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Far Away from the Factories

An incorporated village remote from new factories, with thatch-roofed homes and an unpaved road. Source: Charlotte Goodburn.

Translating China's Special Economic Zone 'Model' into Rural Southern India: Impacts on Urban Development

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This essay explores the impacts of trying to import a Chinese 'model' of special economic zones (SEZs) into southern India. Inspired by China's SEZ success, from 2005, India set up large, city-style zones. Based on in-depth examination of one such zone, we argue the Chinese SEZ 'model' is not a coherent strategy, but an amorphous mix of policies and practices imported by multiple actors at multiple levels. We show how the 'model' interacts with local Indian contexts to create new, uneven forms of urban experience, particularly for local villagers and migrant workers, rather than any straightforward 'replication' of China's path.

China's special economic zones (SEZs) facilitated the country's transition from an agricultural to an industrial economy from the 1980s, attracting foreign direct investment (FDI) and contributing significantly to Chinese economic development. The success of this model attracted many imitators across the developing world. Though China has recently been involved in 'exporting' its SEZ model through directly funding SEZs abroad, in many other cases, host countries have attempted to imitate China's success without any direct involvement from the Chinese state. These include India, which from 2005 attempted to establish new Chinese-style SEZs and reinvigorate older export zones based on its interpretation of China's model. Sharing similarities with China in population size, economic growth rate, and agricultural sector size, India offers an interesting case study of how China's 'model' can be translated elsewhere. Yet, the South Asian country's different political, social, cultural, and temporal contexts highlight the difficulty of attempting to copy China's experience—itsself based on a complex genealogy and distinctive set of global, national, and local factors.

This essay examines the attempted replication of China's SEZ experience in India through a focus on one (anonymised) Indian zone, which is marketed as a new 'industrial city' and was directly modelled on a Chinese zone its founders had visited. It employed the same international consultants who had designed well-known Chinese zones, and attracted investment from several Chinese firms, which, alongside multinational firms with manufacturing experience in China, began to import labour practices from China.

This case study suggests China's SEZ experience may be translated into India by a variety of actors, with a variety of motives, going well beyond intentional 'policy transfer' by state policymakers. The Chinese model is diffuse, contingent, and dynamic, rather than a static template, and it produces results in the Indian context that are similar to yet different from those in China. Our research shows how different elements of the model are mobilised by different actors; how they mutate in response to local political, economic, social, and cultural contexts; and how they produce new forms of urban experience rather than replicating China's path.

Policy Mobilities and China's SEZ 'Model'

The field of policy mobilities has been developed by political and urban geographers over the past decade as an alternative to political science's policy-transfer approach (Benson and Jordan 2011). Policy transfer conceptualises policy movement in terms of careful selection and application of best practices by rational decision-makers, but the policy mobilities approach provides a more geographically sensitive approach, emphasising sociospatial contexts and the mutation of policies as they travel (Peck and Theodore 2012). One strand of the policy mobilities literature is concerned with urban models, in which groups of principles have become associated with particular cities and are increasingly used to inform urban development policy (McFarlane 2011). Such models were originally overwhelmingly European and North American, but Asian cities have provided more recent alternatives, especially for other Asian countries (Robinson 2002; Roy 2016). The literature suggests the export of these models is facilitated through the interaction of state actors, as well as cross-border networks and consultants, who contribute funding and expertise (Shin et al. 2020).

When a model is adopted, it is also adapted. Actors adopting the model prioritise aspects they find attractive (McCann and Ward 2012), transplant the model into different conditions (Ong 2011), and often work from an abstract ideal and not a realisable plan (Shin 2019). We suggest there may also be different actors at different levels involved in translating the model, some of whom are unintentional agents of policy mobility or who reproduce unwanted and/or unobserved aspects of the original. Moreover, the model itself may have antecedents that complicate a straightforward understanding of its development. China's SEZs—with their complex genealogy, ranging from the colonial entrepôts of Singapore and Hong Kong, newly industrialising Taiwan and South Korea, to the classic European example of Shannon, Ireland—provide an excellent example of such a policy model.

