

Rising Scholar: A Tale of Two Countries: SEZ-led Growth in India and China

Isabel Zhang

Follow this and additional works at: <https://digitalcommons.northgeorgia.edu/issr>



Part of the [Communication Commons](#), [Economics Commons](#), [Geography Commons](#), [International and Area Studies Commons](#), [Political Science Commons](#), and the [Public Affairs, Public Policy and Public Administration Commons](#)

Recommended Citation

Zhang, Isabel () "Rising Scholar: A Tale of Two Countries: SEZ-led Growth in India and China," *International Social Science Review*: Vol. 95 : Iss. 3 , Article 19.

Available at: <https://digitalcommons.northgeorgia.edu/issr/vol95/iss3/19>

This Response or Comment is brought to you for free and open access by Nighthawks Open Institutional Repository. It has been accepted for inclusion in International Social Science Review by an authorized editor of Nighthawks Open Institutional Repository.

Rising Scholar: A Tale of Two Countries: SEZ-led Growth in India and China

Cover Page Footnote

Isabel Zhang is a Senior at the Potomac School in Mclean, VA: this paper was written with the guidance of Mrs. Bridget Gagne.

A Tale of Two Countries: SEZ-led Growth in India and China

After Chairman Mao's death in 1978, China began its transformation from a closed, impoverished nation to a liberalized, economic powerhouse, which it became in just forty years. With a GDP of \$12 trillion USD in 2017, China is now the second largest economy in the world.¹ A critical factor in China's economic success was the 1980 creation of Special Economic Zones (SEZs). These areas allowed more relaxed business and trade regulations than the rest of the country, attracting foreign trade and investment. China's SEZs contributed significantly to its economy, accounting for 18.5 percent of national GDP and 60 percent of total exports in 2015.² After China's success, the Indian government, which liberalized their economy in 1991, adopted the SEZ model in 2000 to address its growing trade deficit and encourage export-led growth.³ While India's special economic zones attracted foreign investment, they did not deliver a similar transformative impact as witnessed in China, as SEZs accounted for only 19 percent of India's exports in the first twenty years of establishment.⁴ Several economic and political factors led to this discrepancy in SEZ effectiveness between India and China. For instance, India did not need to use SEZs to reform its economic system as it already had a liberalized economy. While SEZ managers in China were often motivated to promote long-term development, political expediency and corruption scandals hindered SEZ growth in India. Furthermore, local governments in charge of SEZs in China were given greater political and economic autonomy, allowing them to pursue policies adapted to the local economy, while SEZs in India were subject to numerous land and policy regulations at the national level. The success of SEZs in transforming China's economy can be attributed to their strategic role in the country's economic liberalization process; India's attempt at China's SEZ-led growth failed to achieve similar results

due to the government's limited ambition to improve its economic policies, highlighting that the SEZ model is most effective when utilized as a component of larger, comprehensive economic reform. This paper compares SEZs in China and India by reviewing their performance differences and examining the reasons behind these differences, including policy objectives, decentralization of state power, and governance structure. Since SEZs have been most extensively used in China and India, the lessons learned from their experiences can be valuable to other developing countries seeking to implement SEZs.

Historical Background

In 1979, China established four special economic zones located in the coastal cities of Shenzhen, Zhuhai, Shantou, and Xiamen. Prior to the creation of SEZs, China was a closed, planned economy. Almost all factories and businesses were owned by the government, with neither private nor foreign ownership.⁵ China had limited participation in the global economy, as trade share of GDP was less than 10 percent in 1978.⁶ In experimenting with economic reform and liberalization during the early 1980s, China gave corporations in SEZs more economic freedom, such as the ability to pay workers floating wages and to create their own labor-contract system.⁷ Although such practices were common in other countries, they were groundbreaking in China at the time because they were a shift away from the command economic system under Mao Zedong. In short, China used SEZs as test beds for implementing capitalism, described by Deng Xiaoping as “crossing the river, feeling the stone one at a time.”⁸ Beyond the relaxation of administrative rules, the Chinese government also offered specific financial incentives for foreign investors in the form of various tax “holidays.” For example, SEZ enterprises were subject to a corporate tax rate of only 15 percent, versus the 33 percent tax rate imposed on joint ventures in the rest of China.⁹ China also obtained advanced technology from foreign investors

through joint ventures, where foreign business partners provided technology while the Chinese owners supplied buildings, sites, and equipment. By 1995, there were 9,000 joint ventures in Shenzhen, manufacturing more than 1 billion RMB (120 million USD) worth of products.¹⁰

