

## THE LESSER UNDERSTOOD DIMENSIONS OF KOREA'S INDIAN ENGAGEMENT

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### INTRODUCTION

Korea and India have had formal diplomatic relations since 1973. But informal relations have existed for several centuries and one of the early interactions that is being popularised by the Korean government is one that took place over a 1000 years ago when a princess from Ayutha (apparently Ayodhya) went to Korea and married King Kim Suro. In modern times, however, for the first 20 years after formal diplomatic relations were established the level of interest in each other remained at a very low key. This was despite the fact that Korean firms had started to explore the Indian market from the early 1980s. But in 1991, India started a process of economic reform that had FDI as one of its main components. In 1993, Prime Minister Narasimha Rao visited Korea as part of his 'Look East' policy and signed an agreement of cooperation. Korea swiftly grasped the opportunity that the vast Indian market could provide, and the next few years saw a massive upsurge in Korean investment in India. It is now the fifth largest investor in India. Today, Korean firms have become household names in India and they account for significant markets shares in every market in which they are present.

### THE ECONOMIC DIMENSION

Primarily, Korea's increasing engagement with India, according to the Indian view, arises from Korea's need to reduce its dependence on China. From the Korean standpoint, India is attractive on a number of counts. It remains a long term attraction as a large market. Also, India can play a role in the global cost reduction plans of large Korean enterprises. For historical reasons, South Korea may not be able to access the Chinese economy and its labour force as much as some other countries in the region. India is therefore an attractive alternative. India's educated and technologically skilled workforce is a strong asset, and its quality is being increasingly recognized abroad. The possibility of India being an export production

base is quite strong. India provides an alternative source of economic cooperation. Also, as wages in Korea have increased and as Korea has begun to move out of an industry-based economy to a knowledge based one, the attractions of India have become obvious because of its cheap labour, both blue and white collar. The details are provided in Annexure 1.

## **CULTURE AND EDUCATION**

Korea's cultural exchange with India began largely in the fourth century A.D., though commercial exchange through the Silk Route is said to date back to the first century. Along this route, exchange of not only goods but also of culture and religion took place. According to scholars like Ko Byoung-Ik (1977) the first Indian monk to have come to Korea was from Qin China in 374 AD. Following him many other monks visited Korea via China. However, in the process of either translation or transliteration of their names from Sanskrit into Chinese there remains some ambiguity about their original names. The contacts between the two countries continued and peaked during the seventh and eighth century A.D. One of the first Korean Monks to visit India during this period was Hye-cho. His memoirs make an interesting reading of various regions of India including the holy places of Sarnath, Kusinagar, Rajagraha, Bodhgaya, Varanasi and Kanauj in the east, the Kingdom of the Chalukyas in the south, the Kingdom of the Kathiawar in the west and Jalandhar, Indus areas, the Gandhara and the Kashmir valley in the north.

After this period there has been a prolonged period of discontinuity in the relations between the two countries from about the ninth till about the twentieth century. Then once again the interactions between the two saw new developments in the modern era with both sharing similar colonial experiences. The anti-colonial movements in both countries revived interest in each other. Rabindranath Tagore, Mahatma Gandhi and Pandit Jawaharlal Nehru were all viewed as messengers of peace and respected for their commitment to human freedom. Tagore's poem referring to Korea as the 'lamp-bearer of the East' and his denunciation of Japan's rising militarism, Gandhiji's non-cooperation movement, Nehruji's reference to the colonial years of Korea as 'a very dark and sad chapter' all became a source of inspiration and gave rise to a sense of bonding between the people.

Then followed the years of Indian involvement in the problem of division of Korea. K.P.S Menon who was very keen on seeing the Korean peninsula united was chosen as the Chairman of the United Nations Temporary Commission on Korea (UNTCOK). However, the commission could not achieve the unification and was later dissolved after having conducted elections only south of the 38th Parallel. Later again during the Korean War, India sent a Field Ambulance and a Surgical Unit consisting of 17 officers, 9 JCOs and 300 other ranks to Korea to serve with the UN

Forces as a peace keeping force.<sup>1</sup> The performance of this unit and their devotion to the cause is accounted in detail in the official Korean records.<sup>2</sup> The issue of the Prisoners of War (POWs) also saw Indian involvement, with the terms of agreement based on Indian proposals. A Neutral Nations Repatriation Commission (NNRC) was set up, once again to be chaired by India. The purpose was to enable POWs who did not want to return to their country of origin to exercise their right to repatriation. Thus India played quite an active role in the Korean crisis.

