

Balanced Regional Development of India through Special Economic Zones: An Empirical Study

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ABSTRACT India over the past two decades has progressively opened up its economy to face new challenges and opportunities of the 21st century effectively. Unlike the first phase of industrialization, visualized by Pundit Jawaharlal Nehru whose aim was mainly state-led investment in the industry and now with the influence of liberalization and globalization all over the world, our strategy is being shifted towards private sector-led development which has both cheap capital and technology at its disposal. Establishment of Special Economic Zones (SEZs) is one among the major changes in the economic policies made by the Government of India, to create hassle-free environment for boosting exports from the country. Consequently, SEZs Act was passed in the year 2005. The Act envisages key role for the state governments mainly on the need to alleviate infrastructure constraints to exports and it is expected that this will trigger a large flow of foreign and domestic investment in SEZs, infrastructure and productive capacity, leading to generation of additional economic activity and creation of employment opportunities. Another important issue is that the Central and State governments alone are not able to provide necessary infrastructure to eliminate regional imbalances and they aim to encourage private initiation to promote industrial development in the industrially lagging states and regions of the country. Further, the SEZs are being perceived as mini –townships rather than being mere industrial clusters because of the social infrastructure like housing, hospitals, hotels, schools and recreation facilities that are available within the SEZ. Owing to clustering of production units of SEZ at one place they have been getting external economies too in the form of good roads, proper drainage system, uninterrupted power supply and water supply on one hand and on the other hand the entire region gets good communication connectivity and physical infrastructure. In this paper an attempt is made to trace out the spread of SEZ establishments in the country, examine whether they are located suitably to overcome the regional imbalances and to suggest some policy initiatives to achieve export promotion and balanced regional industrial development of the country.