Before 2000, India did not have SEZs and instead had seven Export Processing Zones (EPZs). Although these zones were also designed to facilitate foreign investment, the EPZs offered less economic incentives and had a negligible impact on India's economy.¹¹ India started economic liberalization in 1991 under Finance Minister Manmohan Singh. Before the process of economic liberalization began, India was one of the most protected and heavily regulated economies in the world, with little participation in the global economy. Singh's extensive reforms in 1991 caused policy changes in diverse sectors aimed to encourage greater private sector entrepreneurship and foreign trade.¹² Partly inspired by the economic success of China's SEZs, India introduced the "Special Economic Zones Bill of 2005" fifteen years later to develop zones on a larger scale.¹³ The number of zones rapidly increased. By 2017, India approved 423 SEZs, with 221 already operational.¹⁴ Similar to China, SEZs in India operated outside the domain of customs authorities, providing incentives for both domestic and foreign investors. For instance, SEZ units did not have to pay income tax for the first five years and were allowed to retain 100 percent of their foreign exchange earnings.¹⁵ While both India and China envisioned SEZs as an instrument to promote economic growth and industrialization, the two countries considerably differed in zone performance.

The Importance of Fundamental Reform

Perhaps the most important reason for the diverging Chinese and Indian SEZ outcomes was their fundamentally different motives for establishing SEZs. After the death of Chairman Mao, under the leadership of Deng Xiaoping, the Chinese Communist Party intentionally moved

away from a traditional communist economic model and created SEZs to support the broader goal of economic liberalization, using zones to experiment with capitalist policies. India, which had already liberalized its economy fifteen years before the creation of SEZs, only used zones to attract investment without an overarching purpose. Furthermore, while China absorbed foreign technologies through joint ventures in a broad set of industrial sectors, India's emphasis on the IT sector may have led to a lack of economic diversity within SEZs.

While China used SEZs to test market-based economic reform policies with the potential for nation-wide implementation, India used zones more narrowly to generate economic growth. In the late 1970s, the Chinese Cultural Revolution had just ended. The closing of universities during the Cultural Revolution created a dire shortage of highly educated personnel, which hindered China's ability to develop new and absorb imported technology, limiting economic development.¹⁶ In response, Deng Xiaoping's "reform and opening up" (*gaige kaifang*) policy aimed to accelerate economic growth so that the economy would "surge forward" with the people "relatively well off."¹⁷ Deng personally initiated the creation of four SEZs in 1979, in the cities of Shenzhen, Shantou, Zhuhai, and Xiamen. In just six years, these four zones attracted over one billion US dollars of investment, and contributed to over 20 percent of China's exports.¹⁸ In 1984, based on the early success of SEZs, the CCP (Chinese Communist Party) decided to open its economy further by extending similar relaxed economic policies to fourteen additional cities in coastal areas along the Pearl and Yangtze River Deltas. By 1992, the CCP further extended the concept of "economic openness" to a few cities in China's border areas and all interior provinces.¹⁹ Similar to the "reform and open up" initiative in China, in July 1991, India adopted a new economic policy of Liberalization, Privatization, and Globalization (LPG) to promote economic growth and make the Indian economy more globally competitive. Following

the LPG policy, India underwent significant economic changes, such as tariff reduction and market deregulation.²⁰ Having observed the positive effects of SEZs in China, the Indian government introduced the Special Economic Zones policy in 2000, which encouraged all state governments to start their own SEZs. Five years later, India passed the SEZ Act of 2005, which aimed to “promote investment from foreign and domestic sources” and provided the base for the creation of numerous zones throughout India. However, India did not use SEZs to test economic reforms as it had already liberalized its economy in the 1990s.²¹ Compared to China, the objective of the Indian SEZ Act was more generic and referred to the generation of additional economic activity and employment, which did not distinguish SEZs from other industrial clusters.

