

December 2024, No. 14

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## AIC Working Paper

# 75 Years of India-Indonesia Relationship: A Historical Perspective

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# 75 Years of India-Indonesia Relationship: A Historical Perspective

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Amb Gurjit Singh\*

**Abstract:** India and Indonesia, two of Asia's largest democracies and key players in the Indo-Pacific, share a rich history of cultural and strategic ties that continue to evolve in response to shifting global dynamics. This paper explores the contemporary trajectory of their relationship shaped by religious, economic, and geopolitical factors. Both nations face significant challenges, with Indonesia balancing its economic engagement with China while pursuing strategic autonomy and India countering Chinese influence through initiatives like the Quad. Collaborative platforms such as the Indo-Pacific Economic Framework and India's support for Indonesia's inclusion in BRICS highlight their shared commitment to regional stability. Despite progress in ministerial dialogues and economic cooperation, grassroots-level connections, particularly among youth, students, and civil society, remain underdeveloped. Enhancing tourism and educational exchanges is identified as a critical step toward strengthening people-to-people ties. Opportunities for deeper economic collaboration are also examined, including the renegotiation of the ASEAN-India Trade in Goods Agreement (AITIGA) and alignment on shared priorities through the ASEAN Outlook on the Indo-Pacific.

## Introduction

India and Indonesia share a rich tapestry of historical and cultural ties that have long connected them. These two neighbouring nations have a legacy of trade, religious exchange, and social interaction that dates back to early maritime commerce between Indian states and the islands of Java and Sumatra. Renowned centres of learning like Nalanda and Muara Jambi fostered scholarly collaboration, further strengthening their bond.

Both countries stand as prominent democracies, boasting some of the largest Muslim populations in the world. Their youthful and ambitious populations are dedicated to achieving progress and development. As members of international groups such as the G20, Non-Aligned Movement (NAM), and East Asia Summit (EAS), India and Indonesia actively engage in global discussions and cooperation.

Emerging from the shadows of colonialism after World War II, both nations share a common journey toward independence and a mutual desire for freedom and national identity. As they continue to grow and evolve, the potential for deeper

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collaboration and partnership is vast, offering opportunities that can benefit both countries in the years ahead. In this context, this paper look at the evolution of India-Indonesia relations since 1949 and identifies the new opportunities to strengthen the relations.

### **Early Years of India-Indonesia Relations (1949-1966)**

Despite geographical proximity and shared cultural elements, India and Indonesia have often struggled to bridge the distance in diplomatic understanding. The popularity of Hindu epics like the *Ramayana* and *Mahabharata* in Indonesia, despite its majority Muslim identity, highlights an enduring cultural connection. Yet, India and Indonesia's exchanges often experience what some call a "Masala Bumbu" effect, where both sides seem to speak in similar terms but don't always grasp each other's perspectives.

The phrase "Masala Bumbu" reflects this divergence in understanding: "masala" in Hindi means "spice," while "bumbu" means the same in Indonesian. However, "masala" also means "issue" or "problem" in Indonesian. Historically, the spice trade both connected and divided India and Indonesia, which were close trading partners in ancient times. Colonialism complicated this relationship; while the British dominated India, the Dutch controlled Indonesia, and competition over spices, among other resources, led to rivalry, further distancing them.

When Japan surrendered on August 15, 1945, after occupying Indonesia during World War II, Indonesian leader Sukarno declared independence for Indonesia. Yet, the Allied forces reinstated Dutch control, sparking a forceful independence struggle. Indonesia's formal independence was recognized on August 17, 1949, though they honour their initial declaration date in 1945. India had gained independence on August 15, 1947, and as a show of solidarity, it hosted two major conferences that Indonesian leaders attended: the Asian Relations Conference in 1947 and the Indonesian Independence Conference in 1949.

In a letter to Jawaharlal Nehru in 1946, Sukarno expressed the deep cultural ties between the two nations, stating, "Your country and your people are linked to us by ties of blood and culture, which date back to the very beginning of history. The word 'India' must be a part of our life, for it forms the first two syllables of the name we have chosen for our land and race—the 'Indo' in Indonesia."

