



# Industrial Corridors

## Why in News

Government has [approved the development of the five industrial corridor projects](#) which will be implemented through National Industrial Corridor Development and Implementation Trust (NICDIT).

## Introduction

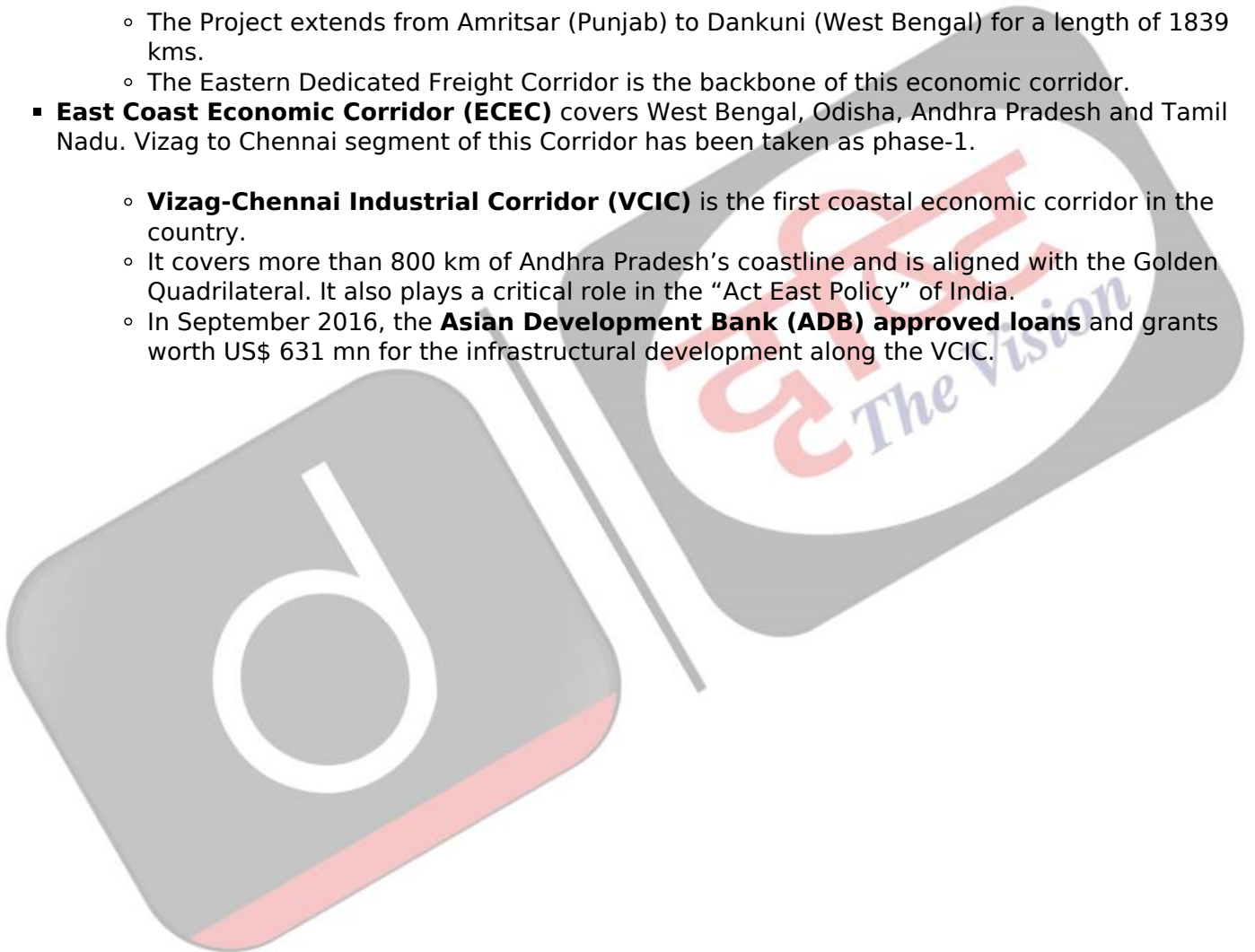
- An industrial corridor is basically a **corridor comprising of multi-modal transport services** that would pass through the states as main artery.
  - Freight cargo from industrial and National Investment and Manufacturing Zones (NIMZs) located upto a distance of 100-150 km on both sides of this main artery are brought to the industrial corridor via rail and road feeder links that provides last mile connectivity.
  - This will lower costs of logistics and enable firms to focus on their areas of core competence.
- Industrial corridors offer **effective integration between industry and infrastructure**, leading to overall economic and social development.
- Industrial corridors constitute world-class infrastructure, such as:
  - High-speed transportation network – rail and road
  - Ports with state-of-the-art cargo handling equipment
  - Modern airports
  - Special economic regions/industrial areas
  - Logistic parks/transshipment hubs
  - Knowledge parks focused on catering to industrial needs
  - Complementary infrastructure such as townships/real estate
  - Other urban infrastructure along with enabling policy framework
- Five industrial corridor projects have been identified, planned and launched by the Government of India. These corridors are spread across India, with strategic focus on inclusive development to provide a boost to industrialization and planned urbanization.
- Manufacturing is a key economic driver in each of these projects. These projects are expected to **play a critical role in raising the share of contribution of the manufacturing sector from approximately 16% to 25% by 2025.**
- Smart cities are being developed along these corridors. These cities, with state-of-the-art infrastructure, will house the new workforce that is required to power manufacturing, in turn leading to planned urbanization.

