.*



***ADB's journey to support regional initiatives for industrial transformation and trade facilitation***



# ADB's Journey so far

## Key

India

Sri Lanka

Bangladesh

2020-23

2019

Bangladesh Corridor Study (2023)



Industrial Park Rating System 2.0



Bangladesh SDP (TF and Customs Modernization)

West Bengal EC Study Update\*\*\*\*



Sri Lanka Port Access Elevated Highway



North East Economic Corridor\*\*



MSME Cluster Development



2016

Chennai Kanyakumari Industrial Corridor\*\*

2014

Vizag Chennai Industrial Corridor\*\*

2017

Odisha Economic Corridor\*\*\*



Industrial Park Rating System 1.0



India Coastal Shipping Study



2018

Logistics Sector Development



West Bengal Economic Corridor\*\*\*



Assam Vision Study



UP Infrastructure Plan



Sri Lanka Economic Corridor Study



2013

East Coast Economic Corridor (ECEC) Conceptualized

1. \*\* Completed: CDP and MP for VCIC; CKIC MP completed
2. \*\*\*Completed CDP for OEC; WB CDP completed; NEEC completed
3. \*\*\*\* Updation of WBEC Study underway



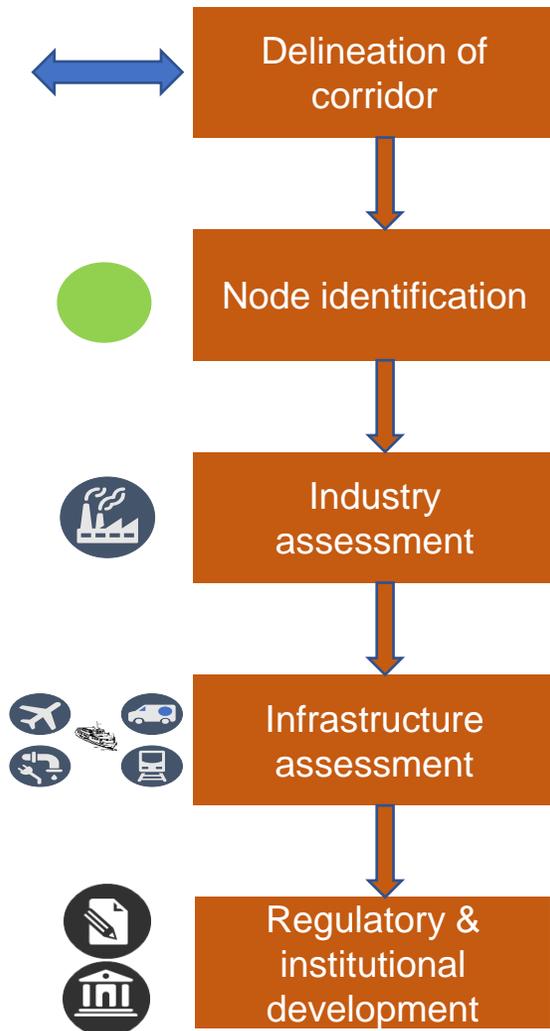


# SASEC countries are already taking several initiatives to improve TF and logistics efficiency

	INDIA	BANGLADESH	NEPAL	BHUTAN	SRI LANKA	MALDIVES
National level	<p>National Logistics Policy</p> <p>Trade facilitation programs &amp; Transport plans <i>(PM Gati Shakti – Integrated Masterplan, Sagarmala, National Infrastructure Pipeline)</i></p>	<p>National Logistics Policy</p> <p>Trade facilitation program <i>(regional waterway transport, national highway development, customs reforms)</i></p>	<p>Trade Logistics Policy</p> <p>Trade facilitation program <i>(regional transport &amp; trade connectivity, customs reforms &amp; modernization etc.)</i></p>	<p>National Export Strategy</p> <p>Trade facilitation program <i>(customs reforms)</i></p>	<p>National Port Master Plan</p> <p>Trade facilitation program <i>(customs reforms &amp; ECTS)</i></p>	<p>Trade Facilitation Program</p> <p>Trade facilitation program <i>(customs reforms)</i></p>
Regional level	<i>Bilateral/multilateral treaties for trade and transit</i>					
	<i>Highly Facilitated Trade Corridors for better regional integration</i>					
	<i>Creation of subgroups under Transport Working Group and creation of a new subgroup on Supply Chain Development</i>					
	<i>SASEC Business Forum, a mechanism for receiving private sector feedback on SASEC operations.</i>					
	<i>Food Regulators Forum</i>					
						

# ***Economic Corridor Development Framework***

# Analytical Framework for Corridor Development



## Delineation of Corridor

- Identification of spine
- Land availability assessment

## Node identification

- Influence area assessment
- Node prioritization



## Industry assessment

- Initial shortlisting of industries through use of economic theories and study of global and domestic trends
- Factors of production study
- Market potential study
- Identification of challenges and issues
- BAU and BIS estimation
- Formulation of physical interventions and institutional interventions

## Infrastructure assessment

- Identification of current infrastructure gaps and challenges
  - ✓ Transport – Rail, Road, Ports, Airports, Inland waterways
  - ✓ Logistics
  - ✓ Utilities
  - ✓ Urban
- Infrastructure development plan
- Project identification and prioritization

## Regulatory & Institutional Development

- Assessment of the current institutional and regulatory set up
- Identification of lacunae in the system and challenges and issues
- Benchmarking
- Formulation of necessary interventions