However, after the war there was a lull in the relations between the two countries- India and Korea- for some time. It was not until 1962 that Korea established her Consulate General in India and Delhi reciprocated this gesture only in 1968. Then in keeping with India's policy of non-alignment India established full diplomatic relations with both Seoul and Pyongyang simultaneously in December of 1973.

Following these there were a number of trade and cultural agreements signed between the two countries. The most significant cultural agreement was the one signed in 1974 and again in 1976, which were designed to promote relations in the realms of art, culture, education including academic activity in the field of science and technology, public health and mass media. This relationship was extended to include air services in 1992 and tourism in 1993.

Korean Air and Asiana have started regular passenger flights to Mumbai and Delhi, while the former also provides regular cargo services between Incheon and Chennai, which is the home to production facilities of many Korean Companies like Samsung Electronics, LG Electronics, Hyundai Motors etc. This is in addition to its cargo services to New Delhi and Mumbai.

On the education front, Korea Foundation (KF) supports a number of programmes in India. It provides Korean Language Training Scholarships for graduate students and Field-Trip and Research scholarships for research students and faculty members of Korean language and studies programme, besides giving grants for publishing Korean language textbooks or other books related to Korea. KF's Books and Publications Division has been supplying large number of books to the libraries of JNU, University of Delhi and Madras University, besides sending publications like Korea Focus, Koreana, Korean Art and Culture regularly.

KF had provided an endowment fund of US\$ 45,000 to JNU to create a faculty position in 1995 and has enhanced it to US\$ 1,45,000 in 2005. It also maintains visiting professorships at JNU, University of Delhi and Madras University. Since 2003 the KF has signed a MOU with JNU, under which it has been giving merit

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<sup>1</sup> Alka Gupta, "Korea-India Relations: From Independence to Establishment of Diplomatic Ties", p.43

<sup>2</sup> Ministry of national Defense, History of UN Forces in Korean War, Seoul, 1973, Vol. 11 as cited in Alka Gupta, ....p.44.

scholarships to two undergraduate, two graduate, two M.Phil and two Ph.D students every year as a means of encouragement. The second term of the Agreement is to be signed this year. KF has also been underwriting the costs of seminars and conferences related to Korean studies and other cultural programs held in India.

In addition, in order to introduce Korea's unique culture, which is often mistaken to be part of Japanese or Korean culture, the KF has been holding cultural events including art exhibitions, art troupe performances of folk and traditional dances and music in India. As the popularity of these programmes have increased so have their frequency increased in the recent years. For improving personnel exchanges, the Foundation has been organizing international forums and opening regular channels of dialogue with leaders at a nongovernmental level.

Meanwhile the National Institute of International Education Development (NIIED) associated with the Ministry of Education and Human Resources of Korea, which had been offering one to two fellowships to students of Korean studies in India, has suddenly increased it to over thirty fellowships since this year. They have extended these scholarships for undergraduate studies as well, which had not been the case until now. As a contribution to a better understanding of Korea and fostering better relations with India, the NIIED lately has also been inviting 2-3 students to a ten-day or a two-week summer-camp programme to Korea where it arranges lectures on Korean culture, visits to Korean cultural sites and home-stays with Korean families. These are extremely popular with the students and are awaited eagerly.

Since 2006 POSCO-India, the Indian subsidiary of the fourth largest steel manufacturer in the world, in order to promote academic collaboration between India and Korea, has initiated scholarships and grants for meritorious students. The POSCO TJ Park Foundation, named after its founder Tae Joon Park started by awarding scholarships to 60 students, research grants to two scholars and fellowships to 5 students annually, but has now started funding a lot more fellowships for students to study in Korea. Fifty percent of these would be for students from Orissa where POSCO has made its largest overseas investment of US\$ 12 billion. This is POSCO's strategy of cultural diplomacy involving grooming personnel from the local populace to handle the day to day running of the project.