China and India both aimed to use Special Economic Zones to diversify and modernize their economies by attracting advanced technology, yet the overemphasis on technological sectors in India may have led to a lack of economic diversity in Indian zones. The use of joint ventures in China accelerated the infusion of new technology, allowing SEZs such as Shenzhen to develop a competitive edge in manufacturing. By 1995, Shenzhen accounted for 14 percent of world output of floppy disks, 8 percent of hard disk drives, and 10 percent in magnetic heads.²² Through absorbing foreign technologies and competing successfully in export markets, the zones also acted as conduits through which technology and foreign expertise were transferred to the rest of China. Well known foreign technology companies such as IBM, Compaq, Dell, and ACR established plants in the Guangdong province, where three of China’s first four SEZs were located.²³ Similarly, India utilized SEZs to develop infrastructure and technology through private investment from foreign companies to boost economic growth, exports, and employment. Like China, India strived to use SEZs as a means of technological development through horizontal

spillovers from multinational corporations.²⁴ These spillovers included transfers of corporate management and technological training for staff, greatly improving production efficiency. India placed a particularly strong emphasis on technological development, as the SEZ Act of 2005 exempted information technology zones from minimum size requirements, which spurred their proliferation compared to zones with other industries.²⁵ In 2017, 273 of India's 423 approved zones were in the IT sector.²⁶ However, India's heavy emphasis on IT zones may have led to a lack of broad-based manufacturing development within SEZs.

Linking its SEZ initiative to economic liberalization, China used zones to invite foreign and private investment, spurring technological advancement. In contrast, India was unable to share the same results despite its strong emphasis on IT zones. These differing experiences suggest that SEZs may have a more transformative effective, as witnessed in China, if SEZs are used to facilitate broader economic form or liberalization. Ambitions to use SEZs for experimentation with structural reform measures have the potential to unleash unprecedented growth; without such intentions, SEZs are often not “special” and become indistinguishable from other industrial clusters.

Creating Incentives to Limit Corruption

Differing incentives for zone management officials have contributed significantly to diverging SEZ outcomes between India and China. Chinese zone leaders were motivated to foster growth to meet developmental targets and the economic success of these zones resulted in strong government and public support. On the other hand, India's SEZ framework failed to address the prevalence of corruption, with state governments being criticized for appearing “to be favoring the interests of SEZ developers, which included some of India's largest private-

sector firms, over the needs of people whose lives would be deeply affected by the arrival of these new industrial spaces.”²⁷

While China’s SEZs were established on land belonging to the state, land acquisition in India was controlled by private-sector developers, which led to a stronger likelihood of conflicts and corruption. In China, the state holds ultimate ownership of land and has the right to allocate this land.²⁸ As a result, it was much easier for China to acquire land needed by SEZs to develop industries. Indeed, all five of China’s SEZs were owned and developed by the government, while only nine of over 200 SEZs in India were developed by the state.²⁹ While Indian citizens and corporations generally have the right to own private property, the Land Acquisition Act (LAA) of 1894 “allows state governments to identify land for acquisition and issue necessary notifications accordingly.”³⁰ Under both the LAA and the Special Economic Zone Act of 2005, government and corporate entities could transfer the land acquired for public purpose to private companies for development. As a result, small landowners could lose their land with little compensation, benefiting large private industries. For instance, in 2004 the Andhra Pradesh Industrial Infrastructure Corporation (APIIC) established the Polepally SEZ in the Telangana State. Under the LAA, APIIC seized property from residents of the Polepally village and allocated this land to pharmaceutical firms. The Polepally community eventually lost 693 acres of land, and 339 families lost their personal property. While the government issued rehabilitation cards to Polepally residents for jobs in 2007, these promises were not fulfilled. Displacement eventually drove Polepally farmers into unemployment, as they were ill-equipped to get a job in the SEZ industry.³¹ This case illustrates how the land acquisition process went wrong through corrupt and discriminatory practices at the local level, resulting in harmful economic, social, environmental and health impacts. Furthermore, India’s SEZ Act of 2005 simplified the