# Integrated Development for Industrial transformation

Federal Government

State Government

Local authorities – Urban and Rural

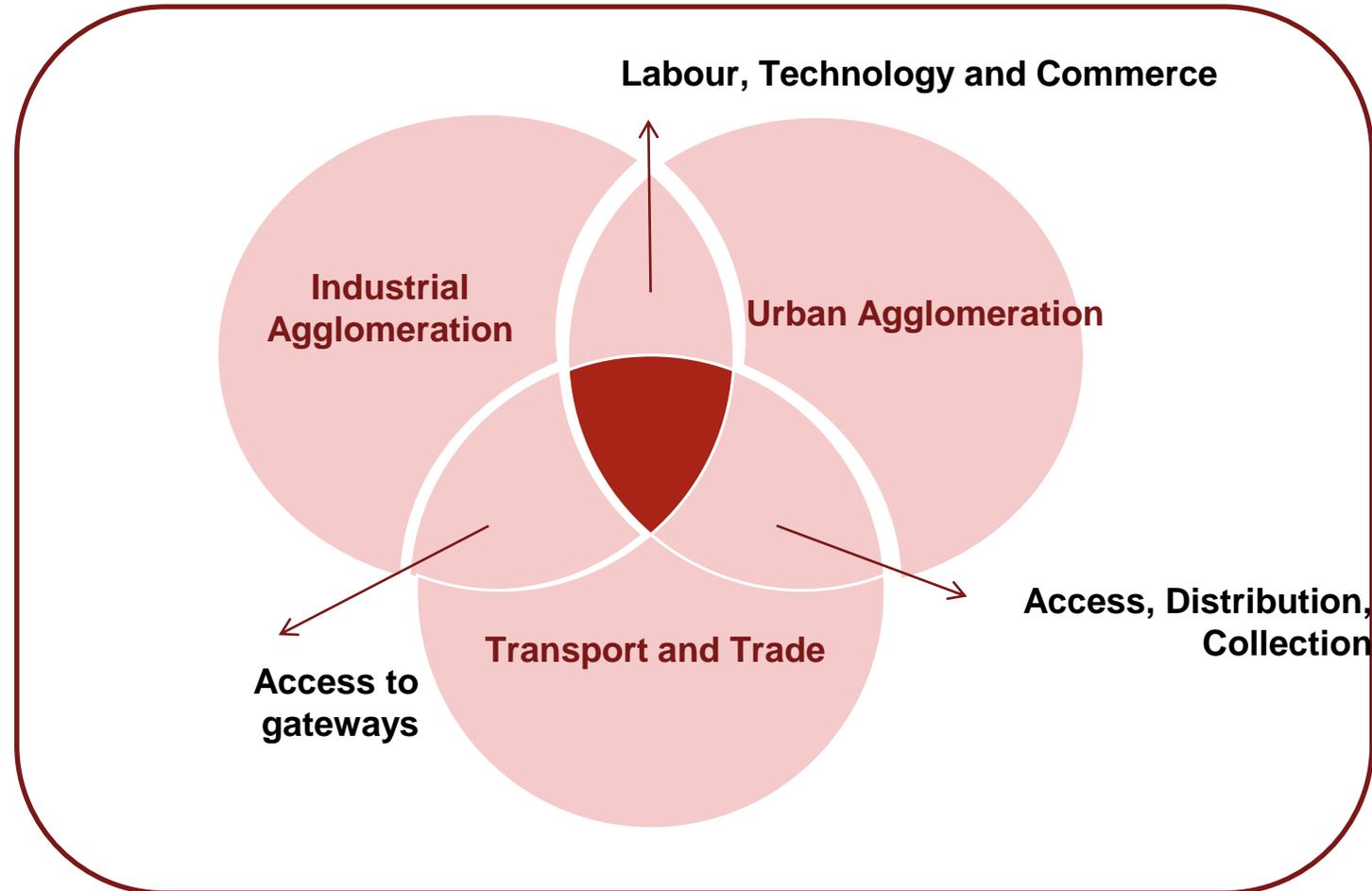
Land Acquisition Policy

Skill Dev. Policy

Manufacturing Policy

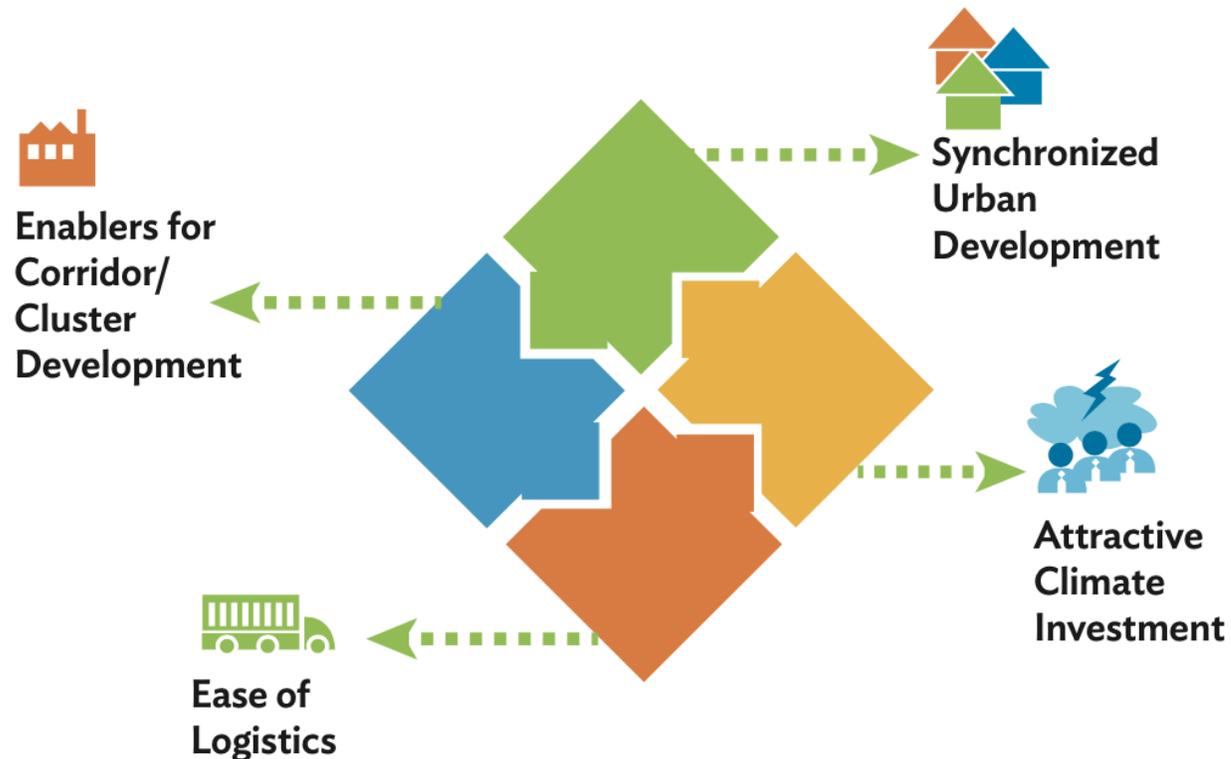
Ease of Doing Business/Taxation

Trade and Investment Policy



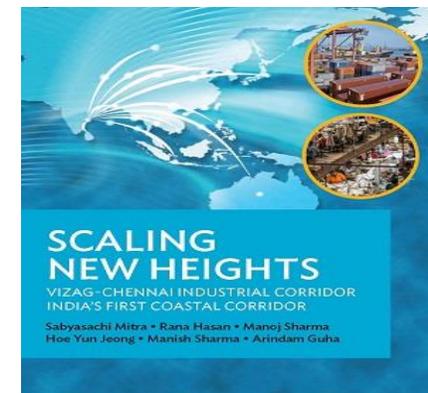
# Institutional and Policy framework is Essential to Support Economic Corridor Development

Figure: Regulatory Framework for Economic Corridors



Key institutional and regulatory interventions that are needed include:

- i. Policies governing institutional structures for corridor development;
- ii. Easing the process of setting up and closing a business;
- iii. Streamlining regulations to improve the business environment;
- iv. Ports, shipping, and trade facilitation.



Source: ADB (2016) – “Scaling New Heights.”





***Defining the corridors and ADB's  
engagement in India, Bangladesh and  
Sri Lanka***





# National Industrial Corridors: 5 ongoing, other 6 upcoming



## ONGOING

-  DMIC: Delhi-Mumbai Industrial Corridor
-  AKIC: Amritsar-Kolkata Industrial Corridor
-  VCIC: Vizag-Chennai Industrial Corridor
-  CBIC: Chennai-Bangalore Industrial Corridor
-  ECEC: East Coast Economic Corridor with 3 Sections\*