SEZs were established in China from the 1980s to overcome economic and technological weaknesses following three decades of relative isolation under Mao Zedong. Their core features have been enumerated by many and usually include: a

large, geographically delimited, physically secured area of former rural land; governance by comprehensive national legislation, with local-level autonomy to develop laws and administer zones; benefits for foreign investors, including financial incentives, exemptions, and more relaxed labour regulation; and labour-intensive manufacturing, employing primarily young, female rural migrants (World Bank 2015). From the start, they were designed as experimental zones—sites of transformation as well as production. China's first four SEZs—Shenzhen, Zhuhai, Shantou, and Xiamen—were established along the coastal periphery, not only to attract investment from Hong Kong and Taiwan, but also so they could be easily erased if they failed (Bach 2017). The new term 'special economic zone' aimed to avoid association with capitalist export processing zones, instead connoting model cities with residential and leisure areas and diverse industries (Wong 1987).

Their flagship was Shenzhen: a new centrally planned industrial city with a range of urban functions, as well as an export processing hub. Its preferential treatment for investors, possibilities for joint ventures, and experimental contract labour system ensured rapid investment from overseas. Many multinational corporations set up manufacturing bases, employing workers recruited from rural China. By 1989, there were more than one million temporary workers in the zone, 80 per cent of whom were women (Sklair 1991). The Shenzhen experiment was a great economic success: it is now a 500-square-kilometre megacity of about 20 million people, one of China's principal import-export hubs, and a globally leading manufacturing centre attracting millions of internal migrants (Goodburn 2020a). China now has a wide range of other economic 'zones' of different shapes, sizes, locations, and nomenclatures, which are estimated to have contributed 22 per cent of China's gross domestic product, 45 per cent of FDI, and 60 per cent of exports, as well as accelerating nationwide industrialisation, agricultural modernisation, and urbanisation (World Bank 2015).

Indian Emulation and the 2005 SEZ Act

China's success in expanding manufactured exports and employment inspired many developing countries, including India, whose own export processing zones (EPZs) pre-dated China's SEZs but were not successful in attracting significant investment or promoting growth (Knoerich et al. 2021). In 1994, the Indian Council for Research on International Economic Relations sent a mission to China to identify 'useful features of Chinese zones that could be adapted to Indian conditions' (Cross 2014: 37) and, in 2000, commerce minister Murasoli Maran visited and was impressed by Shenzhen (Palit and Bhattacharjee 2008). Borrowing the Chinese term 'SEZ', Maran initiated new rules for the establishment of private zones in India and began converting EPZs into SEZs, which were intended to encompass the full array of facilities that make up

a city, with housing, hospitals, schools, and leisure and retail developments, rather than the existing more modest industrial enclaves (Ministry of Commerce and Industry 2005). In 2005, these developments were formalised in the new *Special Economic Zones Act (SEZ Act)*, which was aimed explicitly to ‘help India replicate the Chinese success story of rapid industrialization’ (Parliament of India 2007).

The new Act encompassed not only trade and investment, but also radical deregulation, infrastructure creation, and tax regime changes, to overcome barriers raised by monetary, trade, tariff, and labour regulations. As in China, SEZ policy was strategic and experimental: in 2005, commerce minister Kamal Nath commented approvingly that the *SEZ Act* would allow massive ‘rurbanisation’ (that is, conversion of rural land for urban development) free of the ‘shackles of the government inspector’ (Kothari et al. 2010). However, in marked contrast to China, India’s *SEZ Act* also encouraged private investors, rather than the state, to develop the zones (Aggarwal 2010; Sampat 2010). In setting up city-style zones, the developer would be responsible for providing civic amenities, roads, sewerage, housing, utilities, green spaces, and education—in essence, taking over the role of the municipal government (Menon and Mitra 2009). The state’s role would be limited to that of broker in assisting private entities to acquire the land (Sood and Kennedy 2020).

Impacts of Emulation in the ‘Industrial City’ Case Study Zone

The anonymous ‘industrial city’ discussed here is a key example of this new type of Indian SEZ: it is large, at nearly 100 square kilometres; it is in an underdeveloped rural location; and it was established by private investors shortly after the 2005 *SEZ Act*. For inspiration, the founders looked directly to China, visiting several SEZs and other industrial zones before identifying one that could act as an immediate model. They were so impressed by the architecture and spatial layout of the Chinese zone—spread over a vast area in anticipation of industrial, commercial, and residential expansion—they hired the same third-country consultants who had designed it to work on the plans for their ‘city’.

