Economic Corridors: The Rationale

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Presentation structure

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   - Concept of Economic Corridors
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   - Examples of Economic Corridors

3. IL&FS IDC Experience in Economic Corridors
   - Delhi Mumbai Industrial Corridor
   - South India Economic Corridor
   - East Asia Economic Corridor (MIEC Corridor)
1. IL&FS – An overview

Partnering Mega Industrial Development in India...............................
## IL&FS: Corporate Profile

### Inception
- **Year**: 1987

### Vision
- **Pioneer in infrastructure financing & project development**
- **Role play includes project sponsor, developer, advisor, financier, operator and manager for variety of infrastructure projects**

### Shareholders
- LIC, HDFC, SBI, Central Bank of India
- ORIX-Japan, Abu Dhabi Investment Authority

### MoUs
- Central & State Governments
- Other organizations

### Ongoing Relationships
- Leading multilateral agencies like The World Bank, ADB, KFW, USAID, CIDA
Our Business Canvas

IL&FS Group provides a gamut of solutions in infrastructure & financial services

Composite Service Platform

Infrastructure

- Infrastructure
  - Project Development
  - Project Sponsorship

- Social Infrastructure
  - Training
  - Education
  - Hospital Management

- Environment & Social Management
  - Advisory
  - Training

Financial Services

- Investment Banking
  - Structured / Asset Finance
  - Project & Corporate Advisory
  - Private Capital Mobilization
  - Mergers and Acquisitions

- Asset Management
  - Venture Funds
  - Private Equity
  - Specialist Equity
  - Portfolio Management

- Distribution
  - Broking
  - Franchise Network
  - Merchant Banking
Infrastructure Development

- Pioneer in “Public Private Partnership” model
- Broad spectrum of services and in-depth expertise across a wide range of sectors
- Strengths include developing, executing and deploying capital
- Significant experience and expertise in the area of Project Development, Project structuring, Project Monitoring and construction, administration and operations
- Advisors to Central and various State Governments for developing legal and policy frameworks

The Infrastructure practice of IL&FS has developed an array of innovative solutions on the public private partnership platform to develop commercially viable models for infrastructure projects

Infrastructure Advisory
- Regulatory advisory
- Policy advisory
- Project development advisory

Project Sponsorship
- Creating Project Structures
- Achieving Technical / Financial Closure
- Divesting to an operator for O&M

Partnerships with Govt
- Developing sustainable prototype projects
- Evolving legal / policy frameworks
IL&FS Group Companies

- **IL&FS Infrastructure Development Corporation Limited**: Advisory & Project Development Arm of IL&FS
- **IL&FS Transportation Networks Limited**: Domiciles transport sector investments & resources
- **IL&FS Ecosmart Limited**: Focuses on environmental sector initiatives
- **IL&FS Education and Technology Services Limited**: Education Infrastructure initiative of IL&FS
- **New Tirupur Area Development Corporation Ltd (NTADCL)**: Promoted by GoTN & IL&FS to implement the Tirupur Area Development Program
- **Noida Toll Bridge Company Limited**: Promoted by IL&FS for DND Flyway
- **IL&FS Investment Managers Limited**: PE Fund Company
- **Urban Mass Transport Company**: Focuses on urban transport
- **ORIX Auto and Business Solutions Limited**: Joint Venture between Orix Corporation, Japan & IL&FS as a total transport solutions provider
IL&FS Infrastructure Development Corporation Limited

The infrastructure development arm of IL&FS, also domiciling its extensive portfolio of Projects across sectors

Objectives:

- To develop world-class infrastructure on self-sustainable basis, especially on Public-Private-Partnership (PPP) formats
- To create synergistic development opportunities with Federal, Regional & Local Governments and the Private Sector
- To undertake bankable project development, from concept to commissioning stage

Our USP: Pan sector knowledge, geographic presence, strong understanding of policies & processes & market penetration
Relationships

State Govt.
- AP
- Chhattisgarh
- Gujarat
- Haryana
- Jharkhand
- Karnataka
- Kerala
- Maharashtra
- MP
- Punjab
- Rajasthan
- Sikkim
- Tamil Nadu
- UP
- Uttaranchal
- West Bengal

Multilateral Agencies
- World Bank
- ADB
- USAID
- KfW

Joint Ventures and SPVs
- Delhi-Mumbai Industrial Corridor Devpmnt. Corp. Ltd
- Mangalore SEZ Pvt Ltd
- Haldia Integrated Development Agency Ltd
- North East Tourism Development Corp. Ltd.
- Bengal Integrated Infrastructure Dev. Ltd.
- Infrastructure Development Corp. of Assam Ltd.
- Bodoland Infrastructure Development Corp. Ltd.