procedures for creating SEZs in order to spur more investment and development.³² Due to the relaxed requirements to create SEZs in India, large numbers of projects passed formal approval, but many of them never became operational. The Polepally SEZ is just one example of many failed SEZs in India: out of India's 423 proposed SEZs, only 221 zones are legitimately operational.³³ Additionally, private developers often used zones for non-manufacturing purposes, taking advantage of the relaxed SEZ policy to subsidize real estate developments such as housing and retail and leisure complexes. Before 2007, up to 65 percent of land in SEZs could be used for such non-manufacturing activities, and export-promotion was "little more than an afterthought." In response to political backlashes following the Polepally SEZ, allowable non-processing usage of SEZ land was reduced from 65 percent to 50 percent in 2007, which still allowed significant usage of SEZ land for real estate development.³⁴ Cases such as the Polepally zone tainted SEZ reputation as grabbing private property from farmers, fueling significant public resistance against SEZs, resulting in their downsizing and cancellation by the federal government.

Much of the investments in China during the early stages of SEZ development also went into real estate speculation, and zones were used in corrupt deals to smuggle illegal goods on to the mainland through the Xiamen SEZ.³⁵ The Chinese authoritarian political system and unitary state allowed for direct intervention regarding these issues of corruption through policy changes.³⁶ Despite the growing number of China's SEZs since their original establishment, most of them have goals and targets in areas such as GDP growth, exports, employment, and FDI generation. These expectations placed much responsibility on zone management officials, motivating them to maximize efficiency and economic growth. In contrast, the Indian government, which gave local zones more production autonomy, generally did not implement measurable performance targets for its zones.³⁷ Farmers thus resisted the government's use of

eminent domain to seize private property for SEZ development, especially knowing that their land would not even be used productively for public purposes. People who did not own land—yet depended on it for their livelihoods in existing local economies—also fiercely resisted SEZ land acquisition. For instance, a combination of local opponents, activist groups, and politicians campaigned against the chemical industry SEZ proposed at Nandigram in the West Bengal state. Clashes with police led to violence in March of 2007, claiming the lives of fourteen people. The uproar that followed led to the cancellation of the project, a temporary moratorium on SEZs and a reduction in their maximum allowed size to 5000 hectares.³⁸ Such “land wars” in India have led to the cancellation, delay, and downsizing of high-profile investments. With a history of corruption and protests, state governments are reluctant to support SEZs or finance the infrastructure, contrasting China’s continuous support of its zones.

In summary, broader political systems and incentives for zone officials significantly impacted the performance of SEZs. For zones to benefit local development, incentives for state officials should align with economic development objectives, so that corruption is sufficiently constrained. Furthermore, zones need strong and long-term government commitment to ensure policy continuity and economic efficiency.

Offering Local Autonomy within SEZs

Another important difference is that China has given more autonomy to its SEZs than India, despite India’s democratic government and a liberalized economy. Both the size and institutional freedom granted to SEZs in China allowed local governments to tailor their approaches towards regional needs; conversely, land and policy restrictions in India have reduced the potential economic success of SEZs.

While China and India both implemented SEZs in strategic geographical locations along

the coast, India's SEZs were designated to much smaller areas of land and faced strict industry regulations, reducing the scope of foreign investment. China established SEZs in coastal regions with both open access to foreign markets and large amounts of land, facilitating export growth.³⁹ Xi Zhongxun, the First Party Secretary of Guangdong Province, stated in 1979 that CCP chose to establish zones in Guangdong and Fujian provinces because "their resources are relatively abundant. They possess favorable conditions for economic development."⁴⁰ Shenzhen's location was particularly strategic because it was situated across a river from Hong Kong, a UK-controlled colony at that time from which China was striving to learn capitalist methods of economic growth.⁴¹ China's placement of SEZs (such as Shenzhen) effectively capitalized on its geographical proximity to strong economies such as Hong Kong and Macau, accelerating foreign trade and investment. These zones were also located in coastal areas far from the center of political power in Beijing, thus reducing the influence of central bureaucracies which continued to govern under the model of a closed, planned economy and allowing for easier experimentation of the free-market economic policies. While India had also identified geographically advantageous locations for its SEZs, the government designated these zones to much smaller portions of land. The Indian Parliament's SEZ Rules of 2006 states that "a multi-product SEZ shall have a contiguous area of 1000 hectares or more." For sector specific SEZs in industries such as electronics, the jewelry sector, and information technology, the minimum size requirement is just ten hectares. Furthermore, in April 2007, the Indian Government capped the maximum area of an SEZ at 5,000 hectares in response to growing public and federal resistance; consequently, 70.4 percent of India's SEZs are less than 100 hectares.⁴² By comparison, the average size of SEZs in China is approximately 8,500 hectares, and Shenzhen has a total area of 160,000 square kilometers.⁴³ In the absence of scale, it is difficult to recoup the costs of building