The model Chinese zone, founded in the 1990s, emphasised ‘scientific planning’, providing extensive infrastructure before the construction of factories, and strictly dividing the zone by sector and function. It was well connected to existing transport and services from the start and rapidly developed its own amenities, including commercial centres, education areas, leisure and recreation districts, as well as industrial and high-end residential areas. The Indian city followed a similar pattern in terms of the layout, but when we visited in 2018, its vast terrain was mostly still unoccupied and its wide,

multilane highways almost empty. Leisure and commercial areas were unfinished—a source of much complaint from the Chinese firm managers we interviewed, who compared the lack of facilities negatively with China's zones. They highlighted the role of the state in Chinese infrastructural development; as one factory manager put it:

In China all the basic facilities, like shopping malls and mobile [phone] signal, would be here first; it would be mandatory. The government would send a command to establish them. But here, it's democratic ... the government can't just tell Airtel to set up a tower.

Different ownership structures played a crucial role in the provision of amenities: the private nature of the Indian zone meant there was no state-directed infrastructure development. Although the 2005 *SEZ Act* dictates that infrastructural services be provided, the state's responsibility ends at the gates of the zone (Ministry of Commerce and Industry 2005). The outcome is that, with no state investment inside the SEZ, as well as the generally more limited state ability to mobilise large development projects in India than in China, the pace of SEZ expansion is much slower. The Indian zone developers had to expand cautiously in line with demand from investors, rather than rapidly based on broad policy ambitions for local development.

Another source of complaint for Chinese managers was the rural location, with the nearest big city nearly 80 kilometres away along poorly maintained roads. Though the zone's founders promoted the location as equidistant between ports and airports, it made urban integration more difficult than in the case of the Chinese model zone, while it also lacked the huge state investment to create new urban infrastructure that had ensured the rapid development of China's 1980s SEZs like Shenzhen. Therefore, despite its founders' attempts to emulate a specific Chinese model of internal spatial configuration, differences in ownership, location, and infrastructural investment meant the Indian industrial city developed in a manner fundamentally different both from its immediate model and from the original Chinese SEZs.

While firm managers bemoaned unfinished infrastructure, local villagers were also dissatisfied with spatial changes, complaining that much of the land they had sold to developers lay for years undeveloped, yet they were deprived of access through it by the internal customs boundary that divided the city's domestic production zone from the formal SEZ area. Just as in Chinese SEZs of the 1980s, this boundary could only be crossed by those employed within the formal SEZ, and then only with an official pass at the start and end of their shifts. The boundary thus meant locals' access to space was radically reshaped and the urban fabric of the city disrupted. Villagers who continued to farm after the establishment of the SEZ lost access to grazing routes and watering spots, and some were obliged to graze their remaining cattle within villages—sometimes causing damage.

Despite the roles of collective ownership and the *hukou* (户口; 'household registration') system in producing China's 'urban villages' (城中村) (see O'Donnell 2021), a surprisingly similar phenomenon was visible in the Indian case study, where, as in early Chinese SEZs, agricultural land was purchased for SEZ development while housing land was left intact, thus removing the need for resettlement. This mode of incorporating villages into the city enabled the founders to avoid the extensive protests that had characterised other cases of Indian land acquisition (Bedi 2013; Srinivasulu 2014), and it was lauded as a model for future development of large SEZs in India. Some villages benefited quickly: paved roads were dug past those near the new factories and residential areas, and electric streetlights erected. Some former farmers used the cash payment for their land to upgrade their homes and, in wealthier and better located (typically higher-caste) villages, rooms were let to white-collar in-migrants, providing a useful source of income.

This letting of rooms parallels the widespread construction of accommodation for migrant workers in Chinese 'urban villages', some of which has been so lucrative the original inhabitants have purchased property in the 'city proper', while continuing to let out apartments in the village (Liu et al. 2010). However, in the Indian city, incoming white-collar employees were few and many preferred to commute from elsewhere, given the city's lack of amenities. The more numerous blue-collar migrant workers were accommodated in hostels outside the city, so opportunities for rental income were limited. Moreover, the option of expanding homes for rental was not feasible financially or practically for most villagers, particularly in less well-connected (often lower-caste) villages, where their greater distance from new factories meant they remained without paved roads and public transport.

As in China's early SEZs, then, several 'off-grid' urban villages emerged, where roads and other facilities remained the responsibility of the lowest level of rural government, which lacked resources. Though a new private school was built, with subsidised fees for those formally employed in the zone, a public primary school was demolished to make way for new roads. Children from nearby villages now must travel several kilometres over unpaved tracks to attend school. Nor were the factory jobs, which villagers had been promised when they agreed to sell their land, available to all, since most villagers' low level of education meant they were not chosen for assembly-line work. As in the Chinese model zone, those villagers who were recruited were typically on informal contracts with local labour agencies, working in maintenance, gardening, or cleaning. While some found work outside the city gates, many were unemployed or dependent on the income of a single family member.

