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Asian Development Bank injects \$250 million to boost India's industrial corridors

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NEW DELHI: The Asian Development Bank (ADB) has greenlit a \$250 million policy-based loan to further propel the development of industrial corridors in India.

The initiative aims to enhance the competitiveness of the manufacturing sector, fortify national supply chains, and foster connections with regional and global value chains.

Additionally, the project aspires to generate a substantial number of high-quality jobs.

According to ADB, the financial support from ADB aligns with the National Industrial Corridor Development Program (NICDP) initiated by the Government of India in 2016, later updated in 2020 for enhanced planning and management of industrial economic

clusters. ADB's infusion of funds bolsters the effective implementation of NICDP.

According to Sameer Khatiwada, ADB Senior Public Management Economist, the program is poised to stimulate job creation across various sectors, including agribusiness, automotive, electronics, food and beverages, heavy machinery, pharmaceuticals, and textiles.

Khatiwada said, "The program is expected to create jobs in the manufacturing sector in industrial nodes, covering areas such as agribusiness, automotive, electronics, food and beverages, heavy machinery, pharmaceuticals, and textiles. It will lead to the higher formalization of labour, increased productivity, and higher wages--factors that all directly contribute to the alleviation of poverty in the corridor states."

An industrial corridor, as envisioned by the program, encompasses an efficient multimodal transport network within a designated geographic area.

This network is reinforced by quality infrastructure, logistics, skill development, and a business-friendly policy framework.

It aims to establish distribution networks linking production centres, urban hubs, and international gateways like ports and airports.

The loan supports subprogram 2 of the Industrial Corridor Development Program, focusing on the development of multimodal logistics infrastructure under the government's Prime Minister Gati Shakti platform.

The initiative places a spotlight on gender equality in manufacturing and corridor development, offering training and upskilling programs for workers in industrial corridors.

Moreover, the second subprogram endeavours to cultivate alternative financing solutions, including green finance, for industrial cluster development.

It prioritizes industrial workplace safety and integrates environment and climate change practices within these areas.

To enhance the investment climate and facilitate ease of doing business, the program introduces a synchronized central and state-level single window clearance system.

Additionally, it adopts digital processes to streamline logistics and offers private investors access to crucial data. Land data in industrial centres and sex-disaggregated labour force data will be provided to assist investors in making informed decisions.

This recent financial injection builds upon the success of the \$250 million Subprogram 1 loan sanctioned by ADB in October 2021.

The earlier loan played a pivotal role in reinforcing policy frameworks for NICDP and contributed to the development of 11 industrial corridors.

The institution continues its unwavering commitment to eradicating extreme poverty.