Early Warning System

ADB-48434-004

Visakhapatnam-Chennai Industrial Corridor Development Program (Tranche 2)

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Quick Facts

Countries	India
Specific Location	Vishakapatnam,Andhra Pradesh
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	A
Voting Date	2023-04-24
Borrower	India
Sectors	Industry and Trade, Transport, Water and Sanitation
Potential Rights Impacts	Healthy Environment, Housing & Property, Indigenous Peoples, Labor & Livelihood, Marginalized Groups
Investment Type(s)	Loan
Investment Amount (USD)	$ 141.12 million
Project Cost (USD)	$ 214.80 million

Project Description

According to ADB, the proposed project is the second tranche of the multitranche financing facility (MFF) for Visakhapatnam-Chennai Industrial Corridor Development Program (VCICDP). With the comprehensive support through upstream strategic studies and regular programmatic interventions, tranche 2 will unlock the state's manufacturing potential through fostering industrial agglomeration with holistic infrastructure support, investment promotion, and skills development. The project will also strengthen climate and disaster resilience and integrate industrial and urban planning for more competitive and livable cities.

With investment support through projects 1 and 2 of MFF, the VCICDP will develop two industrial clusters in the Visakhapatnam node (Rambilli and Nakkapalli) and two clusters in the Srikalahasti-Chittoor node (Naidupeta and Chittoor-South).The spine of the VCIC aligns with the Bay of Bengal Highway, which connects Cox's Bazar to Thoothukudi and is a priority corridor identified in South Asia Subregional Economic Cooperation program.

ADB approved on 26 September 2016 a loan of $245 million for project 1 under the first tranche of the MFF available up to 30 June 2023. It aims to (i) develop internal and external infrastructure of industrial clusters, (ii) strengthen electric power distribution capacity to meet industry demand, (iii) widen a section of a state highway to improve connectivity from the national highway to a port, and (iv) improve the water distribution network in Visakhapatnam for 24/7 supply. On 8 February 2023, the Government of India submitted a periodic financing request for $141.12 million in the second MFF tranche for project 2, to enhance VCIC infrastructure, with a focus on prioritized industrial nodes in Visakhapatnam and the Srikalahasti–Chittoor.The Government of India also requested the extension of the MFF availability period from 30 June 2025 to 19 September 2026 to provide sufficient implementation period for the second tranche.

The Department of Industries and Commerc (DOIC) of Government of Andhra Pradesh is the executing agency of project 2, and Andhra Pradesh Industrial Infrastructure Corporation (APIIC) and Andhra Pradesh Road Development Corporation (APRDC) are the implementing agencies.

People Affected By This Project

Land Acquisition and Involuntary Resettlement Impacts of the various subprojects:

1. Start Up Area of Rambili Industrial Cluster

- Land requirement of 396.27 acres is spread across two villages neamley Krishnampalem (337.49 acres) and Gorapudi (58.78 acres). 379.36 acrees have already been handed over to Andhra Pradesh Industrial Infrastructure Corporation (APIIC) and 16.91 acres remain to be acquired and handed over.
- The subproject will impact 63 families (173 persons based on available land records and primary surveys) who will face loss of agricultural land. 24 percent of affected families (15) are belonging to vulnerable category belonging to Schedule Caste and Other Backward Communities and will require additionl assistance by the project. 5 of these families are also Women headed.

2. Start Up Area of Chittoor- South Industrial Cluster

- The subproject will involve acquisition of private land and resumption of assigned land for the proposed infrastructure improvements. The project start-up area of 2627.65 acres will involve acquisition of 161.03 acres (65.17 hectares) of private land and resumption of 1494.70 acres (604.9 hectares) of assigned land2 . Further, the subproject involves 971.92 acres (393.33 hectares) of government land of which 572.61 acres (231.73 hectares) will be transferred to the subproject while an area of 399.31 acres (161.6 hectares) of government land which is part of this subproject layout, being village site, road/ cart track, stream/ kaluva (canal) / TGP Canal, tank and quarries, will be maintained without altering its status. The subproject land requirement (as per the layout) totals about 2627.65 acres (1063.39 hectares). This subproject involves involuntary resettlement impacts to 874 families, all of whom will be significantly impacted.
- The subproject will cause impact to 138 tribal families from whom assigned government land (222.56 acres/90.06 hectares) is being resumed. The tribal people belong to Yanadhi tribe, and this affected tribal community does not belong to the Particularly Vulnerable Tribal Group (PVTGs) of the State. The affected tribal families will lose government land assigned to them and will face significant economic (involuntary resettlement) impact.