Biju Patnaik, a prominent Indian leader, played a legendary role in supporting Indonesia's struggle. Amid Dutch attacks, he bravely flew to Indonesia's provisional government headquarters in Yogyakarta, safely transporting Prime Minister Sutan Sjahrir to attend the Asian Relations Conference in New Delhi. Despite these contributions, this significant conference is rarely highlighted in

Indonesian historical records, including on the Ministry of Foreign Affairs website.

### **Post-Colonial Friendship: Nehru and Sukarno**

Following independence, the friendship between India's Jawaharlal Nehru and Indonesia's Sukarno flourished, marked by mutual support and shared development goals. In 1946, Indonesia sent rice to India during a time of need, while India reciprocated by sending medicines to Indonesia, setting a foundation for cooperation.

Sukarno became the first chief guest at India's Republic Day in 1950, accompanied by his wife, Fatmawati—a reflection of the close ties between the two countries. The Nehru-Sukarno collaboration was evident within the Colombo Powers, which included Pakistan, Ceylon, and Burma, where they advocated for regional progress. India also initiated scholarships for Indonesian and Burmese students, benefiting talents like Affandi, a renowned Indonesian artist, who came on Sukarno's recommendation to Nehru. Affandi's scholarship later supported his daughter, Kartika, who fondly recalled her time in India when celebrating her 80th birthday in Yogyakarta.

In June 1950, Nehru's visit to Indonesia on INS Delhi underscored the geographical and diplomatic closeness between the two nations. Nehru also attended the Bogor Conference in December 1954 and the Bandung Conference in April 1955, cementing ties and promoting cooperation across Asia.

Nehru was a strong supporter of Indonesia's independence efforts, which earned him Indonesia's highest honour in recognition of his assistance in resisting Dutch attempts to reestablish control. This deep bond exemplified the shared vision Nehru and Sukarno held for an independent, united Asia, with India and Indonesia leading by example.

### **Evolution of new alignments through the Bandung Conference and Non-Aligned Movement**

India and Indonesia, with support from the Colombo Powers, played a crucial role in organizing the Afro-Asian Conference. After discussions in Bogor in 1954, they hosted the landmark Bandung Conference in 1955, a peak moment in India-Indonesia relations. The conference underscored their commitment to supporting nations emerging from colonialism and promoting a development-centred partnership.

However, the decision to invite China created tensions among participants and introduced challenges. India faced increased pressure due to Soviet support, while

Sukarno contended with demands from Indonesia's Communist Party. Although India and Indonesia were founding members of the Non-Aligned Movement, differences in their developmental approaches became evident by the 1961 summit in Belgrade, marking the beginning of unresolved ideological divides.

Despite these challenges, the Bandung Conference solidified India and Indonesia's influence in global diplomacy, shaping the path for newly independent nations to pursue a balanced, non-aligned foreign policy during the Cold War.

### **Reacting to Strategic Cleavages**

Indonesia maintained neutrality during the 1962 Sino-Indian conflict, but by 1965, as tensions between India and Pakistan escalated, Sukarno's Indonesia leaned strategically towards Pakistan. Sukarno's eventual ousting in 1966 and India's transition from Nehru and Shastri to the Indira Gandhi era marked a period of shifting priorities and growing divergence between the two countries.

Two factors reinforced this separation. First, while India supported Indonesia's claim over West Irian as part of decolonization, Indonesia resented India's lack of full backing in its confrontation with Malaysia in Borneo due to India's Commonwealth ties. This tension may have contributed to Indonesia's support for Pakistan in 1965.

Second, as Indonesia's military government under Suharto aligned closely with the United States, especially regarding the Vietnam War, it saw India as more inclined towards the Soviet Union. This Cold War alignment further distanced the nations, with Indonesia even severing diplomatic ties with China from 1967 to 1990, complicating its regional stance.