expensive infrastructure. Additionally, without a large number of firms, the synergies arising from joint ventures are lost.⁴⁴ For instance, the Rajiv Gandhi Technology SEZ is about 100 hectares, and had only attracted three foreign firms as of 2015 since its original establishment in 2007.⁴⁵ Although land restrictions in India were intended to prevent corruption and reduce risk of failure, in reality, they diluted the business profitability of SEZs and restricted potential for economic growth.

While China allowed more institutional autonomy for SEZs, enabling local governments to create programs tailored to regional needs, SEZ policies in India faced strict government regulations. For example, guidelines for the Shenzhen zone prior to 1981 stipulated that foreign direct investors had to be high-technology firms, yet this description later changed to “some technology” during the 1990s.⁴⁶ The relaxation of specific industry guidelines allowed Shenzhen to specialize in industries such as manufacturing, which better matched the area’s capacity, particularly the abundance of cheap labor. Economic freedom also enabled Shenzhen to provide more opportunities for employment and social protection, thus attracting migrant workers: a supply of both low-cost and skilled labor. By 1989, more than one million migrant workers, who mostly came from underdeveloped rural provinces, had moved to Shenzhen.⁴⁷ In contrast, prospective SEZ developers in India must specify what facilities will be developed, how much investment they will attract, and how many jobs they will create, thus restricting the autonomy of local governments. In addition, all but twelve of India’s SEZs were industry-specific, meaning that the government only allowed for a particular form of production. For instance, 60 percent of SEZs were pre-designated as technology zones. These tight government regulations limited the range of industries present in the SEZs and prevented them from forging strong linkages with the rest of the economy. Overemphasis on IT sectors also limited the impact of SEZs in more labor-

intensive industries such as handicraft production, where India had significant comparative advantages. Although these industries do not use advanced technology, they have a large export market and high potential to generate employment, especially for the low-income population.⁴⁸ Using SEZs to promote such industries would have made SEZs more impactful for India's economic development and poverty alleviation.

Case studies of zones such as Shenzhen in China illustrate the benefits of limited zone planning by the national government, and greater autonomy to local governments.⁴⁹ Unlike SEZs in China, India's zones cannot tailor their industries towards regional needs because the government pre-designates their industries, illustrating that local autonomy and flexibility are critical for SEZs to maximize their true potential.

Map: Location of SEZs in China and India⁵⁰



Conclusion

The difference in SEZ performance between India and China highlights that countries cannot simply replicate the Chinese SEZ model to promote economic growth; rather, states must design their own unique policies that promote economic reform, reduce government corruption, and empower local decision making. For SEZs to have the same transformative effect as witnessed in China, where these “economic laboratories” played a pivotal role in revolutionizing China’s economy, SEZs should be used to facilitate broader economic reform or liberalization. Without such intentions, SEZs are often not “special” and become indistinguishable from other industrial clusters. Furthermore, countries attempting to implement SEZs must create a thorough legal and institutional framework that limits corruption, particularly in land acquisition, which leads to inefficiency and can seriously undermine SEZ development. The central government also must both continuously support developmental zones and grant relative autonomy to local governments so that SEZs can utilize their comparative advantages.

Perhaps inspired by the transformative success of China’s zones, the number of SEZs has increased dramatically worldwide in recent decades. In 1964, 80 SEZs in 30 countries generated about 6 billion USD in exports and employed about one million people. Today, 3,000 SEZs operate in 120 countries and account for over US \$600 billion in exports and 50 million jobs.⁵¹ Many developing countries experimenting with SEZs reflect a similar economic philosophy as China and India and can learn from their SEZ policies. For instance, like China, Cuba operates under a unitary system and is slowly liberalizing their economy to address lagging economy growth. Indeed, in 2013, Cuba implemented its first SEZ in Mariel, enabling foreign companies to invest in the country without intervention from the Cuban state.⁵² Poland, which currently has 14 SEZs, also parallels India’s economic history as the two countries operate under democratic

governments and underwent economic liberalization in the 1990's.⁵³ It is imperative for countries seeking to implement SEZs to understand the underlying causes of success or failure and adopt policies to maximize their benefits for economic growth.