3. Road for External Connectivity to Naidupeta Industrial Cluster Road Subproject

- The subproject requires 68.10 acres of land (27.56 hectare) comprising 46.47 acres of private land (18.80 hectare) to be acquired and 13.16 acres of DKT/assigned land (5.33 hectare) and 8.47 acres (3.43 hectare) of government land. The acquisition of private land will be through the provisions of RFCTLARR Act 2013 and resumption of assigned land will be carried out under the provisions of The Andhra Pradesh Assigned Lands (Prohibition of Transfers) Act, 1977.
- The acquisition of 46.47 acres of private land and resumption of 13.16 acres of DKT/assigned land will impact 248 landowners/ assigned land holders. Out of the 248 affected families, 145 are private landowners and 103 families are DKT/assigned land users.
- Out of the total 248 affected families, 220 will be losing agricultural land, 17 will face impact on residential structure, 5 families will be face impact on commercial structure, 1 family will face impact on residential cum commercial structure and 5 families will be impacted due to loss of secondary structures/subsidiary structures like compound wall, cattle shed etc. Out of the 248 affected families, 62 families will experience significant impact on land and 20 families will experience significant impact on structures.
- Further, the subproject will cause impact to 7 common property resources including 2 temples and 2 schools. In all the subproject will affect landowners of 46.47 acres agricultural land (145 families), 103 DKT/assigned land users, 28 structures, and 7 common property resources.

4.Road For External Connectivity to Nakkapali Industrial Cluster Road

Investment Description

- Asian Development Bank (ADB)

The Government of India submitted a request for a loan of $141.12 million from ADB's ordinary capital resources to help finance the project. The loan will have a 26-year term, including a grace period of 5 years, an annual interest rate determined in accordance with the ADB's Flexible Loan Product, a commitment charge of 0.15% per year; and such other terms and conditions set forth in the loan and project agreements. Based on the straight-line method, the average maturity is 15.75 years, and the maturity premium payable to ADB is 0.10% per year.

The loan from ADB will finance: (i) civil works, (ii) consulting services and skill development, and (iii) the part of incremental administrative costs. The GoAP will contribute $73.68 million equivalent to cover: (i) taxes and duties, (ii) land acquisition and resettlement, (iii) part of incremental administrative costs, (iv) contingencies, and (v) financing charges.

Climate adaptation is estimated to cost $51.77 million, of which ADB will finance $44.17 million (85%) and the government $7.60 million (15%). Climate mitigation is estimated to cost $0.34 million, of which ADB will finance $0.29 million (85%) and the government $0.05 million (15%).

Contact Information

Responsible ADB Officer	Matsunaga, Akira
Responsible ADB Department	South Asia Department
Responsible ADB Division	Urban Development and Water Division, SARD
Executing Agencies	Department of Industries & Commerce, Government of Andhra Pradesh

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.adb.org/forms/request-information-form

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: https://www.adb.org/site/disclosure/appeals

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main.

Bank Documents

- Draft Environmental Assessment and Review Framework [Original Source]
- Gender Action Plan [Original Source]
- Indigenous Peoples Planning Framework [Original Source]
- Inital Environmental Examination: External Connectivity Road to Nakkapalli Industrial Cluster Road [Original Source]
- Initial Environmental Examination Appendix: Chittoor-South Industrial Cluster [Original Source]
- Initial Environmental Examination: Internal Infrastructure of Rambilli Industrial Cluster [Original Source]
- Initial Environmental Examination: External Connectivity Road to Routhusuramala Cluster [Original Source]
- Initial Environmental Examination: External Connectivity to Naidupeta Industrial Cluster Road [Original Source]
- Initial Environmental Examination: Internal Infrastructure of Chittoor-South Industrial Cluster [Original Source]
- Initial Environmental Examination: Startup Area of Nakkapalli Industrial Cluster [Original Source]
- Initial Environmental Examination: Widening of Anakapalli to Atchuthapuram Road [Original Source]
- Initial Environmental Examination:Chittoor-South Industrial Cluster [Original Source]
- Land Acquisition and Resettlement Due Diligence May 2020: Andhra Pradesh Med Tech Zone [Original Source]
- Land Acquisition and Resettlement Due Diligence October 2019: Andhra Pradesh Med Tech Zone [Original Source]
- Periodic Financing Request Reoport [Original Source]
- Procurement Plan [Original Source]
- Project Administration Manual [Original Source]
- Project Disclosure PDF
- Resettlement and Indigenous Peoples Plan:Startup Area of Chittoor-South Industrial Cluster(Nov 2022) [Original Source]
- Resettlement Framework [Original Source]
- Resettlement Plan: Road for External Connectivity to Routhusuramala Cluster (Nov 2022)
- Resettlement Plan: Start-up Area of Rambilli Industrial Cluster [Original Source]
- Resettlement Plan: Start-up Area of Rambilli Industrial Cluster (Nov 2022) [Original Source]
- Resettlement Plan: Widening of Anakapalli to Atchuthapuram Road (Nov 2022) [Original Source]
- Tranche At A Glance Report [Original Source]

Other Related Projects

- ADB-48434-003 Visakhapatnam-Chennai Industrial Corridor Development Program - Project 1