### **Relating to Suharto's New Order Period (1966-1998)**

During the New Order period under President Suharto (1966-1998), Indonesia and India diverged in their foreign policies and strategic outlooks. Despite geographical proximity, their differing priorities and regional alliances reduced the significance of their closeness, with each country pursuing paths shaped by Cold War dynamics and regional considerations.

Under Suharto, Indonesia experienced political stabilization and substantial economic growth. Following the internal turmoil of the mid-1960s, the New Order focused on economic development through foreign investment, leading to industrialization and improvements in infrastructure, health, and education. Suharto's anti-communist stance aligned Indonesia closely with Western powers, particularly the United States, setting Indonesia on a path different from India,

which maintained its non-aligned stance but had closer ties with the Soviet Union. This divergence became pronounced during the Vietnam War; Indonesia viewed the American military presence in Southeast Asia as a stabilizing force but worried about the region's future post-U.S. withdrawal in 1973.

The launch of ASEAN in 1967 gave Indonesia a regional platform that shifted its focus away from earlier alignments, such as those within the Colombo Powers alongside India. As one of ASEAN's founding members, Indonesia concentrated on strengthening Southeast Asian relations, further differentiating its diplomatic focus from India's broader, non-aligned aspirations.

Nonetheless, Indonesia and India managed a pragmatic relationship during this period, sustaining military-to-military contacts and occasional joint naval exercises. These exchanges helped maintain a base of mutual trust and understanding, laying a foundation for later defence cooperation. While the relationship lacked the vibrancy of the Sukarno-Nehru years, these practical interactions kept channels open.

High-level visits also marked attempts to maintain diplomatic goodwill. Indian Prime Minister Indira Gandhi visited Indonesia in June 1969, although she did not visit during her second term. President Suharto's visit to India in 1980 reinvigorated ties, followed by Mrs. Gandhi's return visit in 1981 and President N. Sanjeeva Reddy's trip to Indonesia later that year, symbolizing a year of diplomatic exchanges. Rajiv Gandhi furthered these efforts with his visit in October 1986.

By the late 1980s, both countries had found some common ground within the G-15, a group of developing countries formed for South-South cooperation. As part of this coalition, India and Indonesia sought to advocate for economic development and collaboration among emerging economies, despite their differing strategic priorities.

In sum, while the New Order period saw India and Indonesia diverge due to their respective alignments, these years also maintained a foundation of military and diplomatic exchanges. This resilience set the stage for a reinvigorated partnership in the post-New Order era, as both countries began to reexamine their regional and global roles.

### **Evolving Economic Engagement**

During Indonesia's New Order period (1966–1998), economic ties between India and Indonesia were limited, with both countries focused on different priorities. While Indonesia attracted significant Western and Japanese investments to drive its rapid economic growth, India faced its own economic challenges and a heavily

regulated economy. This period saw only modest trade between them, mostly in essential commodities. Indonesian exports to India were largely natural resources like timber, rubber, and oil, while India sent textiles, machinery, and pharmaceuticals in return. Both recognized the potential for deeper economic collaboration, yet political and economic constraints limited significant advancements.

India's 1991 economic liberalization opened up new possibilities for international partnerships, yet substantial engagement with Indonesia would only emerge gradually. Nevertheless, Indian investments began increasing as Indonesia's more liberalized economic environment attracted foreign investors.

In the later years of the New Order, geopolitical shifts offered additional platforms for interaction. After the Cold War, criticism from the West on Suharto's human rights record led Indonesia to strengthen its presence within the Non-Aligned Movement (NAM) and the Asia-Pacific Economic Cooperation (APEC) forum, partly for economic leverage. Indonesia co-founded APEC in 1989 and hosted the APEC Summit in Bogor in 1994, signalling its shift towards Asia-Pacific cooperation. Suharto also chaired NAM in 1992, balancing Indonesia's ties to both the NAM and APEC during this period.