## UPCOMING

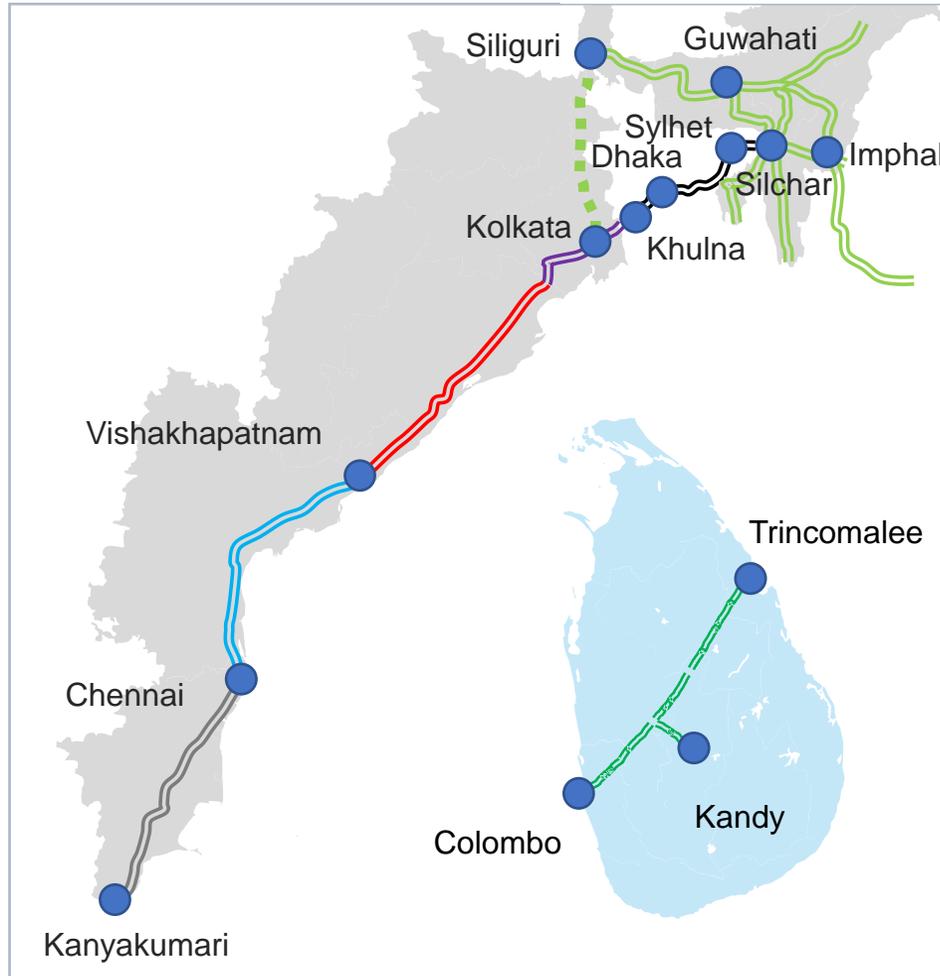
-  BKIC: Bangalore-Kochi Economic Corridor
-  BMEC: Bangalore-Mumbai Economic Corridor
-  HWIC: Hyderabad-Warangal Industrial Corridor
-  HBIC: Hyderabad-Bengaluru Industrial Corridor
-  HNIC: Hyderabad-Nagpur Industrial Corridor
-  DNIC: Delhi-Nagpur Industrial Corridor
-  **CKIC: Chennai-Kanyakumari Industrial Corridor**
-  **OEC: Odisha Economic Corridor**
-  **WBEC: West Bengal Economic Corridor**