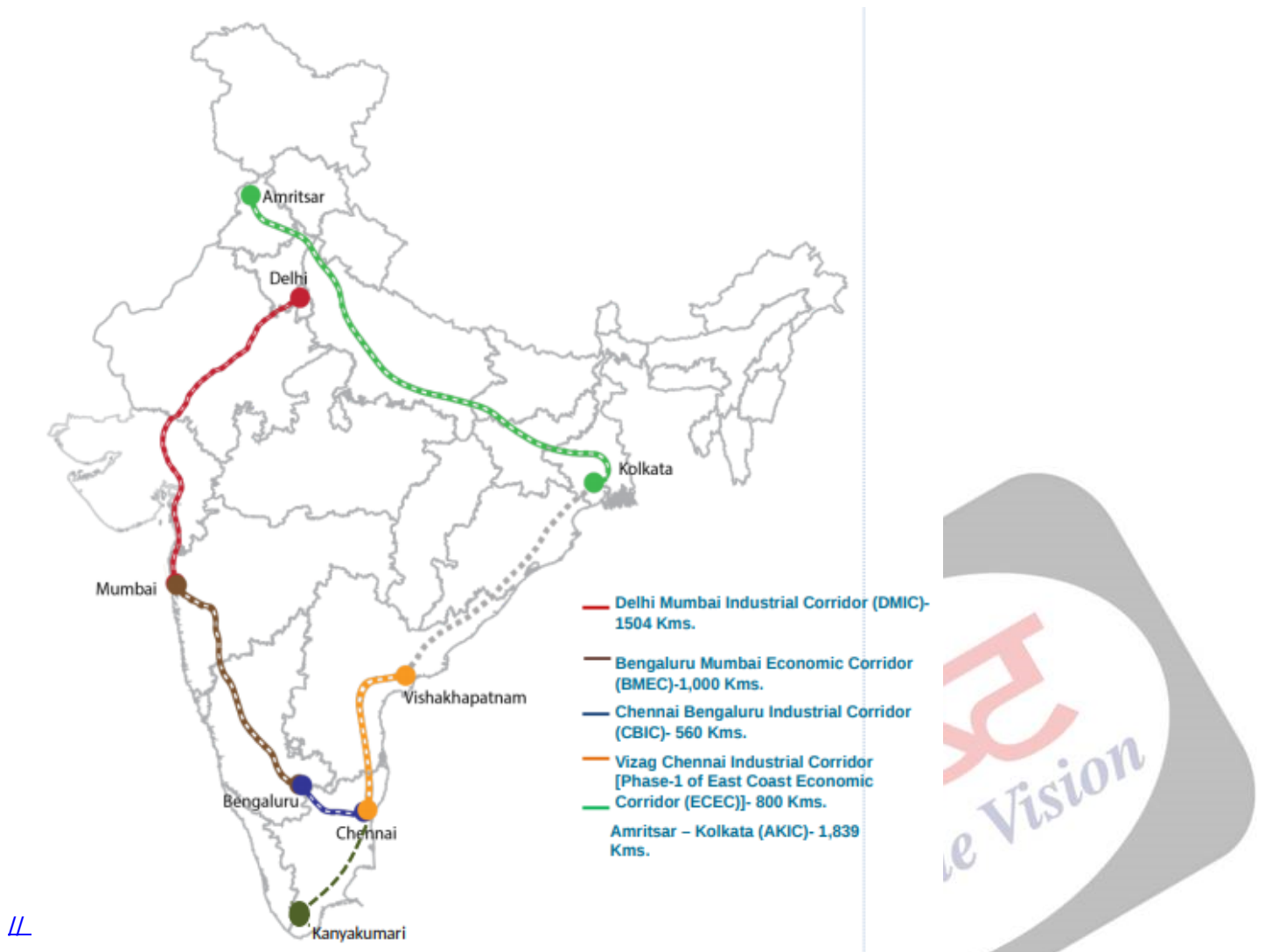
## Five Industrial Corridors

- **Delhi-Mumbai Industrial Corridor (DMIC)** covers Uttar Pradesh, Haryana, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra.
  - The corridor covers an overall length of 1483 km between the political capital, Delhi, and the business capital, Mumbai, of India.
  - The US \$100 bn project is being **funded by the Government of India, Japanese loans, investments by Japanese firms** and through Japan depository receipts issued by Indian

companies.