As part of the broader BRIC (Brazil, Russia, India, China) project, the primary aim of which is to analyse the economic and business environments in these countries, especially in the IT sector, and see what the driving and inhibiting forces are in each of these countries' market, the South Korean government has been investing a lot of funds in Universities in Korea, for them to enter into MOUs with universities in India. The idea is for exchange programmes to take place between educational institutions in both countries. The South Korean student delegates who were chosen to come to India were encouraged to introduce Korean culture through interactions with university students. The Korean government provides incentives to

Korean organisations to hold food festivals and other such events. Kimchi has become a common name in the salad bar of many big restaurants and hotels in India.

The Korean Institute of Curriculum and Evaluation has also included India as one of the Centres for holding the Test of Proficiency in Korean Language (TOPIK) examination, to grade the level of language acquisition of the students learning Korean here. Realising that the objective of learning the language is twofold, namely for academic purpose and for business purpose, the organisation has also structured the test in two categories accordingly. The candidates enrolling for this test are increasing year by year, as also the number of centres administering this exam within India.

Since July 2006 Korean Broadcasting System (KBS) has been telecasting a Korean TV serial 'Hae Shin' or 'Emperor of the Sea', dubbed in Hindi for children. Another one 'Jewel in the Palace' was started in October 2006. KBS World, Arirang TV and some other Korean channels are available for viewing for the 20,000 or so Korean nationals in India, as well as for those learning the language, by installing a Dish antenna for the purpose. Thus part of Korea's cultural diplomacy in India has also been to brand position its culture and it is exploring every avenue for this purpose.

## **CULTURE AND POLITICS**

However, cultural differences between people, and a lack of understanding of these, often produce unsatisfactory results, especially during the course of negotiations. This happens not only because the styles of negotiations are different but even the instruments used to measure and understand certain concepts tend to be different as well. Though easy categorization and classifications of the culture-wise negotiating style might not always be possible, some broad parameters can be drawn which could help in understanding the approaches adopted by the people of a certain cultural background, during negotiations.

Often the frames of reference for both verbal and non-verbal communication tend to be fitted into the already existing schemata of concepts in the brain of the negotiator and are interpreted accordingly. Lack of awareness of these may often lead to delays, missed opportunities and unsatisfactory results. It must also be added that it often takes more than mere awareness to communicate effectively and arrive at satisfactory results.

The political issues that the Koreans come face to face with in India often tend to bemuse them. To begin with, India, unlike Korea, is a country divided by a number of minority groups. As a result it has never been easy to mobilise people for a common cause the way it is in Korea. In Korea, the entire nation comes together, be it to fight

the communists or to adopt austerity measures to overcome the financial crisis, or for that matter to cheer the home team etc. It surely happens elsewhere too, but certainly not in the scale or to the extent to which it does in Korea. There are certainly, no social cleavages due to caste system in Korea. The only divide in society is in the hierarchical status of people. The seemingly endless divisions in Indian society and the lack of consensus that this generates is a source of constant wonderment to Koreans. Most of them simply cannot comprehend what is going on.

Another issue relates to property rights. For example, when Korean firms invest in building factories in India they need land. But because 60 per cent of India's people still depend on agriculture, acquiring land for industrialization means displacing hundreds of thousands of people. While, in China this creates only an economic and management problem, in India which is a multi-party, federal democracy it creates a political problem as well. Political parties worry about losing votes and therefore tend to oppose efforts by organisations to acquire land, be it for building factories, or for special economic zones (SEZ), mining, or for that matter even for diversion of water from reservoirs etc. Often political parties and even some NGOs with a political agenda, use these opportunities to play on the caste and communal sentiments of the population to inflame one against the other. South Korea's POSCO steel plant's investment in Orissa is facing similar problems in its land acquisition effort in Dhinkia, Gatakujunga, Nuagaon of Jagatsingpur district and some other places, with the rallyists threatening to launch even country wide agitation. However, such agitations do not have merely a political agenda, they have an economic dimension as well because the livelihoods of the displaced persons vanish. They need to be compensated.