\* 3 Sections of ECEC

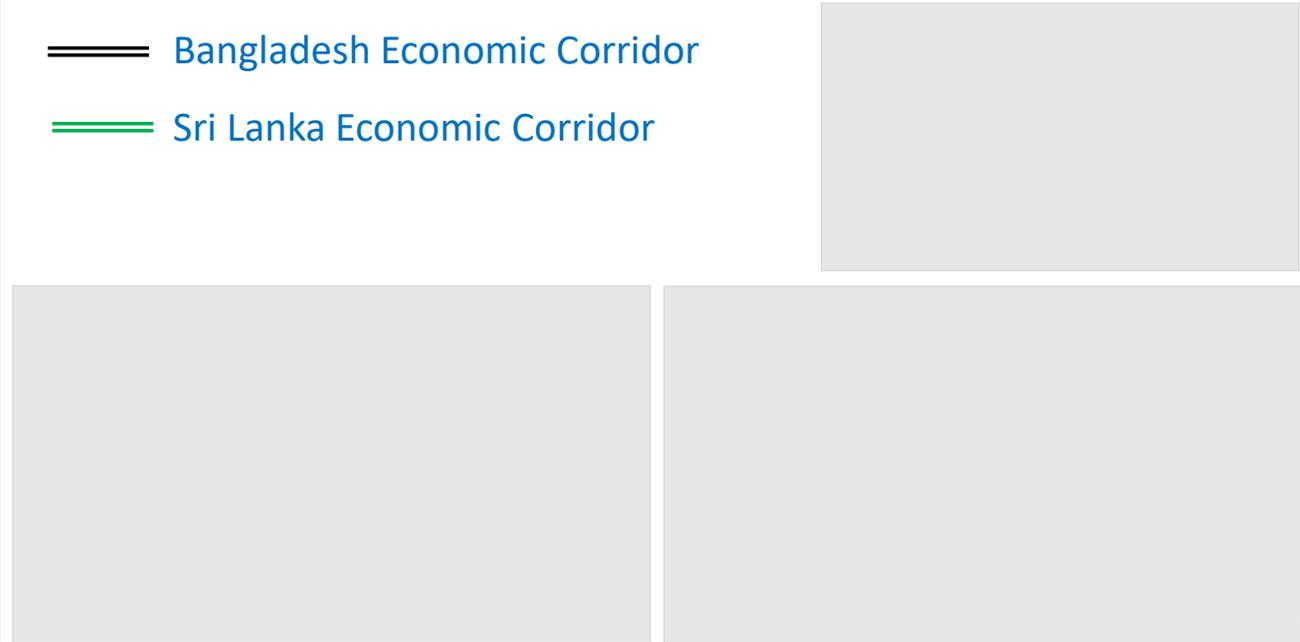




# ADB's Engagement in Corridor Development in SASEC Countries



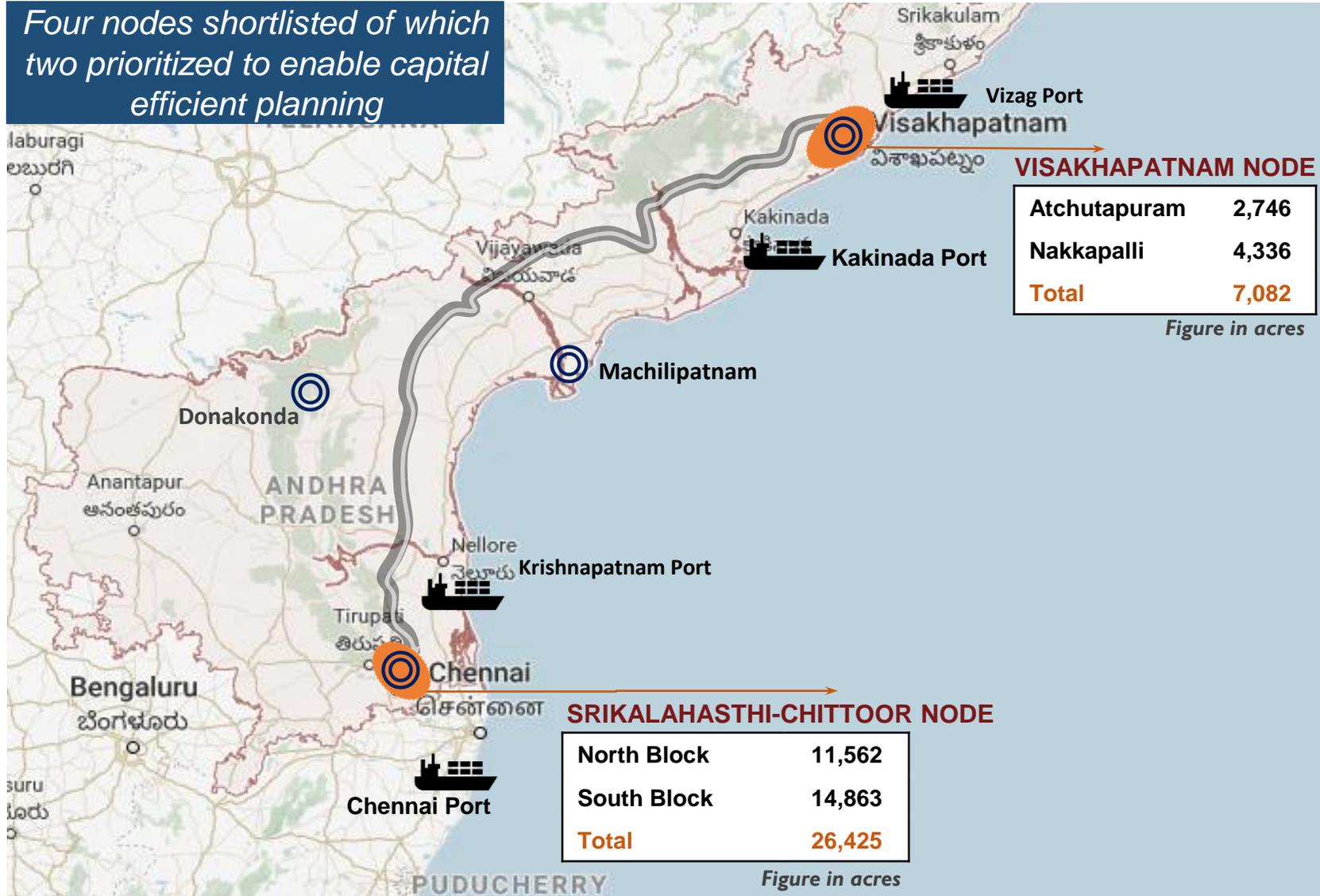
- CKIC: Chennai-Kanyakumari Industrial Corridor
- VCIC: Vizag-Chennai Industrial Corridor
- OEC: Odisha Economic Corridor
- WBEC: West Bengal Economic Corridor
- NEEC: North-East Economic Corridor
- Bangladesh Economic Corridor
- Sri Lanka Economic Corridor





# Vizag Chennai Industrial Corridor (VCIC)

Four nodes shortlisted of which two prioritized to enable capital efficient planning



Vizag Chennai Industrial Corridor CDP, RPP and Master Plan completed



- \$511 million ADB loan financing approved in 2016 (\$386 million Investment Loan & \$125 million Policy loan) + \$6 million grant
- Master Planning of 2 nodes completed
- \$4 bn. worth investments identified for VCIC from Master Plan Exercise

Future Nodes
 VCIC Master planned nodes

# Chennai - Kanyakumari Industrial Corridor (CKIC)

## Chennai Kanyakumari Industrial Corridor

Comprehensive Development Plan completed (June 2017)

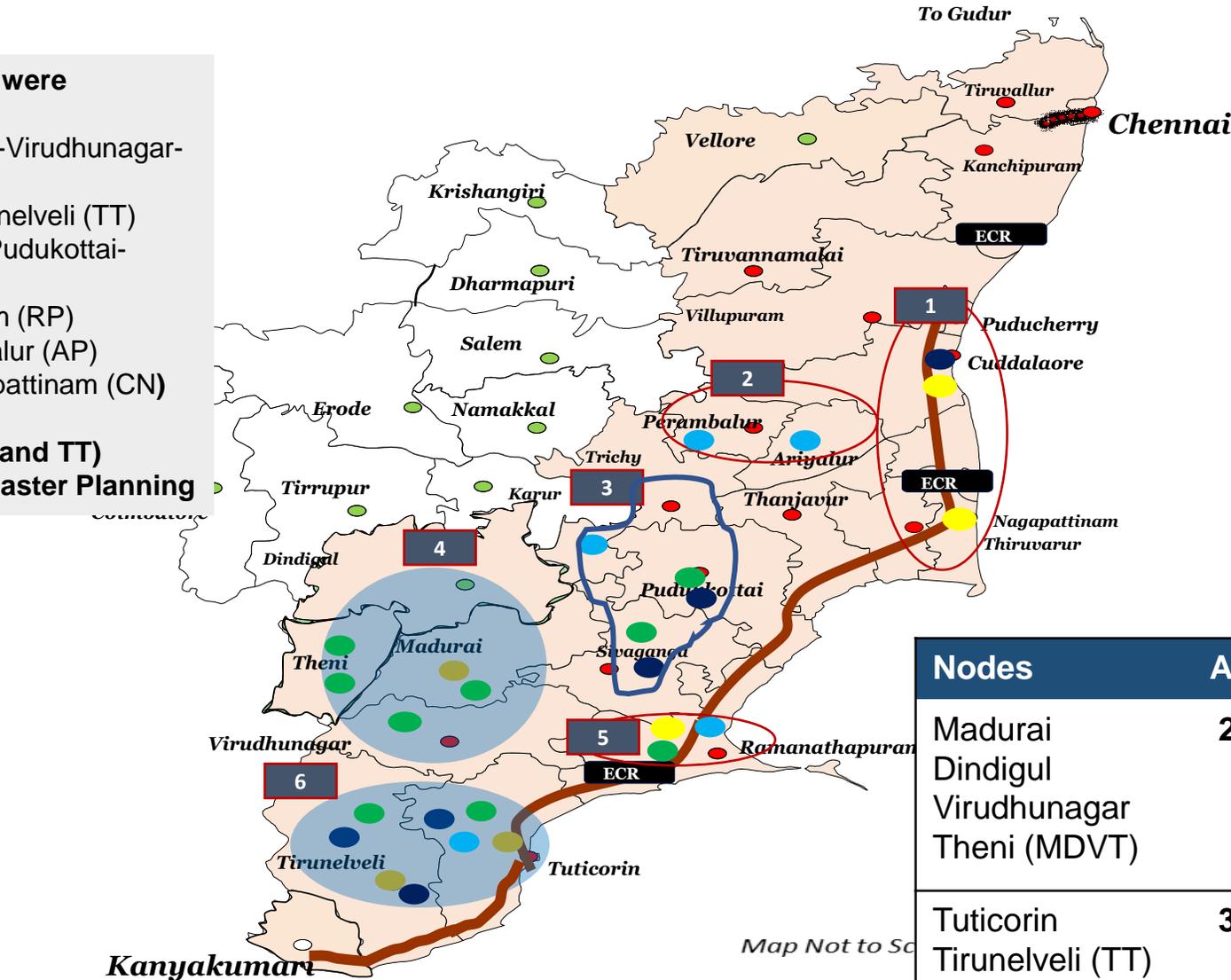
- Approx. \$1.48 billion investment committed for road, power, housing and urban sector projects

- Master Planning of 2 nodes (MDVT and TT) finalized in 2020 and investment opportunities identified

A total of six nodes were identified:

- Madurai-Dindigul-Virudhunagar-Theni (MDVT)
- Thoothukudi-Tirunelveli (TT)
- Thiruchirappalli-Pudukottai-Sivaganga (TPS)
- Ramanathapuram (RP)
- Ariyalur-Perambalur (AP)
- Cuddalore-Nagapattinam (CN)

- **2 Nodes (MDVT and TT) Prioritised for Master Planning**



Nodes	Acres
Madurai Dindigul Virudhunagar Theni (MDVT)	2979
Tuticorin Tirunelveli (TT)	3585