ENDNOTES

¹ "GDP, PPP (Current International \$)," chart, World Bank, accessed January 25, 2019, <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD>.

² Douglas Zihua Zeng, *Building Engines for Growth and Competitiveness in China* (Washington DC: World Bank, 2010), 14, accessed December 4, 2018, <https://doi.org/10.1596/978-0-8213-8432-9>

³ Ashok Kotwal, Bharat Ramaswami, and Wilima Wadhwa, "Economic Liberalization and Indian Economic Growth: What's the Evidence?," *Journal of Economic Literature* 49, no. 4: 1, accessed October 17, 2019, <https://pdfs.semanticscholar.org/e213/279d2647b858acfc4695168ee4ac6a346551.pdf>.

⁴ "IT and ITeS Industry in India," India Brand Equity Foundation, accessed February 15, 2019, <https://www.ibef.org/industry/information-technology-india.aspx>.

⁵ G. Hidasi, "China's Economy in the Early 1970's," *Acta Oeconomica* 9, no. 1: 8, accessed January 25, 2019, <https://www.jstor.org/stable/pdf/40728085>.

⁶ Esteban Ospina and Diana Beltekian, "Trade and Globalization," Our World in Data, accessed January 24, 2019, <https://ourworldindata.org/trade-and-globalization>.

⁷ Ann Fenwick, "Evaluating China's Special Economic Zones," *Berkeley Journal of International Law* 2, no. 2 (1984): 5, accessed December 24, 2018, <https://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1025&context=bjil>.

⁸ Chee Kian Leong, "A Tale of Two Countries: Openness and Growth in China and India," *DEGIT Conference Papers*, 01 1, 2007, 2, accessed October 14, 2019, https://www.researchgate.net/publication/4778195_A_Tale_of_Two_Countries_Openness_and_Growth_in_China_and_India.

⁹ David K. W. Chu, "China's Special Economic Zones: Expectations and Reality," *Asian Affairs* 14, no. 2 (1987): 6, <http://www.jstor.org/stable/30172035>.

¹⁰ Joanna Lee and Yue-man Yeung, "China's Special Economic Zones at 30," *Eurasian Geography and Economics*, 6, accessed December 3, 2018, <https://www.tandfonline.com/loi/rege20>.

¹¹ Samuel Wrest, "India's Special Economic Zones: A Primer," *India Briefing*, entry posted April 25, 2018, accessed February 13, 2019, <https://www.india-briefing.com/news/guide-indias-special-economic-zones-9162.html/>.

¹² Kotwal, Ramaswami, and Wadhwa, "Economic Liberalization," 1.

¹³ Ashok Kotwal, Bharat Ramaswami, and Wilima Wadhwa, "Economic Liberalization and Indian Economic Growth: What's the Evidence?," *Journal of Economic Literature* 49, no. 4 (2011): 1, <http://www.jstor.org/stable/23071665>; Lotta Moberg, "The Political Economy of

Special Economic Zones," *Journal of Institutional Economics*, 10, accessed November 30, 2018, <https://www.cambridge.org/core/journals/journal-of-institutional-economics/article/political-economy-of-special-economic-zones/CE09F95681408037426D2F4D210BEEA5>.

¹⁴ Ministry of Commerce and Industry Department of Commerce, *Fact Sheet on Special Economic Zones*, 1, accessed February 13, 2019, [http://sezindia.nic.in/upload/uploadfiles/files/factsheet\(2\).pdf](http://sezindia.nic.in/upload/uploadfiles/files/factsheet(2).pdf).

¹⁵ Shashi Kumar, Dr., "SEZs in India: Concept, Objective, and Strategies," *Bangalore University Press*, 7, accessed February 13, 2019, <https://www.gtap.agecon.purdue.edu/resources/download/4103.pdf>.

