ABSTRACT

India and China are two economies in South-east Asia with similar socio-economic indicators. However, the growth of China over the years has been higher than that of India, and that is often regarded as a result of well thought-out policies with better execution. Therefore, when analysing the role of Special Economic Zones (SEZs) in India, it is important to turn to China and have a look at the policies it has adopted in this respect. To achieve this, this paper gives an account of India’s overall experience with the SEZs and an account of one of its oldest SEZ’s, MEPZ SEZ. It also focuses on Shenzhen, the largest SEZ in China and gives a comparison of the various economic and development aspects between the Indian and Chinese SEZs. In line with the study and the comparisons, this paper suggests that SEZs have the potential to promote exports, employment, infrastructure and growth, and they have performed well for the first five years of their initiation but there is a need to provide a facilitating environment for them, not just fiscal concessions and more approvals, in order to boost their potential.