Central Government
- Ministry of Commerce
- Ministry of Home Affairs
- Ministry of Company Affairs
- Ministry of Urban Development
- Planning Commission
Focus Sectors:

- Special Economic Zones/Industrial Parks/Industrial Corridors
- Tourism
- Logistics/FTWZ/LCS
- Social Infrastructure
- Transport
- Ports (Air & Sea)
- Urban Infra and Municipal Services
- Urban Transport
- Integrated Urban Development
- Rural development
- Project Finance & Pvt. sector
2. Economic Corridor
Economic Corridor-Concept

- Corridor Development concept is primarily to take advantage of underutilized potential to ensure effective integration between industry and infrastructure
  - Leads to economic and social development

- Strategy is to develop a sound industrial base served by world-class competitive infrastructure
  - Prerequisite to attract investments into export oriented industries and manufacturing

- Around the World, industrial corridors have been built along major transport arteries, i.e. road and rail trunk routes
**Economic Corridor-Advantages**

- Advantages with Economic Corridor development approach:
  
  - Closer *economic integration*
  - Improvement in *transit-transport efficiency*
  - Ensures *balanced regional development*
  - Harnesses *latent economic potential*
  - Enhances *economic competitiveness*
  - Promotes *regional trade and investment*
  - Promotes *innovation* and development of *high technology regions*
  - Improved *quality of life*
Economic Corridor-Focus

An economic corridor that brings prosperity and well-being to all people in the Corridor area

- Vision
- Strategic Goals
- Guiding Principles
- Focal Sectors

- Enhance connectivity
- Social & Environmental Sustainability
- Empower Private Sector
- Reduce Poverty

- Practicality, Focus, Sustainability
- Poverty Alleviation
- Private Sector Facilitation

- Infrastructure
- Trade & Investment
- Tourism
- Agriculture & Agro-Industry
- Private Sector Development
- Social and Environmental

Cross-cutting policies and regulations
Examples of Economic Corridors

1. “East West Economic Corridor” of Greater Mekong Sub region (GMS)

- The **East West Economic Corridor (EWEC)** was launched at the Eighth GMS Ministerial Meeting held in Manila in 1998.
- Adopted a holistic approach to developing a cost-effective way of instituting an efficient transport system for moving goods and people in the sub region,
- The development of telecommunications and energy infrastructure, tourism, and a policy and regulatory environment have encouraged private sector development.
- The development of the economic corridor has involved a broad-based strategy supporting networks of transport information, energy, goods and people.
Examples of Economic Corridors

2. “Tokyo-Osaka Industrial Corridor” of Japan
   - Along 515km Tokaido-Shinkansen High Speed Railway, built in 1964

3. “Northwest Transportation & Trade Corridor of Canada”
   Begins at Queen Charlotte Islands and extends eastward through Jasper, Edmonton to Winnipeg and the U.S. Mid-west - 200km Band along Highway-16 and CN Rail Mainline
3. IL&FS IDC Experience in Economic Corridors
Delhi Mumbai Industrial Corridor—Vision

“To create strong economic base with globally competitive environment and state-of-the-art infrastructure to activate local commerce, enhance foreign investments and attain sustainable development”

Delhi-Mumbai Industrial Corridor is conceived to be developed as “global manufacturing and trading hub” supported by world class infrastructure and enabling policy framework

Project goals

- Double employment potential in Seven years
- Triple industrial output in Nine years
- Quadruple exports from the region in Nine years
Delhi Mumbai Industrial Corridor

- Focus is on ensuring High Impact Developments within a band of 150 km on either side of alignment of Dedicated Freight Corridor (DFC).
- Development of market driven nodes at strategic locations as self-sustained regions with world class infrastructure and enhanced connectivity to DFC, Ports, and Hinterland.
- Market driven nodes proposed to be in two categories:
  - Investment Regions (IR)~200Sqkm area (minimum)
  - Industrial Areas (IA)~100Sqkm area (minimum)
- A total of 24 nodes identified in consultation with state governments:
  - 11 Investment Regions &
  - 13 Industrial Areas
Critical Enablers

A strong & sustainable system providing efficient supply chain & transportation support

Manufacturing Base

Distribution Network

Logistics Support

Procurement / Sourcing

Multi Modal
Components of DMIC

- Roads
- Rail
- Airport
- Seaport
- Residential
- Commercial
- Knowledge Park
- Industrial Logistics
- Power
- Water
Role of IL&FS in DMIC

- IL&FS, as Consultants to Government of India has been actively associated with DMIC project since its conceptualization.

- DMIC is now a land mark project for attracting global investments to India.

- IL&FS has been instrumental in the incorporation of DMICDC, the entity specially formed for planning and implementation of DMIC.