¹⁶ US Library of Congress, "The Cultural Revolution, 1966-76," *Country Studies*, accessed May 3, 2019, <http://countrystudies.us/china/90.htm>.

¹⁷ Lee and Yeung, "China's Special," 6.

¹⁸ Leonard Silk, "Economic Scene; The Open Door Policy in China," *New York Times* (New York City, NY), accessed May 13, 2019, <https://www.nytimes.com/1985/09/27/business/economic-scene-the-open-door-policy-in-china.html>.

¹⁹ Lee and Yeung, "China's Special," 11.

²⁰ M. Soundarapandian, ed., *Development of Special Economic Zones in India* (New Delhi, India, 2016), 37, accessed May 16, 2019, <https://books.google.com/books?id=iwtCrB5a2c8C&printsec=frontcover#v=onepage&q&f=false>.

²¹ Republic of India Ministry of Commerce, *The Special Economic Zones Act, 2005*, 1, accessed November 25, 201, <https://indiankanoon.org/doc/1423589/>.

²² Lee and Yeung, "China's Special," 9.

²³ Zeng, *Building Engines*, 113.

²⁴ Horizontal Spillovers are the impacts of foreign firms on domestic firms' economic performance. Karolein Lenearts, "Horizontal or Backward? FDI Spillovers and Industry Aggregation," *Ghent University Press*, 2, accessed January 25, 2019, http://www.wiod.org/conferences/groningen/Paper_Lenaerts_Merlevede.pdf.

²⁵ *The Practice of Industrial Policy: Government—Business Coordination in Africa and East Asia*, ed. John Page and Finn Tarp (Oxford, England: Oxford Scholarship Press, 2017), 175, accessed December 11, 2018, <https://doi.org/10.1093/acprof:oso/9780198796954.001.0001>.

²⁶ Ministry of Commerce and Industry Department of Commerce, *Sector-Wise Distribution of approved SEZs*, 1, accessed February 13, 2019, <http://sezindia.nic.in/upload/uploadfiles/files/Sector-wise-distribution-of-SEZs.pdf>.

²⁷ Rob Jenkins. "India's SEZ Policy" in Rob Jenkins, Loraine Kennedy, and Partha Mukhopadhyay. 2014. "Power, Policy, and protest: the Politics of India's Special Economic Zones". Oxford Scholarship Online.

²⁸ Peter Ho, "Who Owns China's Land? Policies, Property Rights and Deliberate Institutional Ambiguity," *The China Quarterly*, no. 166 (2001): 10, <http://www.jstor.org/stable/3451163>.

²⁹ M. Soundarapandian, ed., *Development of Special Economic Zones in India* (New Delhi, India, 2016), 61, accessed May 16, 2019, <https://books.google.com/books?id=iwtCrB5a2c8C&printsec=frontcover#v=onepage&q&f=false>

³⁰ Atul Setalvad, "A Study Into Certain Aspects of the Land Acquisition Act 1984," *Journal of the Indian Law Institute*, 1971, 12, accessed May 16, 2019,

<https://www.jstor.org/stable/pdf/43950105.pdf?refreqid=excelsior%3A522e49226da7c80a1f6d944bece556e2>.

³¹ Vidya Rawat and Sujatha Surepally, "The Impact of Special Economic Zones in India: A Case Study of Polepally SEZ," *Commercial Pressures on Land*, January 2001, 21, accessed April 29, 2019,

https://www.landcoalition.org/sites/default/files/documents/resources/SDF_India_web_11.03.11.pdf.

³² Meir Alkon, "The Developmental Effects of Special Economic Zones: Evidence from India's States," *Princeton University Department of Political Science*, March 2, 2017, 26, accessed December 30, 2018, <https://niehaus.princeton.edu/file/366/download?token=fsHqqSXd>.

³³ Ministry of Commerce and Industry Department of Commerce, *Fact Sheet on Special Economic Zones*, 1, accessed February 13, 2019,

[http://sezindia.nic.in/upload/uploadfiles/files/factsheet\(2\).pdf](http://sezindia.nic.in/upload/uploadfiles/files/factsheet(2).pdf).

