

East Coast Economic Corridor

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Source: PIB

The Asian Development Bank (ADB) and the Government of India in the year 2017 have signed \$375 million in loans and grants to develop **800-kilometer Visakhapatnam-Chennai Industrial Corridor, which is the First Phase of a planned 2,500-kilometer long East Coast Economic Corridor (ECEC).**

About the corridor

- The ECEC, which runs along the **entire east coast from Kolkata to Kanyakumari, is a multimodal, regional maritime corridor** that can play a vital role in unifying the large domestic market, as well as integrating the Indian economy with the dynamic global value chains of Southeast and East Asia.
- Aside from an ambitious infrastructure program, the **ECEC involves developing skills, and creating an attractive regulatory environment, bringing in new investments,** and nurturing existing businesses to grow and innovate, and create much-needed jobs.
- **Phase 1 of the ECEC** is the Visakhapatnam-Chennai Industrial Corridor (VCIC) which covers 11 districts in **Andhra Pradesh and Tamil Nadu.**

Role of ADB

- **ADB helped prepare the Conceptual Development Plan (CDP) and Regional Perspective Plan (RPP) for VCIC,** which served as the bases for the Visakhapatnam–Chennai Industrial Corridor Development Program, which was approved by the ADB Board in September 2016.
- The Program comprises **a multi-tranche financing facility (MFF), a grant, and a policy-based loan (PBL)** for a total investment amount of \$631 million.

- **ADB's indicative lending pipeline for 2017–2019** to support **economic corridor development in South Asia** includes:
 1. **The VCIC Development Program MFF** Tranche 2 in India in 2018, with an ADB loan: \$250 million; and
 2. **Regional Urban Development Project in Nepal** in 2017, with an ADB loan: \$150 million.

Background

Earlier, **ADB has developed a South Asia Subregional Economic Cooperation(SASEC) Operational Plan (OP) 2016-2025** which **identifies promoting economic corridor development (ECD) as of one its key strategic focus areas**. The SASEC OP, adopted by the SASEC member countries in June 2016, is the SASEC program's first comprehensive long-term plan to promote greater economic cooperation among its member countries, bringing regional cooperation to a higher level with the aim of extending physical and economic linkages not only within SASEC but also with East and Southeast Asia.

Significance of the corridor

- Economic Corridor Development contributes to and stimulates economic development along the route.
- The economic corridor approach involves leveraging infrastructure connectivity and developing urban areas as growth centers and gateways, to unlock the full potential of markets.
- The MFF and grant will support priority infrastructure investments in the VCIC region and the PBL will support policy reforms and institutional development in the state of Andhra Pradesh.