

# India-South Korea Partnerships for Social Development: Case Illustrations of Korean Entities in India

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## ABSTRACT

Sustainable development has become one of the most important agendas over the globe. India and South Korea have developed economic linkage mechanisms through free trade agreements and investment flows. In the age of sustainable development, the two countries have given more effort to fostering partnerships for social development, expanding their scope of partnerships beyond political and economic partnerships.

This article will present conceptual models to analyse India-South Korea partnerships for social development. We will classify cases by two activities of Korean entities: corporate social responsibility of Korean firms and official development assistance of Korean government agencies in India. Previous literature on India-South Korean relations mainly focused on political or economic cooperation. This article will examine partnership establishment for social development through conceptual models and case analysis.

**Keywords:** Social Development, Partnership, Corporate Social Responsibility, Official Development Assistance, India, South Korea

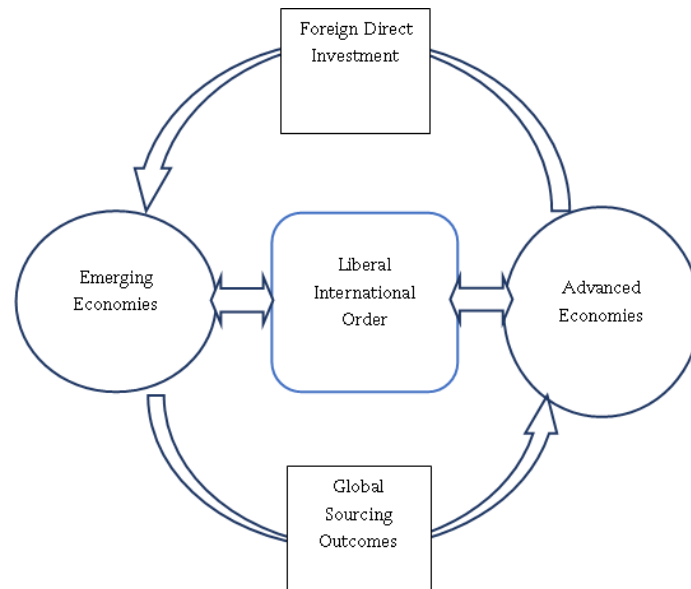
## I. INTRODUCTION

The story of India's rise as a world power is nothing new. By 2022, India overtook Britain to have the world's fifth-largest GDP. India's Foreign Minister is actively promoting that India is a great power like the United States and China in the international political arena. The Korean government designated India as a key country for its New Southern Policy and as a key country for international development cooperation. In this article, we will discover why partnerships for social development are important and what efforts are being made between India and South Korea. In particular, rather than focusing on economic partnerships such as trade or foreign investment, we will focus on social contributions by Korean companies in India and on development cooperation by the Korean government for India.

## II. LINKAGE MECHANISM BETWEEN DEVELOPING AND DEVELOPED COUNTRIES IN THE AGE OF LIBERAL INTERNATIONAL ORDER

Seoul in South Korea and Delhi in India are 4700 km apart. Why do countries so far apart cooperate with each other? Figure 1 below shows why developed, and developing countries link up in the liberal international order.

Developed countries make foreign direct investments and establish production facilities in developing countries with abundant capital and technology. Through this, companies from developed countries can use factors of production such as cheap labour and natural resources from developing countries. Developing countries can create jobs by attracting companies from developed countries and gain opportunities to learn advanced production and management technologies from developed countries. A number of Korean companies have invested directly in India and entered India. Through this, Korean companies can use cheap labour and natural resources in India. In addition, through local production in India, it is possible to develop products suitable for the Indian market and expand the sales network.