The other economic aspect relates to opposition by incumbent firms, whether Indian or foreign, to allowing new firms to enter their business as they do not want more competition. This is true of not only foreign firms but also of large Indian business houses. For instance, recently one of India's big business houses, Reliance launched its new business venture of setting up a chain of retail stores for fresh fruits and vegetables in all the cities of India. Even though the middle class consumers were pleased with the bargains they were getting there was very stiff resistance by the small vegetable vendors; and in many places they resorted to vandalising the Reliance outlets. In fact, in some states which are headed by left wing governments, like West Bengal, the leaders warned the Central Government not to set them up in their state. This kind of covert protectionism is absent in Korea and therefore, Korean firms find it hard to comprehend.

Another aspect is the Confucian practice of vesting the patriarch in a family with the fullest authority to take decisions. Whereas Korean firms tend to view themselves as a large family and therefore observe the Confucian ethic, in India, this does not

happen because India has a different philosophical value system in which no single authority enjoys powers that cannot be questioned. For instance, when Korean firms strike a deal and have done what it takes to get the deal, they rightly expect the leaders with whom they have negotiated to take care of the hurdles or resistance that may arise from other quarters. But, in India, every person heading a small department or section, within the purview of the deal, is a kingpin in his own right and expects to be compensated separately. Unlike in Korea where the hierarchical power works to their advantage and prevents the lower downs from raising their head, in India each section officer is a king in his fiefdom. Therefore, when Navin Patnaik, the Chief Minister of Orissa gave the go ahead signal to POSCO, the Koreans thought that they had won all battles. The agitators who were egged on by NGOs accused Navin Patnaik and the IAS officers with him of having accepted bribes. Thus, in a vastly pluralistic democracy like India, industrialization cannot but be slow. India, being large and diverse, is like a big ship that can turn only slowly. This appears to Koreans as a lack of urgency and they get frustrated. This is contrary to the way things function in Korea where, 'the Moving Finger signs (the deal) and having signed moves on: nor all thy protests nor rallies shall lure it back to cancel half a Line, nor all thy tears prevent it from getting it going palli-palli.'

Then there is the concept of *Chemyeon* or maintaining face which is of great importance to the people of all cultures, but particularly so in Asia. As a result in any negotiation neither party wants to lose face or wants to appear to have lost face and their target audience is their respective home crowd. Therefore, the negotiators need to understand this and provide some leeway for manoeuvre to each other.

## **CULTURE AND SOCIETY**

Again, at places of work, misunderstandings arise because of the communication gap resulting from the cultural differences in the nuances of words or expressions. A very simple example might illustrate the point. For instance, when a Korean points to a table that has things scattered on it and says to his junior colleague 'Ch'iwera' meaning, 'clear it', as a Korean he expects the table to be not only cleared of the things on it but also those things to be put back in their places, the table to be wiped/dusted and set right. Whereas, if it is an Indian who receives the instruction to clear it, then he would only go to the extent of clearing away the things on it and will do nothing more. This is more because of the conditioning of the Indian mind, than due to laziness. Most Indians will confine themselves to doing only exactly what they have been instructed to do because doing anything more might result in intruding into other's domain. The deeply ingrained caste system strongly demarcates spheres of work.

Also, in Korea if any senior colleague admonishes a junior colleague for any work not done properly, there is no question of the junior passing on the blame to anyone else. As a person next in the line of authority he takes full responsibility for it. He then might pull up the person next below and this might go on. Whereas, Indians hate taking the blame for something they think is not exactly their fault. Standing quiet even in front of authority, to an Indian mind, is like admitting to having made the mistake and therefore he feels the need to save his face and clear his name by explaining the situation or passing the blame. This is seen as being argumentative by the Koreans and results in enraging the senior colleague, who then feels he has lost face. He then in a typically Korean style goes red in the face with anger and starts to shout. The tempo of his voice keeps rising as the Indian keeps arguing. Indians are used to being ticked off but not used to such public demonstration of fury and fire spitting. Such situations very often result in the Indian quitting his job or in some such unhappy turn of events.

Another dimension comprises the way Indians and Koreans view foreigners. As an ancient society with an extremely strong philosophical and cultural tradition which makes the system of social beliefs very resilient, Indians do not particularly care what others think about them. In very sharp contrast the Koreans place a very high value on the way they and their country are perceived by foreigners. They thus view the Indian attitude as arrogance. The most important consequence of this difference in approach is for professionalism and pride in work. Koreans are unable to understand the Indian lack of both these virtues, whereas the Indians think that the Koreans are needlessly fussy. Overall Indians resist rapid change which the Koreans regard as being essential to survival and prosperity.