- DMIC Project aims to create futuristic Industrial Cities by leveraging the “High Speed – High Capacity” connectivity backbone provided by the Western Dedicated Freight Corridor (DFC)
- **Chennai-Bengaluru Industrial Corridor (CBIC)** covers Tamil Nadu, Andhra Pradesh and Karnataka.
  - It is being **funded by the Japan International Cooperation Agency (JICA)**.
- **Bengaluru-Mumbai Economic Corridor (BMEC)** covers Maharashtra and Karnataka.
  - It is being developed **with the help of Britain (UK)**.
  - The Delhi Mumbai Industrial Corridor Development Corporation (DMICD) and the UK Trade and Investment (UKTI) have been determined as the nodal agencies on the Indian and UK sides respectively.
- **Amritsar-Kolkata Industrial Corridor (AKIC)** covers Punjab, Haryana, Uttarakhand, Uttar Pradesh, Bihar, Jharkhand and West Bengal.
  - The Project extends from Amritsar (Punjab) to Dankuni (West Bengal) for a length of 1839 kms.
  - The Eastern Dedicated Freight Corridor is the backbone of this economic corridor.
- **East Coast Economic Corridor (ECEC)** 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 covers more than 800 km of Andhra Pradesh’s coastline and is aligned with the Golden Quadrilateral. It also plays a critical role in the “Act East Policy” of India.
  - In September 2016, the **Asian Development Bank (ADB) approved loans** and grants worth US\$ 631 mn for the infrastructural development along the VCIC.





## Significance of Industrial Corridors in India

### ▪ Economic Significance:

- **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. The production of export surplus would **generate employment opportunities** and **raise per capita incomes**.
- **Job Opportunities:** Development of Industrial Corridors would attract investments for the development of Industries which is likely to create more jobs in the market. Moreover, people would find job opportunities close to their homes and would not have to migrate to far-off places (**would prevent distress migration**).
- These corridors would provide necessary logistics infrastructure needed to reap **economies of scale**, thus enabling firms to focus on their areas of core competence.
- Industrial corridor **provides opportunities for private sector investment** in the provision of various infrastructure projects associated with the exploitation industrial opportunity.
- Apart from the development of infrastructure, long-term advantages to business and industry along the corridor include **benefits arising from smooth access to the industrial production units, decreased transportation and communications costs, improved delivery time and reduction in inventory cost**.

- **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 **setting up of industrial townships, educational institutions, hospitals**. These will further raise the standards of human development.
  - Availability of jobs locally would help in preserving family as an institution. This will also increase **social integration** in the country

## Challenges Associated with Industrial Corridors

- **Land Acquisition:** Since the industrial corridor would cut across the length of the state, acquisition of land has been slow because of legal hurdles and the amount of compensation.
- **Technological Knowhow:** Since India lacks technological knowhow in certain sectors, it would be prudent to raise FDI caps to allow foreign players to bring in the required technological knowhow and encourage Indian investment in setting up ancillary and auxiliary industries in that sector.
- India's **taxation regime** needs to clearly define the tax liabilities of foreign firms operating in India as permanent establishments and otherwise.
- **Macroeconomic stability:** It is necessary to have a stable exchange rate so that foreign players with investments in India can avoid currency risks.
- India needs to clearly lay down **ground rules for cancellation of licenses in Bilateral Investment Treaties** which could later create confusion as in case of Antrix-Devas deal.
- The **economic and financial feasibility** of industrial corridors should be ensured by attracting potential investors to set up manufacturing units at NMIZ.
- Massive investment in industrial corridor will pave the way for **large human displacement and destruction of fertile agricultural land**.
- Fear of **widening Rural-urban gap** in terms of Human Development, economic well-being and standards of living.

## National Investment & Manufacturing Zones

- National Investment & Manufacturing Zones (NIMZs) are one of the important instruments of National Manufacturing Policy, 2011. NIMZs are envisaged as **large areas of developed land** with the requisite eco-system for **promoting world class manufacturing activity**.
- **The main objective of Special Economic Zones is promotion of exports**, while **NIMZs are based on the principle of industrial growth** in partnership with States and focuses on manufacturing growth and employment generation. NIMZs are different from SEZs in terms of size, level of infrastructure planning, governance structures related to regulatory procedures, and exit policies.
- So far the Government has granted 'in-principle' approval to the fourteen NIMZs (outside the DMIC region). These are:
  - Nagpur in Maharashtra
  - Prakasam in Andhra Pradesh
  - Chittoor in Andhra Pradesh
  - Medak in Telangana
  - Hyderabad Pharma NIMZ at Rangareddy and Mahabubnagar Districts in Telangana.
  - Tumkur in Karnataka
  - Kolar in Karnataka
  - Bidar in Karnataka
  - Gulbarga in Karnataka
  - Kalinganagar, Jajpur District in Odisha
  - Ramanathapuram District of Tamil Nadu
  - Ponneri Taluk, Thiruvallur District, Tamil Nadu
  - Auraiya District in Uttar Pradesh
  - Jhansi District in Uttar Pradesh

## Conclusion

- To make the corridors successful, India have to be part of the Industrial Revolution 4.0, which will be shaped by a fresh wave of innovation in areas such as smart robotics, materials that are lighter and tougher, and a manufacturing process built around 3D printing and analytics.
- Industrial corridors will help India's efforts to lead the world in the fourth wave of industrial revolution. Effective execution of this plan could make India take a major leap in the race of development.

[For Mind Map](#)

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