Source: Hong & Park (2020: 48)

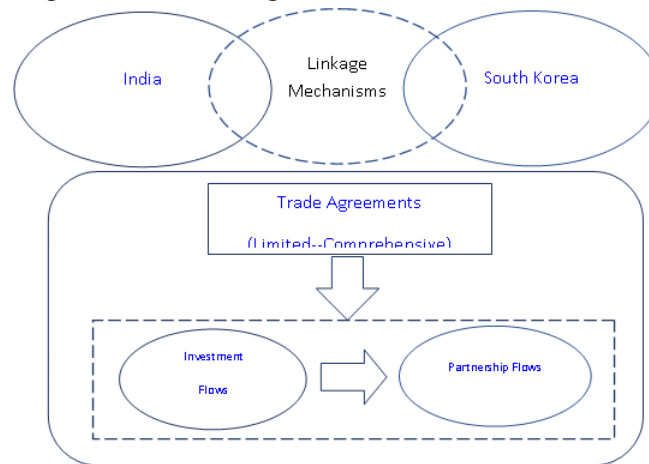
Fig. 1: Linkage mechanism between developing and developed countries

Within the liberal international order, developed and developing countries seek to develop economic partnerships based on comparative advantage. In other words, developed countries like South Korea have a comparative advantage in capital and technology, and developing countries like India have a comparative advantage in production factors. By linking two countries with different comparative advantages, both countries maximize productivity and benefit.

### III. LINKAGE MECHANISMS AND IMPORTANCE OF PARTNERSHIPS FOR SOCIAL DEVELOPMENT

As China emerged as the G2, the West, led by the United States, began actively containing China. There is a phenomenon in which American and European companies in China are withdrawing their production facilities from China and moving their production bases to their own countries or third countries. The United States is making great efforts to exclude China from its semiconductor supply chain and create a new semiconductor supply chain including South Korea, Japan and Taiwan. Experts in international economics and politics diagnose that the liberal international order has weakened and a new Cold War era has arrived. In this era of the new Cold War, the linkage mechanism between countries that maximize economic efficiency based on comparative advantage is weakening. In the era of the new Cold War, it is important whether the other country is a friend or not even if the economic efficiency is affected. Countries in the era of the new Cold War

cooperate for their security with allies and strive to develop partnerships in which the two countries coexist through official development assistance and corporate social responsibility. In the era of the new Cold War, international relations are particularly important for partnerships that win the hearts of other countries. In particular, it has become more important to pursue a comprehensive bilateral relationship that promotes economic, social, and cultural development between the two countries, moving away from an efficient bilateral relationship that puts economic growth first through Indo-South Korea relations.



Source: Jaedong Kang, & P. Arunachalam (2021)

Fig. 2: Mechanism of Korean-Indo Linkage

The Korean-India linkage mechanism (Figure 2) shows that socio-cultural partnership flows rise from trade agreements and investment flows. As economic integration between the two countries strengthens, people-to-people exchanges and cultural exchanges between the two countries become more active. Socio-cultural partnerships are not only a result of economic integration but also serve to consolidate economic integration further. When the economic and socio-cultural partnerships of the two countries are strengthened, the linkage mechanism brings in close economic, cultural and social allies.

Let's find out what efforts the South Korean government and South Korean companies have made to strengthen partnerships for social development in India.

#### A. Official Development Assistance (Main Organizations: KOICA and Export-Import Bank of Korea)

India receives aid from the G8 countries (USA, UK, Japan, Germany, France, Italy, Canada, and Russia), European Union, and South Korea. She is also a donor country that provides aid to other countries (Saebom Jin, 2013). South Korea should consider improving India's economy and industrial structure by partnering with India. Kim (2016) emphasised that the fundamental objective of ODA is to benefit the recipient countries, not the donors. South Korea should not simply do good things but become a necessary country for India. South Korea needs a partnership model that discovers and cooperates with projects necessary for India, such as infrastructure development. United States, Europe, Australia, Japan and other countries are working hard to strengthen partnerships with India, which is growing in international politics. The South Korean government needs to discover projects that can be planned and implemented with the Indian government and strengthen partnerships in developmental cooperation. In economic cooperation, disputes such as trade imbalance and whether or not to open the market for a specific industry often occur, but in the field of development cooperation, the possibility of cooperation is much higher than that of the economic area. The most effective

development assistance is social investment. It can expand assets such as hospitals and schools, power grids and road paving, capacity-building activities such as training and paying medical personnel and teachers, and provision of health services (Jeffrey D. Sachs, 2015). On the other hand, it is better to minimize one-time development cooperation such as donating food or goods when necessary. Currently, South Korea has a small scale of aid to India compared to the US or Japan, but it should pursue development cooperation with India based on the quality of the projects rather than the quantity.