# OEC envisages unlocking the State's economic potential through coordinated large scale investments...



Port-led industrialization furthering the objective of Sagarmala initiative



Diversifying Odisha's industrial mix; high-value-adding and trade-oriented industries



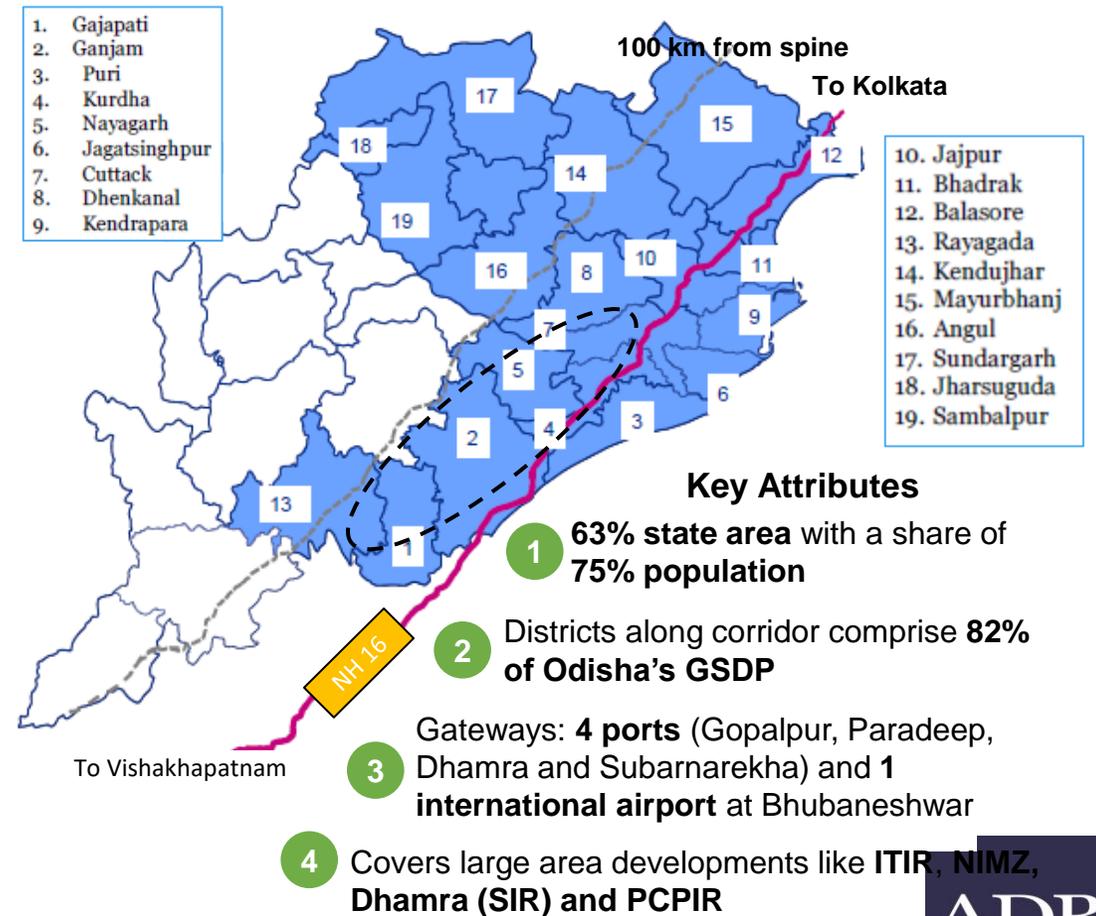
Creating investment avenues and gainful employment opportunities: 30 lakh jobs with an investment of INR 2.5 lakh crore



NH-16 chosen as the corridor spine which will connect major ports with hinterland, providing the crucial link for RM & finished goods movements



Concerted investments in industrial, transport, urban and energy infrastructure envisaged



15 100 km on either side has been taken as the Corridor Influence Area





# Orisha Economic Corridor

**6** Nodes comprising of 19 districts covering 63% of geographical area of the State identified. 2 nodes prioritized

- 1 Angul-Dhenkanal (AD)
- 2 Ganjam
- 3 Mayurbhuj-Kendujhar-Balasore (MKB)
- 4 Sambalpur-Sundargarh-Jharsuguda (SSJ)
- 5 **Khurda – Cuttack - Jagatsinghpur (KCJ)**
  - Growth poles Bhubaneswar & Paradip
  - Industrial development : Paradip PCPIR, Bhubaneswar IT SEZ, Paradip Plastic park
- 6 **Jajpur – Kendrapara - Bhadrak (JKB)**
  - Industrial developments - Kalinganagar NIMZ, Dhamra SIR

Nodes prioritized based on GoO priority

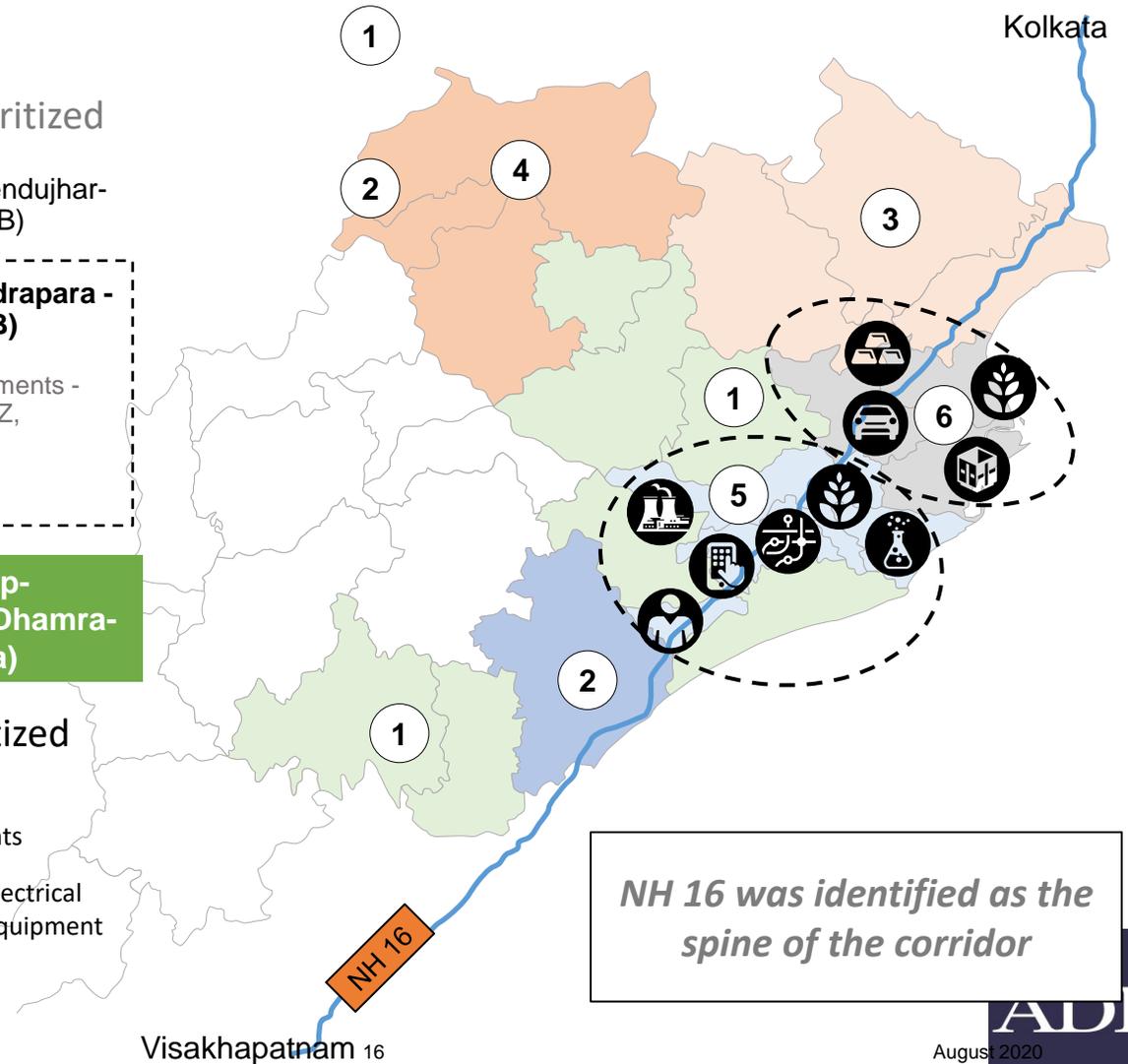
**GBK (Gopalpur-Bhubaneshwar-Kalinganagar)**