Factory employment in the industrial city primarily targeted young women educated to at least age 16—akin to the *dagongmei* (打工妹) of China's SEZs. While young women's factory labour is not original to China, the gendered Chinese regime of precarious employment in export-oriented multinational manufacturing has been elevated to the status of a 'model' (Smith and Pun 2006). The reproduction of these gendered patterns



in the Indian industrial city, by both Chinese and multinational firms moving from China, suggests how corporate actors may contribute to the importing of a development model, albeit unintentionally, by continuing practices in the new setting. Yet, in conjunction with India's differing labour regulations and sociocultural setting, the impacts on neither labour management nor the women themselves were straightforwardly reproduced.

Young women were preferred as factory workers in the Indian city for reasons like those in China. They were seen as more docile than men and unlikely to object to low wages. Young men complained it was difficult for them to find work, since they were viewed as potential troublemakers by factory managers. Moreover, the labour was seen as particularly suitable for women: gender stereotypes about 'nimble fingers' and the idea that women more willingly accept tedious work—long used to justify hiring women on Chinese assembly lines—were frequently mentioned by Chinese and other managers in the Indian city. An additional factor was that some work was in traditionally female roles such as sewing, which was highlighted as work to which husbands and fathers would not object. The much lower rates of female workforce participation in India than in China (Klasen and

New Village

An incorporated village close to factories, with a new paved road and upgraded homes with additional floors for room rentals. Source: Charlotte Goodburn.

Pieters 2015) made it more likely that male family members would reject women's engagement in paid labour without extensive assurances about the nature of the work as well as the working environment and accommodation.

These requirements meant Indian workers were subject to a far more repressive workplace and accommodation regime than their Chinese counterparts. Since firms demanded more female factory labour than was available locally, thousands of migrant women aged 18–23 were recruited from poor rural areas of the state to work for one to three years, before returning home for marriage. Unlike Chinese migrant workers, who were accommodated in factory dormitories, they were housed in privately run hostels subcontracted by the firms and located outside the city gates. Buses collected the women from the hostels before each shift and returned them as soon as the shift was over. All food was provided in the hostel and—apart from one weekly group excursion under the supervision of a warden to buy essential items such as toiletries—women were not allowed to leave without permission. These extreme restrictions were required by firms, since families would not allow their daughters to migrate for work if their 'safety' (physical, moral, and sexual) was not guaranteed. Controlling women's movements thus allowed firms to ensure an adequate supply of young, female labour.

These repressive conditions meant few Indian migrant women experienced the kinds of emancipatory effects—a greater say in spouse selection and family decision-making or, in the longer term, potentially settling down and marrying in the city—that some Chinese migrants experienced (Fan 2007; Goodburn 2015, 2020b). Although the zone's founders spoke positively of the social changes they believed would arise from women's employment (enhanced autonomy, later marriage, increased emphasis on female education), these gains applied predominantly to local women, who could avoid the hostel regime. For the zone's migrant women, any such effects were offset by their repressive living conditions, which prevented urban integration.

The Limits of Translation

Overall, our research shows how the Chinese SEZ model is translated into India by a range of actors (policymakers, consultants, firms, migrants, local people, and others) and interacts with specific local contexts—including differing roles for state and private capital, local and national institutional frameworks, and sociocultural norms and expectations—to create varied impacts. Although the Indian zone has achieved some level of industrialisation and urbanisation, it falls short of the rapid urban expansion of most Chinese zones and its impacts have been uneven. The extension of infrastructural development to only some villages has resulted in prosperity and poverty existing side-by-side; villagers who gave up fields lament working as low-paid labourers on the site of land they once owned; contact with better-paid migrants as well as villagers now occupying

higher-status positions has led to resentment over new forms of inequality; and, while local women may benefit from temporary factory employment, migrant women suffer under the repressive workplace/hostel regime. Like its Chinese counterparts, then, the Indian zone raises questions about how multinational capital, and rural and migrant populations, can be integrated into the new city, and what sort of spatial features, social relations, and governance structures can emerge through management of the resulting diversity. Yet the outcomes for social change and cohesion, and for individual lives and livelihoods, have, in many and perhaps unforeseen ways, been different from those in China, as key actors, practices, and policies remain rooted in local contexts and resistant to convergence. ●

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