#### **4. CONCLUSION**

It can be seen from the foregoing paragraphs that Korea has assigned very high priority for its overall external relations and diplomacy. This is aimed at making India a complement to China as an economic partner. The main instrument has been economic – trade and investment – but of late there has also been an increasing use of education and culture. Korea has succeeded in creating a lot of awareness of itself in India. This contrasts with the situation two decades ago when very few Indians were aware of the Korean economic miracle. Given the success of this strategy and given that India and Korea do not have any political and strategic-issues related differences, it is reasonable to assume a continuation of this path. However, a prior orientation into the way the two countries approach issues will go a long way in ironing out and reducing perceptual differences.

#### **ANNEXURE 1**



## Trade

Bilateral trade between India and Korea has ben increasing steadily (Table 1)

**Table 1: India-Korea trade flows (\$ US Million):**

<b>Year</b>	<b>India's Exports to Korea</b>	<b>Growth Rate of Exports</b>	<b>Imports from S. Korea</b>	<b>Growth Rate of Imports</b>	<b>Trade Balance</b>
1995	394.29	26.21	716.9	35.32	-322.61
1996	503.83	5.85	836.03	4.55	-332.2
1997	480.33	7.1	972.25	13.43	-491.92
1998	347.83	-2.76	1296.25	3.09	-948.42
1999	434.43	6.7	1303.57	13.61	-869.14
2000	457.25	18.66	988.68	5.08	-531.43
2001	1005.12	7.04	1548.5	17.51	-543.38
2002	601.48	10.67	1426.85	-0.4	-825.37
2003	734.86	21.04	2502.38	25.73	-1767.52
2004	913.29	23.34	3102.86	34.79	-2189.57
2005	1624.64	29.89	4134.73	34.91	-2510.09
2006	2943.85	25.37	5595.87	37.37	-2652.02

2007

*Source: UNCOMTRADE*

**Table 1: India's top 10 Export commodities to Korea:**

Rank	2006	2005	2000	1995
	Total (US\$) (2,510,178,842)	Total (US\$) (1,834,230,598)	Total(US\$) (457,738,212)	Total (US\$) (446,895,232)
1	Mineral fuels, oils & product of their distillati (34.59)	Mineral fuels, oils & product of their distill(27.06)	Cotton.(28.65)	Cotton.(20.51)
2	Ores, slag and ash.(12.07)	Ores, slag and ash.(14.14)	Residues & waste from the food indust; prepra(10.22)	Residues & waste from the food indust; prepra(18.97)
3	Cotton.(8.70)	Cotton.(11.93)	Organic chemicals.(7.82)	Ores, slag and ash.(10.84)
4	Organic chemicals.(6.56)	Residues & waste from the food indust; prepra(7.52)	Ores, slag and ash.(6.97)	Organic chemicals.(10.20)
5	Residues & waste from the food indust; preprani(6.42)	Organic chemicals.(7.32)	Iron and steel.(5.53)	Iron and steel.(6.66)
6	Iron and steel.(6.28)	Iron and steel.(6.93)	Cereals(5.28)	Cereals(3.61)
7	Natural/cultured pearls, prec stones & metals, co(4.82)	Vehicles o/t railw/tramw roll-stock, pts & acc(2.80)	Raw hides and skins (other than furskins) and(3.47)	Tanning/dyeing extract; tannins & derivs; pigm(3.34)
8	Nuclear reactors, boilers, mchy & mech appliance;(2.95)	Copper and articles thereof.(2.51)	Aluminium and articles thereof.(2.53)	Electrical mchy equip parts thereof; sound rec(2.03)
9	Vehicles o/t railw/tramw roll-stock, pts & access(1.84)	Nuclear reactors, boilers, mchy & (2.21)mch applian	Tanning/dyeing extract; tannins & derivs; pigm(2.31)	Nuclear reactors, boilers, mchy & mech applian(1.63)
10	Raw hides and skins (other than furskins) and lea(1.41)	Raw hides and skins (other than furskins) and(1.85)	Electrical mchy equip parts thereof; sound rec(2.29)	Miscellaneous chemical products.(1.61)

*Source: WITS Database***Note:** Figures in parentheses show percent of total

The composition of Indian imports from Korea has also changed over the last one and half decades (Table 2).