**PKDS (Paradip-Kendrapada-Dhamra-Subarnarekha)**

**9** Focus sectors identified and mapped across the two prioritized nodes

- Food Processing
- Readymade garments
- Downstream Metals
- OEM & Auto components
- Specialty Chemicals
- Capital Goods
- Defense Equipment
- Electronics components
- Electrical equipment

**89** Projects across multiple infrastructure domains identified entailing INR 61,200 Crore investments



NH 16 was identified as the spine of the corridor

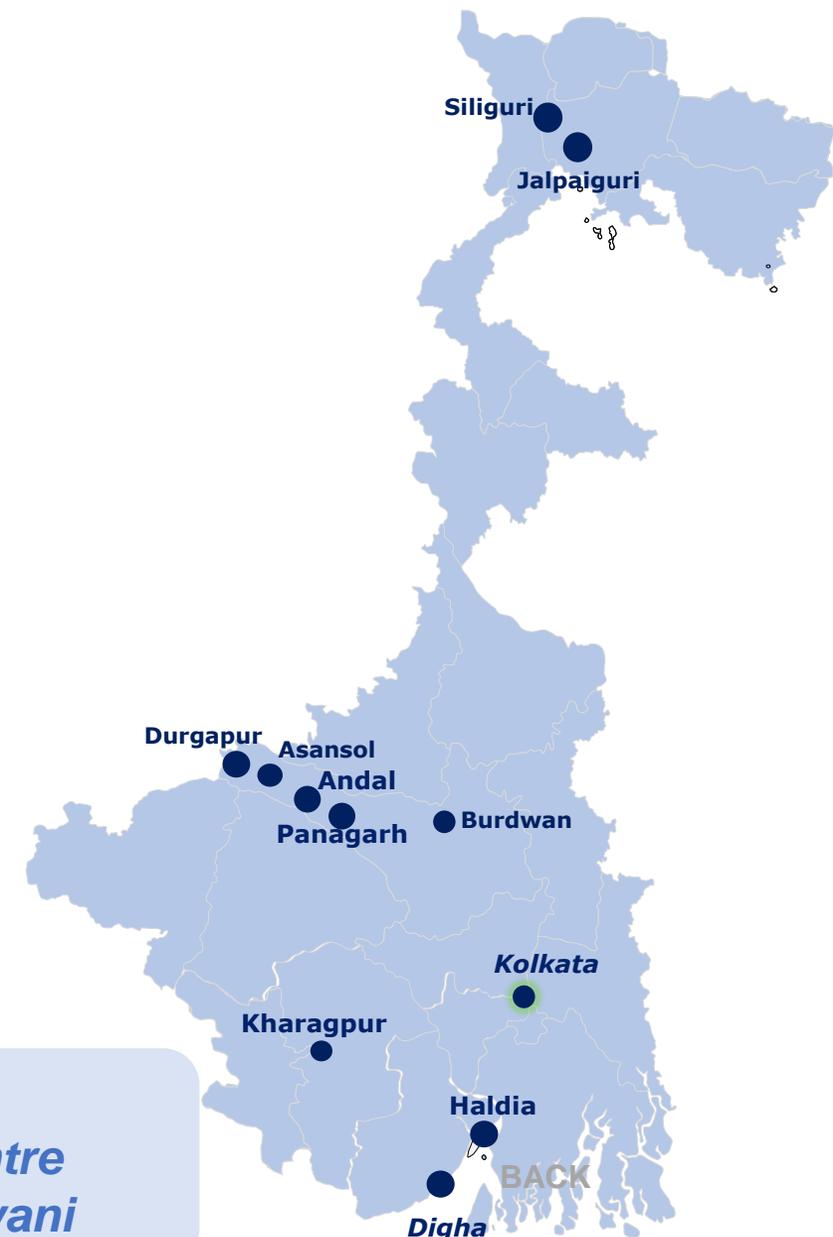


# West Bengal Corridor Development

West Bengal Economic Corridor is critical from the perspective of ensuring **regional and international connectivity**

- The West Bengal Corridor facilitates cargo movement through the **East Coast Economic Corridor** and also **enables connectivity with Amritsar Kolkata Industrial Corridor** with greater GVC linkage
- The corridor establishes **connectivity to North-Eastern region through Bangladesh\***
- The corridor links with **Siliguri which acts as an important trijunction transit** point between the northeast, the rest of India and with neighbouring countries (Bangladesh, Bhutan and Nepal (via Asian Highway-2 and AH-48))
- The corridor route enhances use of Kolkata and Haldia Dock System for **transit and bilateral cargo for Nepal and Bhutan**

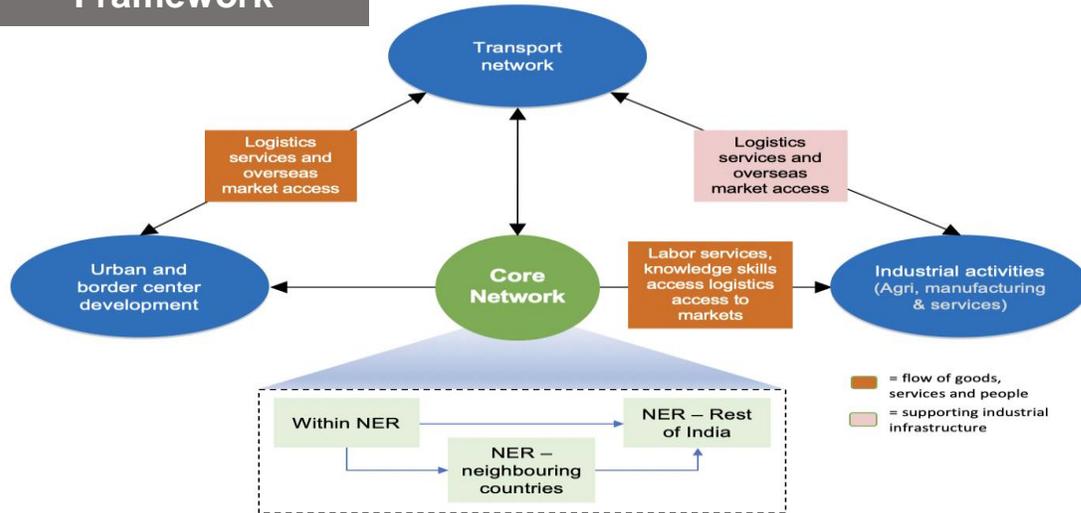
- *The CDP was submitted to GoWB in 2020*
- *Based on GoWB request addition node level planning and growth centre analysis being undertaken at Tajpur-Haldia, Siliguri, Dankuni and Kalyani*





