

World Bank ready to fund industrial development on EDFC in U.P.

Investment to rejuvenate existing industrial areas & ‘plug and play’ facilities For MSMEs in new locations

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Multilateral lending agency, World Bank has offered to fund improvement of industrial infrastructure as well as in creation of new infrastructure for Micro, Small & Medium Enterprises in Uttar Pradesh (U.P.).

This was informed by **Lead Urban Specialist of World Bank – Mr Barjor Mehta** to **Principal Secretary, Industries and Infrastructure Development (IID), Mr Sanjiv Saran** here today. A three member team of World Bank, including Mr Barjor Mehta and **Senior Country Economist, World Bank - Denis Medvedev**, met Mr Sanjiv Saran in connection with submission of **Infrastructure and Investment Strategy** for the identified three sub-regional growth centres on Eastern Dedicated Freight Corridor (EDFC) to make each industrial cluster economically viable. The report has been prepared by consulting agency CRISIL Ltd. under the aegis of World Bank for *Agra-Firozabad sub-region, Kanpur-Lucknow-Unnao-Auraiya sub-region and Allahabad-Varanasi sub-region*.

The report contains study on infrastructural gaps to be filled in these sub-regions with high industrial and economic potential for effective and sustainable industrialization in these sub-regions comprising of multiple districts.

Mr Barjor Mehta informed that to start with, the World Bank was focusing on *Kanpur-Lucknow-Unnao-Auraiya sub-region*. He said that the World Bank was financing the development of EDFC in three phases, out of which work is already underway for first two phases. *“Keeping in view the sincerity and alacrity with which the State government has pushed the processes for implementation of EDFC in U.P., the World Bank has included the State in second phase itself”, he added.* The World Bank has offered **two options for funding**, namely – ‘Development Policy Loan’ (DPL) and ‘Programme-for-Results’ instruments.

Development policy loans provide quick-disbursing assistance to countries with external financing needs to support structural reforms in an economic sector or in the economy as a whole. Under this system, the funds will be released based on the agreed actions taken by the government with regard to structural, financial sector and social policy reforms. The funds received under DPL could be used for infrastructure development or other purposes.

Whereas, ‘Programme-for-Results’ supports government programs and links the disbursement of funds directly to the delivery of defined results with a special focus on strengthening institutions. Funds under this route can only be used for environment conservation, rehabilitation or training of labour, etc., not for hardware development. **It was informed** that under its investment programme for U.P., the World Bank was ready to invest in rejuvenation of existing industrial areas and towards creation of fresh plug-and-play facilities for MSMEs on new locations.

Stressing on the steps being taken for making industrial environment more conducive, **Principal Secretary, IID, Mr Sanjiv Saran said**, *“Process of rejuvenation of industrial areas in Lucknow, eastern and western part of state is already underway, and the State government is going to take significant decisions on simplification and rationalization of processes and procedures for clearances required to run and establish industry by the end of this month”*.

It may be noted that World Bank has already sanctioned a loan of \$1.1 billion for the construction of a 393 km double line between the Mughalsarai – Bhaupur section of EDFC project.

It may be noted that proposed alignment of 1840 Km long EDFC, starting from Punjab, traverses Uttar Pradesh via Khurja, and ends at Dankuni in West Bengal. Uttar Pradesh is the biggest beneficiary of Eastern Dedicated Freight Corridor project with the share of nearly 57 per cent, measuring 1049 Kms dissecting the state. Forty new stations are proposed on this freight corridor in the State, which will cross through 18 districts of U.P.