1) Promoting Sustainable Enterprises in India (PSEI):

Period	Since September 2021
Agents	International Labor Organization (ILO) and Korea International Cooperation Agency (KOICA)
Social issues	Entrepreneurship development & supporting SMEs

Promoting Sustainable Enterprises in India (PSEI) is the first intergovernmental grant aid project between the South Korean and Indian governments(Kyungeun Park. December 2020) The project aims to strengthen the capacity necessary for the establishment and execution of SME policies in India and foster young entrepreneurs and new SMEs through education and training modules. The PSEI initiative aims at improving the overall MSME ecosystem in two provinces in India – Odisha and AP. It focuses on developing two industries - food processing, and garments, including promoting entrepreneurship to create new enterprises and improve the productivity of existing MSMEs to facilitate sustainable integration in the domestic and global supply chain.

**B. Corporate Social Responsibility of South Korean Companies in India**

An important reason for companies to engage in CSR activities is to ensure that they continue to grow and maintain their status in society. Appropriate CSR activities increase the brand value of the company and help the company grow. When conducting CSR activities in India, Korean companies should have an attitude of trying to understand the problems facing India. South Korean companies in India must recognize the social needs and expectations of Indian society, operate companies with a sense of community and practice strategic and practical CSR activities. Not only the CSR of Korean companies but also the donation activities of the Korean embassy and consulate general increase the favourable impression of South Korea in Indian society. They made donations to rural schools in India, donation of medical devices and medical supplies during the COVID-19 period.Through these activities, the South Korean government and its companies are perceived to be good a partner of India for its social development. The following cases have been taken from CSR case books (Jeemin Lee & Myunglae Choi, 2023)

1) Forest Conservation and Income Generation for Climate Change:

Period	Since April 2020
Areas of activity	Tamil Nadu
Social issues	Environment & livelihood

Hyundai Motor India has designed an eco-friendly income-generating CSR program. Through forest conservation activities in dry land outside the plant, the firm offset about 20,000 tons of carbon by October 2022, increased the green rate of industrial parks from 23% to 50%, and generated income from selling fruits. The manpower to manage trees was employed from underserved areas of the region, and the fruits harvested from the forests were sold to generate income for them. A livelihood program has been linked with forest conservation.

## 2) Dream School Project:

Period	Since November 2016
Area of activity	PAN India
Social issue	Education

Ceragem India conducts CSR activities to develop the local areas and build harmonious communities. Since 2016, the Dream School Project has been carried out under the slogan, “The future of children is the future of India.” The target was selected among national and public schools with relatively poor environments in close consultation with the state government. Ceragem India has decided to serve Indian students with IT LAB from Dream School 7<sup>th</sup>. The Korean firm is aiming for the 100th Dream School and is preparing to complete the construction of the 10th Dream School in Mumbai in February 2023.

## 3) Treatment and Cataract Surgery for Local Villagers:

Period	November 2017 - November 2022
Area of activity	Maharashtra
Social issue	Healthcare

Posco Maharashtra Steel conducted medical checkups for the residents in three towns (Bhagad, Tasgaon, and Yelawade). It also supported other necessary treatments and surgeries after medical checkups. More than 1,630 residents of rural areas benefited from health checkups. Many residents of this area suffered from cataracts. The firm selected patients with severe cataracts and successfully completed all 148 cataract surgeries performed so far.

#### IV. CONCLUSION

Developing partnerships for social development is essential to developing closer ties with fast-growing India. Accordingly, South Korean entities actively promote official development assistance and corporate social responsibility activities.

South Korea and India are equal in being sovereign countries, but India is much larger in terms of GDP and population. Whether it is ODA or CSR activities, South Korea does not need to cover all India. The South Korean government or each corporation must choose a specific region or a sector in India to promote their work. For example, when doing official development assistance to promote SMEs in India, it is better to select a specific region or industry and establish a promotion policy suitable for that region and industry rather than a comprehensive promotion policy targeting all SMEs (Siuk Lee et al., 2016). Partnerships for social development can be made effective through selection and concentration. The limitation of the study comes from the limited number of cases

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