# North East Economic Corridor

## Framework



The core transport network is designed to align with the web of corridors in South Asia, starting with ECEC, SASEC, and the BEC and other sub-regional programs such as BIMSTEC

## Core themes of the study

- 1 Support Government of **India's Act East policy** by reinforcing NER's strategic geographic significance and its relationship with members of ASEAN
- 2 Developing core, secondary and tertiary transport and logistics networks
- 3 Cluster-based industrial development around growth centres, supported by infrastructure and policy interventions
- 4 Facilitating cross border trade through border center development & regulatory measures
- 5 Strengthening urban agglomerations and developing border centres

## 24 Growth Centres & 19 Border centres identified

### 24 Growth Centers

- ▶ Combination of manufacturing centers and services centers
- ▶ To serve as hubs for industrialization and urbanization

### 19 Border Centers

- ▶ Border points that enable cross-border trade
- ▶ To promote other economic activities in the vicinity and encourage urban development

## Key Sectors Identified for interventions

### Manufacturing

- ▶ Petrochemical
- ▶ Agri and Allied Activities
- ▶ Food Processing
- ▶ Bamboo
- ▶ Cement
- ▶ Rubber Processing

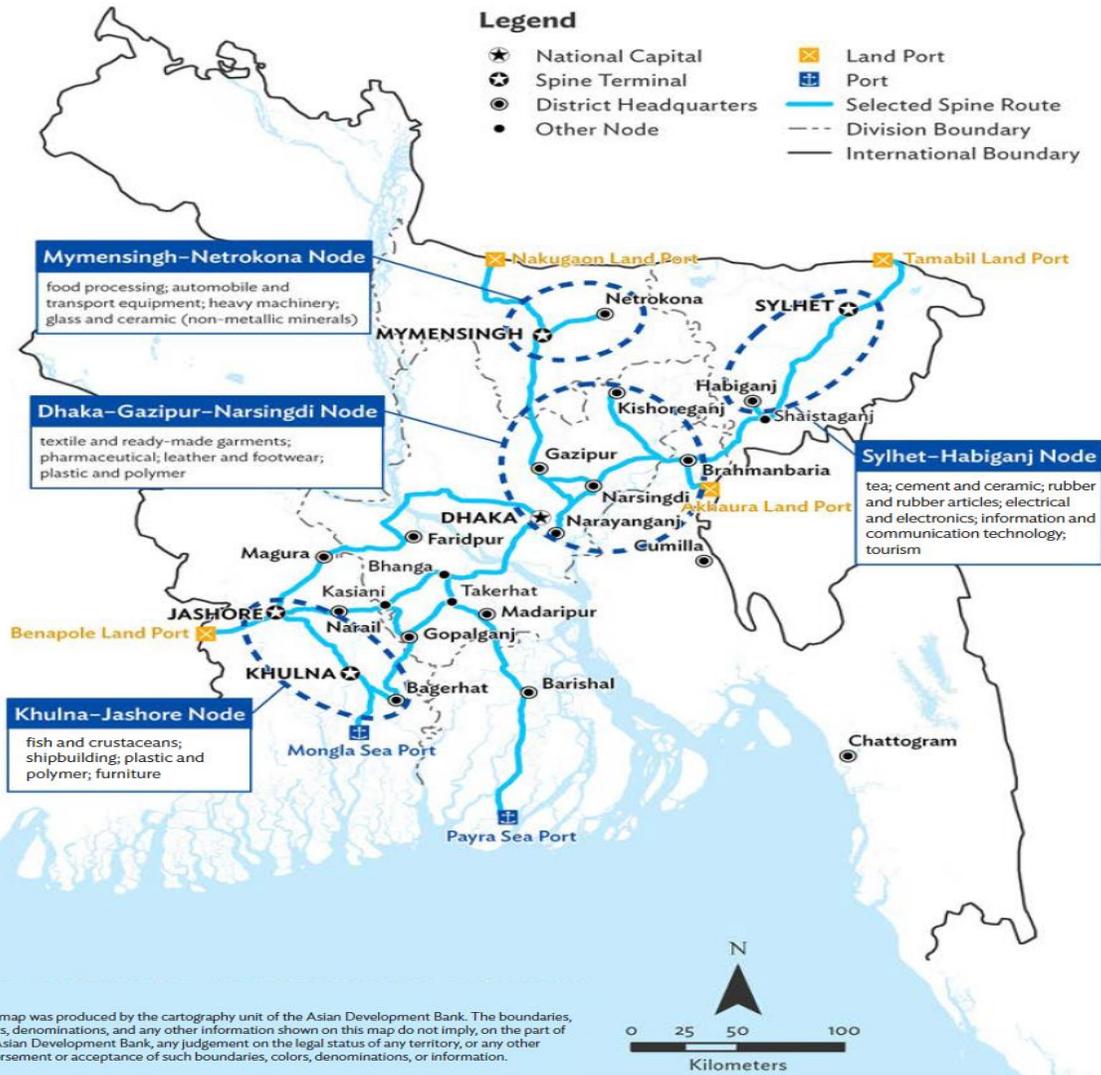
### Services

- ▶ Tourism
- ▶ Medical Tourism

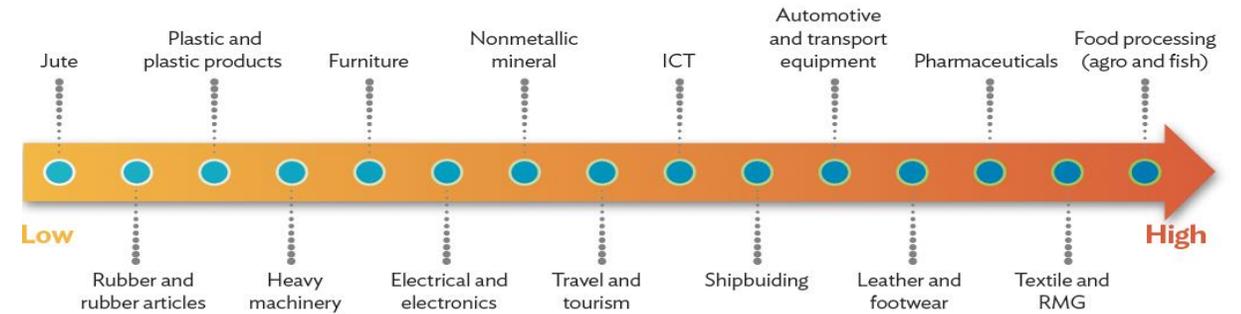
***Identification of sectors for  
development of regional value chains***