- IL&FS has been appointed as Project Management Consultant (PMC) to DMIC Project.
Peninsular Region Industrial development (PRIDe) corridor

“To explore the potential of developing a South India Industrial Corridor (primarily focused on the Chennai – Bangalore Region) and to identify the opportunities for Japan centric Investments in the region”

| Enhance economic development & trade between India & ASEAN region | Boost Investments in the corridor with focus on attracting FDI |
| Generate Employment & opportunities for social development | to bring Investments under various Infrastructure projects |

GOAL
PROPOSED INDUSTRIAL CORRIDORS & INVESTMENT REGIONS IN SOUTH INDIA

Abbreviations

MIR: Manufacturing Investment Region
ITIR: Information Technology Investment Region
PCPIR: Petroleum, Chemicals & Petrochemicals Investment Region

1. Peninsular Region Industrial Development (PRIDe) Corridor (Phase I)
2. Krishnapatnam-Satyavedu MIR
3. Suvarna Karnataka Development Corridors (SKDC)
4. Chennai-Hosur Industrial Corridor
5. Coimbatore-Salem Industrial Corridor
6. Madurai-Tuticorin Industrial Corridor

AP PCPIR (Kakinada-Vishakhapatnam)
TN PCPIR (Ramnathanpuram District)

Abbreviations:
MIR: Manufacturing Investment Region
ITIR: Information Technology Investment Region
PCPIR: Petroleum, Chemicals & Petrochemicals Investment Region
Key Takeaways

- USD 100 billion investments are planned for development of Industrial Corridors & Investment Regions with support infrastructure.

- South India region, especially Chennai – Bangalore region is the preferred investment destination due to the following:
  - Location proximity of two major metro cities (Chennai & Bangalore)
  - South India has the largest pool of skilled human resource in India
  - Pro-active government support & policy initiatives (SEZ policies)
  - Well connected to South East Asia & other parts of the world through 3 major ports (Chennai, Ennore & Tuticorin) & 2 international airports (Chennai & Bangalore)

- Chennai being the logistic & manufacturing hub of south India and Bangalore being the IT & R&D hub of India compliment each other.

- Currently the region is well supported with all basic infrastructure, with proposed infrastructure developments and proper resource management the region is set to emerge as the largest Industrial hub of South India.
Mekong India Economic Corridor
(East Asia corridor)

“Create strong economic base with strong globally competitive environment, provide opportunities for employment, reduce poverty & increase human resource development through provision of world class infrastructure and facilitation of trade between Mekong & India”

- Enhance economic development & trade between India & Mekong region
- Boost Investments in the corridor with focus on attracting FDI
- Generate Employment & opportunities for social development
- Exploit underlying comparative advantages and complementarities within the corridor
MIEC: A Blueprint to achieve all round growth

Existing industrial base
Resource potential
Emerging Trends

Key Economic Sectors

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<th>Industry</th>
<th>Services</th>
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<td>Auto &amp; Auto Parts</td>
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Hard Infrastructure
- Transport
- Power
- Industrial Estates

Soft Infrastructure
- HRD (education & health)
- Trade Facilitation
- Incentives
- PPP

Opportunities for employment
Economic growth
Increase income level
Reduce regional disparity
Bangkok Growth Pole (Key Industries: Electronic, IT, Services)
Eastern Seaboard Growth Pole (Key Industries: Auto, Machinery)
Phnom Penh Growth Pole (Key Industries: Garments, Services)
Ho Chi Min City Growth Pole (Key Industries: Electronic, IT)
Ba Ria – Vung Tau Growth Node (Key Industries: Petrochemical, Shipbuilding, Steel)
Sihanoukville Growth Node (Key Industries: Light Machinery, Garment)
Can Tho Vin Long Growth Node (Key Industries: Agro-based)
Battambang Growth Node (Key Industries: Agro-based)
Ayutthaya Growth Node (Key Industries: Pharma & Biotech)
Prachinburi Growth Node (Key Industries: Auto part Clusters, ICT, Bio Tech)
Kanchanburi Growth Node (Key Industries: Agro & Forest-based)
Dawei Growth Node (Key Industries: Forest-based)
Border Economic Zone (Key Industries: Light Machinery and Border Trade)
Siem Reap Growth Node (Key Industries: Tourism)
Phnom Penh Growth Pole (Key Industries: Garments, Services)
Border Economic Zone (Key Industries: Light Machinery and Border Trade)
Can Tho Vin Long Growth Node (Key Industries: Agro-based)
Kanchanburi Growth Node (Key Industries: Agro & Forest-based)
Dawei Growth Node (Key Industries: Forest-based)
Eastern Seaboard Growth Pole (Key Industries: Auto, Machinery)
Sihanoukville Growth Node (Key Industries: Light Machinery, Garment)
Ayutthaya Growth Node (Key Industries: Pharma & Biotech)
Prachinburi Growth Node (Key Industries: Auto part Clusters, ICT, Bio Tech)
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Thank You