³⁴ Rob Jenkins, "The Politics of India's Special Economic Zones," *Research Colloquium: 'India's Great Transformation?'*, September 14, 2007, 27, accessed May 19, 2019,

http://www.democraciaycooperacion.net/IMG/pdf/2-_Rob_Jenkins-2.pdf.

³⁵ Fenwick, "Evaluating China," 39.

³⁶ Leonard Silk, "Economic Scene; The Open Door Policy in China," *New York Times* (New York City, NY), accessed May 13, 2019,

<https://www.nytimes.com/1985/09/27/business/economic-scene-the-open-door-policy-in-china.html>.

³⁷ Alkon, "The Developmental," 15.

³⁸ Michael Levien, "The Land Question: Special Economic Zones and the Political Economy of Dispossession in India," *The Journal of Peasant Studies*, 2012, 6,

<https://doi.org/10.1080/03066150.2012.656268>.

³⁹ Xi Zhongxun, the First Party Secretary of Guangdong Province, stated in 1979 that CCP chose to establish zones in Guangdong and Fujian provinces because "their resources are relatively abundant.

⁴⁰ Ann Fenwick, "Evaluating China 's Special Economic Zones," *Berkeley Journal of International Law* 2, no. 2 (1984): 2, accessed December 24, 2018,

<https://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1025&context=bjil>.

⁴¹ Fenwick, "Evaluating China," 16.

⁴² Dharma Marg, "Special Economic Zones: Promise, Performance, and Pending Issues," *CPR Occasional Paper Series*, March 2009, 70, accessed May 19, 2019,

http://www.cprindia.org/sites/default/files/working_papers/1243240858-SEZ%20pdf.pdf.

⁴³ Gar-On Antony Yeh, "Development of the Special Economic Zone in Shenzhen, the People's Republic of China," *Ekistics* 52, no. 311 (1985): 2, <http://www.jstor.org/stable/43622838>.

⁴⁴ Jenkins, "The Politics," India in Transition.

⁴⁵ Anil Sasi, "Foreign Firms in India," *The Indian Express* (New Delhi, India), April 4, 2015, [Page 27], accessed May 19, 2019, <https://indianexpress.com/article/business/banking-and-finance/just-5-states-account-for-91-of-all-foreign-firms-in-india/>.

⁴⁶ Moberg, "The Political," 9.

⁴⁷ Farole and Akinci, *Special Economic*, 20.

⁴⁸ Malini Tantri, "Promises and Paradoxes of SEZ Expansion in India," *Institute for Social and Economic Change*, 2014, 15, accessed May 20, 2019, http://www.isec.ac.in/WP%20331%20-%20Malini%20L%20T_9.pdf.

⁴⁹ *Power, Policy, and Protest: The Politics of India's Special Economic Zones* (Oxford: Oxford Scholarship Online, 2014), 5, accessed December 4, 2018, <https://doi.org/10.1093/acprof:oso/9780198097341.001.0001>.

⁵⁰ The author used the ArcGIS program to create this map. The list of cities where SEZs are located come from the following sources: "*List of Notified SEZs*", by India Ministry of Commerce & Industry, Department of Commerce, accessed at <http://sezindia.nic.in/cms/list-on-notified-sezs.php> & Yue-man Yeung, Joanna Lee & Gordon Kee (2009) "China's Special Economic Zones at 30," *Eurasian Geography and Economics*, 50:2, 222-240, DOI: 10.2747/1539-7216.50.2.222.

⁵¹ *Special Economic Zones (SEZs) vs Knowledge Innovation Zones (KIZ)* (Knowledge Innovation Zone Research Project, 2006), 2, accessed May 3, 2019, <http://www.ic2.utexas.edu/images/fellows2009/amidon%20-%20kiz%20report%20-%20comparison%20sez%20vs%20kiz%20v%201%202august%202006.pdf>.

⁵² ZED Marial, "Our Objectives," Marial SEZ, accessed October 21, 2019, <http://www.zedmarial.com/en/about-us>.

⁵³ Michal Gosek, "Special Economic Zones in Poland," Rodl and Partner, accessed October 21, 2019, http://www.roedl.net/pl/en/hot_news/special_economic_zones_in_poland.html.