# Priority sectors amenable to regional value chains (Bangladesh)

## Node level mapping of key sectors



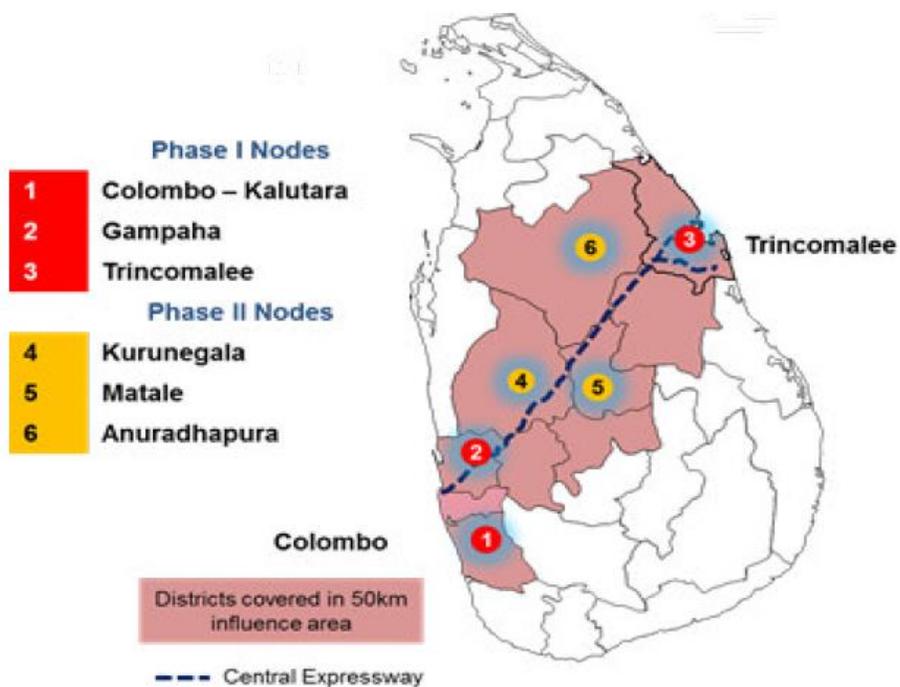
## Prioritization of industries based on ease of promotion



ICT = information and communication technology, RMG = ready-made garments.  
 Source: Asian Development Bank study team.

# Priority sectors amenable to regional value chains (Sri Lanka)

Figure E3: Influence Area of the Corridor and the Shortlisted Nodes



Source: ADB study team analysis.

Table E1: Shortlisted Sectors and Industries and Their Mapping with Priority Nodes

Sector	Industry	Colombo-Kalutara	Gampaha	Trincomalee
Apparel	Knitted and non-knitted apparel	✓	✓	
Food processing	Tea	✓		
	Marine food processing			✓
Rubber and plastic products	Rubber	✓	✓	
Computers, electronics, and optical instruments	Communication equipment	✓	✓	
	Computer and peripheral equipment	✓	✓	
	Electronic components	✓	✓	
Machinery and equipment	General purpose machinery	✓		
	Special purpose machinery			✓
Electrical equipment	Electric motors, generators, transformers	✓		
	Electric lighting equipment	✓	✓	
	Wiring and wiring devices	✓	✓	
Motor vehicles	Motor parts and accessories		✓	
	Motor vehicles		✓	
Pharmaceuticals	API and formulations	✓	✓	

Source: ADB study team analysis.

# ***Industrial Corridor Development at National Level***

# Program Summary

Reform Areas	Outcome	Impact
 Institutional structures and mechanisms for industrial development strengthened	<p>Improved investment climate for industrial corridor development</p> <p>Accelerated planning and implementation of integrated industrial corridor and node development.</p>	<p>Investment commitments by public and private sector in industrial corridor states increased to \$4 trillion (2020 baseline: \$131 billion)</p> <p>Increased manufacturing sector competitiveness with increased share manufacturing in GDP and employment.</p>
 Integrated and synchronized industrial nodes and enhanced financing solutions		
 Ease of doing business improved		
<p>Subprogram 1 [\$250 million, OCR; April 2020 – January 2022]</p>	 <p>Subprogram 2 [\$250 million, OCR; February 2022 – September 2023]</p>	 Post Program Partnership
<p>Gender: Effective Gender Mainstreaming (EGM)</p>		



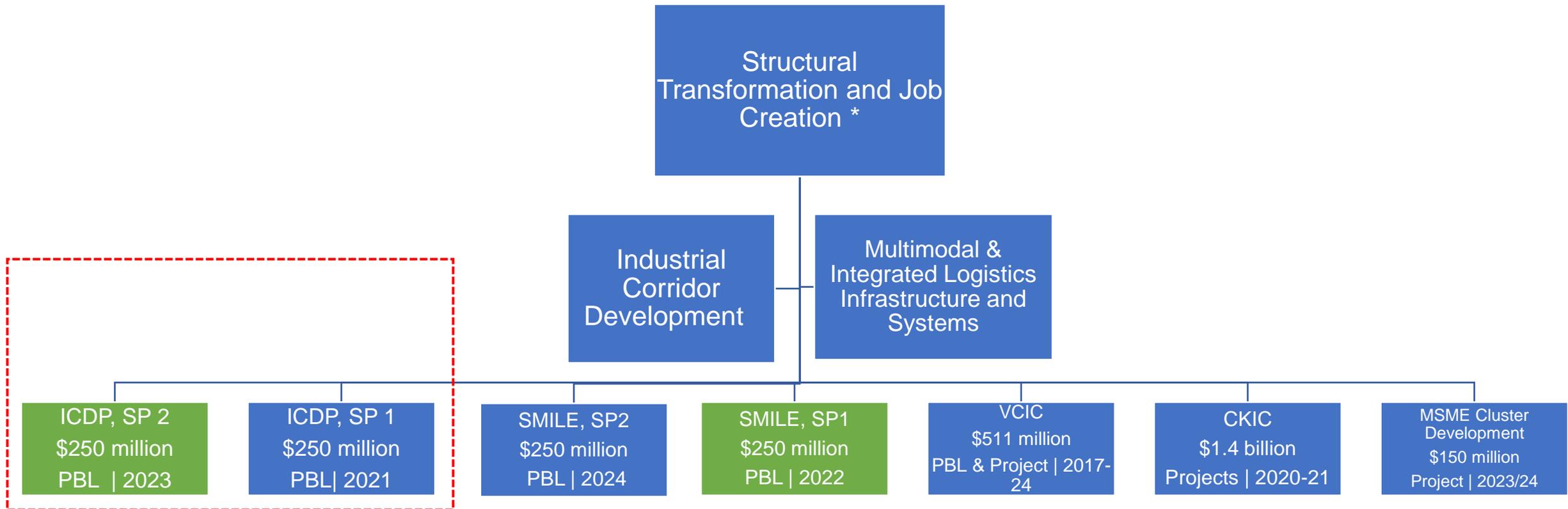


# *Lessons learnt from ADB's previous experience*





# ADB support for policy and regulatory reforms to enhance manufacturing sector's competitiveness in India



\* Structural Transformation and Job Creation is Pillar 1 of India's CPS, 2023-2027. Industrial Corridor Development and Multimodal & Integrated Logistics Infrastructure fall under Pillar 1.

SP = sub program; ICDP = Industrial Corridor Development Program; SMILE = Strengthening Multimodal and Integrated Logistics Ecosystem; VCIC= Vizag Chennai Industrial Corridor; CKIC = Chennai Kanyakumari Industrial Corridor.





## Lessons Learned from ADB's previous experience

ADB's engagement in Industry and Logistics Sector has helped the program design. Key lessons include the following:

- i. Need for a unified institutional mechanism for industrial corridor development with regulatory powers.
- ii. Demand driven approach to corridor development. State level collaboration in private sector investment promotion has been a good learning experience.
- iii. Need for convergence of industry-urban-transport-logistics-energy-skills sectors as informed by ADB's engagement with Andhra Pradesh and Tamil Nadu.
- iv. Need to focus on development of shorter industrial corridors with more concentration of industries to support supply and value chain. Industrial corridors spread over 1500-1800 km have not worked well.
- v. Need for innovative financing plan for future expansion of the nodes over and above the government support

Thank you