**Table 2: India's top 10 Import commodities from Korea:**

Rank	2006	2005	2000	1995	1990
	Total(US\$) (4,797,015,901)	Total (US\$) (4,581,963,473)	Total (US\$) (908,808,150 )	Total (US\$) (813,329,792)	Total (US\$) (304,827,360 )

1	Electrical mchy equip parts thereof; sound rec(24.084)	Electrical mchy equip parts thereof; sound rec(40.82)	Nuclear reactors, boilers, mchy & mech applian(18.39)	Plastics and articles thereof.(17.90)	Plastics and articles thereof.(17.91)
2	Nuclear reactors, boilers, mchy & mech applian (18.565)	Nuclear reactors, boilers, mchy & mech applian(14.02)	Electrical mchy equip parts thereof; sound rec (16.69)	Organic chemicals. (15.27)	Iron and steel.16.48)
3	Iron and steel. (11.720)	Iron and steel.(8.72)	99 (14.48)	Nuclear reactors, boilers, mchy & mech applian (12.07)	Man-made filaments.(8.89)
4	Mineral fuels, oils & product of their distill(10.191)	Vehicles o/t railw/tramw roll-stock, pts & acc(6.17)	Iron and steel.(7.43)	99 (8.79)	Nuclear reactors, boilers, mchy & mech applian(8.84)
5	Vehicles o/t railw/tramw roll-stock, pts & acc(6.546)	Plastics and articles thereof.(6.12)	Plastics and articles thereof.(7.28)	Electrical mchy equip parts thereof; sound rec(7.76)	Electrical mchy equip parts thereof; sound rec(7.01)
6	Plastics and articles thereof. (4.878)	Ships, boats and floating structures.(3.24)	Organic chemicals.(5.66)	Iron and steel.(5.93)	Organic chemicals.(5.83)
7	Organic chemicals. (3.037)	Organic chemicals.(2.98)	Man-made filaments.(3.79)	Copper and articles thereof.(5.01)	Man-made staple fibres.(4.31)
8	Rubber and articles thereof. (2.211)	Optical, photo, cine, meas, checking, precision(1.75)	Optical, photo, cine, meas, checking, precision(2.99)	Man-made staple fibres.(4.47)	Articles of iron or steel.(3.70)
9	Articles of iron or steel. (2.196)	Rubber and articles thereof.(1.70)	Paper & paperboard; art of paper pulp, paper/p(2.47)	Vehicles o/t railw/tramw roll-stock, pts & acc(4.33)	Zinc and articles thereof.(3.17)
10	Paper & paperboard; art of paper pulp, paper/p(2.164)	Articles of iron or steel.(1.64)	Rubber and articles thereof.(1.81)	Man-made filaments.(2.54)	Wool, fine/coarse animal hair, horsehair yarn(2.98)

*Source: WITS Database*

**Note:** Figures in parentheses show percent of total

## Investment

In recent years, Korea has become important source of FDI for the Indian economy. South Korea ranks 9<sup>th</sup> among the top investors in the country and cumulative FDI inflows (during 1991-June 2006) from South Korea is US\$ 0.76 billion (2.07%). On an average, the realization rate for investments from South Korea has been found to be around 24% covering the period from 1991 - March 2003.

**Table 3: Year wise FDI inflow in India (Amount in US \$ million)**

<b>Year(Jan-Dec)</b>	<b>From S. Korea</b>	<b>From all countries</b>	<b>Percentage of Korea in total investment</b>
August 1991-Dec 1999	571.7	16019.7	3.56
2000	17.7	2873.0	0.61
2001	4.5	3728.4	0.12
2002	37.8	3790.7	0.99
2003	24.5	2525.5	0.97
2004	26.7	3753.4	0.71
2005	66.0	4360.2	1.51
2006(Jan-June)	14.9	3582.2	0.41
Total (1991-2006)	763.8	40633.1	1.87

*Source: Department of Industrial Policy  
and Promotion, Government of India*

Korean companies are investing in some select industries, such as transportation power and oil refineries, electrical equipment, computer software and electronics, metallurgical industries, food processing, etc.