



ADB Loan for Chennai - Kanyakumari Industrial Corridor

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Why in News

Recently, the **Asian Development Bank (ADB)** and the Government of India signed a **USD 484 million loan** for the **Tamil Nadu Industrial Connectivity Project**.

The loan is to **improve transport connectivity and facilitate industrial development in the Chennai - Kanyakumari Industrial Corridor (CKIC)** in the state of Tamil Nadu.

Asian Development Bank

- It is a **regional development bank established on 19th December 1966**. It is **headquartered in Manila, Philippines**.
- It now has **68 members, 49 from within Asia**. India is a member.
- It's **five largest shareholders are Japan** and the **United States** (each with 15.6% of total shares), the People's Republic of **China** (6.4%), **India** (6.3%), and **Australia** (5.8%).
- It **aims to promote social and economic development in Asia and the Pacific**.

Key Points

- **About:**
 - The loan is **in line with Strategy 2030, ADB's long-term corporate strategy**, the project **emphasises sustainability, climate change resilience, and road safety elements**.
Under **Strategy 2030**, ADB will expand its vision to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty.
 - CKIC is part of India's **East Coast Economic Corridor (ECEC)**.

- **Industrial Corridors Scheme:**

- An **industrial corridor** is an economic ecosystem built around a transportation corridor connecting two major economic centres, where the transportation corridor serves as the nerve centre of the economic activity across the corridor.

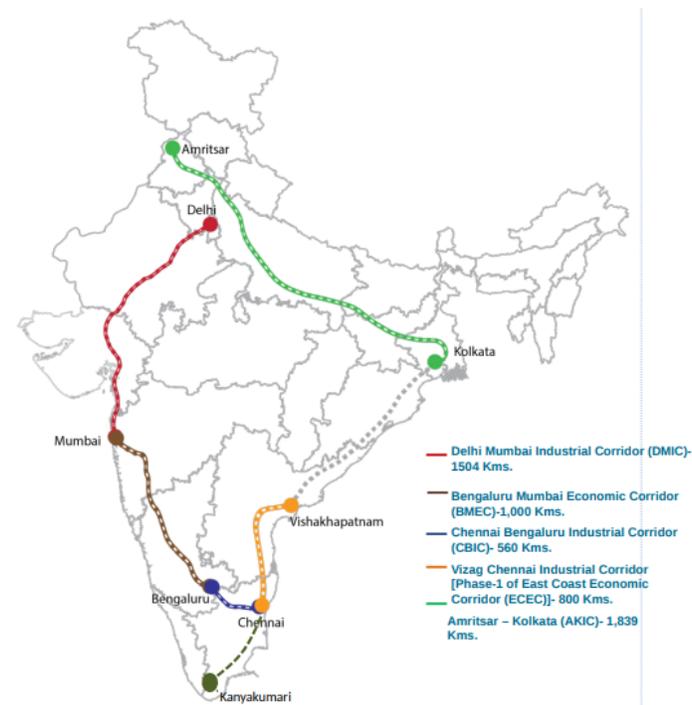
In addition to the transportation corridor, a well-designed industrial corridor **contains** clusters of industrial production serving regional and global demand, and urban centers proliferating equitable development.

- In **2019**, the government approved the **development of the five industrial corridor projects**, being implemented through **National Industrial Corridor Development and Implementation Trust (NICDIT)**.

NICDIT is an apex body under the administrative control of the **Department for Promotion of Industry and Internal Trade (DPIIT)**, Ministry of Commerce and Industry.

- **Five Industrial Corridor Projects:**

- **Delhi Mumbai Industrial Corridor (DMIC).**
- Amritsar Kolkata Industrial Corridor (AKIC).
- Chennai Bangalore Industrial Corridor (CBIC).
- East Coast Economic Corridor (ECEC) with Vizag Chennai Industrial Corridor (VCIC).
- Bangalore Mumbai Industrial Corridor (BMIC).



- **East Coast Economic Corridor:**

- It stretches from **West Bengal to Tamil Nadu** and connects India to the production networks of South, Southeast, and East Asia.

ADB is the lead partner of the Government of India in developing ECEC.

- It covers West Bengal, Odisha, Andhra Pradesh and Tamil Nadu. **Vizag to Chennai segment of this Corridor has been taken as phase-1.**

Vizag-Chennai Industrial Corridor (VCIC) is the first coastal economic corridor in the country.

- **It is aligned with the Golden Quadrilateral.** It also plays a critical role in the **“Act East Policy”** of India.

The Golden Quadrilateral is the **longest road project in India** and the fifth-longest highway in the world. It connects Delhi, Mumbai, Kolkata and Chennai.

- **Significance of Industrial Corridors:**

- **Avenues for Exports:**

- The Industrial Corridors are likely to **lower the cost of logistics thereby increasing the efficiency of industrial production structure.**
- Such an efficiency lowers the cost of production which **makes the Indian made products more competitive in international markets.**

- **Job Opportunities:**

It will **attract investments for the development of Industries which is likely to create more jobs in the market.**

- **Environmental Significance:**

The establishment of Industrial Units in a scattered manner along the industrial corridor across the length of the state will **prevent concentration of industries in one particular location** which exploited the environment beyond its carrying capacity and caused environmental degradation.

- **Socio-Economic Significance:**

The cascading effect of industrial corridors in socio-economic terms are many such as the **setting up of industrial townships, educational institutions, hospitals.** These will further raise the standards of human development.

Source: PIB