India, while not part of APEC, began recalibrating its foreign policy toward Southeast Asia through the Look East Policy, introduced in 1992. That same year, India initiated a dialogue partnership with ASEAN, setting the stage for stronger regional ties. Prime Minister Narasimha Rao attended the NAM Summit in Indonesia in 1992, marking a step forward in bilateral diplomatic interaction. By 1996, India's engagement with ASEAN elevated to a full Dialogue Partnership, and India joined the ASEAN Regional Forum.

The New Order period shaped India-Indonesia relations through a mix of limited economic ties and pragmatic diplomatic exchanges, focusing on areas of mutual interest amid diverging international alignments. As Indonesia transitioned back to democracy at the end of the New Order in 1998, a new chapter began, allowing for intensified cooperation with India on shared goals of regional stability and development in a post-Cold War landscape.

The complex interplay of cooperation and divergence during the New Order left a lasting impact on India-Indonesia relations. As both nations face the opportunities and challenges of the 21st century, lessons from this era provide valuable insights into building a resilient, mutually beneficial partnership in today's dynamic geopolitical environment.

Following the end of Indonesia's New Order in 1998, the nation transitioned to democracy, fostering a more dynamic relationship with India over the next 27

years (1998–2024). President B.J. Habibie (1998–1999) led the initial transition, succeeded by Abdurrahman Wahid (1999–2001), a respected religious leader. Wahid was replaced mid-term by Vice President Megawati Sukarnoputri (2001–2004), the daughter of Indonesia’s founding leader Sukarno. Megawati then ran twice against her former minister, Susilo Bambang Yudhoyono (SBY), who won the presidency and held it from 2004 to 2014, aligning with India’s two UPA governments.

This period marked intensified Indonesia-India engagement, with both countries exploring expanded economic, defence, and diplomatic ties. These shifts reflected Indonesia’s growing democratic values and India’s Look East Policy, which together enhanced collaboration in regional security, trade, and people-to-people connections across Southeast Asia.

### **The Return of Democracy and the Shaping of India-Indonesia Relations (1998-2024)**

The return of democracy to Indonesia in 1998 marked a critical turning point for the country’s internal and external relations, including its ties with India. As Indonesia transitioned away from the New Order regime, the first three democratic presidents—B.J. Habibie, Abdurrahman Wahid (Gusdur), and Megawati Sukarnoputri—had to manage the country’s internal consolidation. In 1998, when Habibie assumed the presidency following the resignation of Suharto, India had just conducted its nuclear tests on May 11 and 13, which significantly altered its standing in the global arena. The international community, particularly Western nations, responded with sanctions, but Indonesia was preoccupied with its own internal turmoil, thus not able to fully engage with India during this period. As India navigated its new status, Indonesia focused primarily inward as it struggled with economic crisis and political instability.

#### **Gusdur’s Presidency and Limited Engagement with India**

Abdurrahman Wahid, known as Gusdur, took office in 1999 following Habibie’s brief term. While Gusdur made an effort to strengthen Indonesia’s ties with India during his presidency, including visiting India as part of a multinational tour, his ill health prevented a major push for bilateral engagement. His presidency, marked by his attempts to reconcile Indonesia’s political and religious diversities, was overshadowed by the threat of a military coup, particularly from General Wiranto, who was removed from his position by Gusdur after his return from India. The situation in Indonesia, with the military still holding significant influence over the country’s politics, meant that the strategic focus of foreign policy remained inconsistent. During this time, several Indonesian generals transitioned into civilian political roles, with figures like Susilo Bambang



Yudhoyono (SBY) and Prabowo Subianto becoming prominent political leaders in the years that followed.

### **The Megawati Era: Strengthening Bilateral Ties**

Indonesia's relationship with India gained new momentum during Megawati Sukarnoputri's presidency (2001–2004). Her visit to India in May 2002 marked a significant moment in bilateral relations. During this time, India was invited to become a summit-level dialogue partner of the Association of Southeast Asian Nations (ASEAN), an upgrade from its earlier 1996 Dialogue Partnership. While Cambodia held the ASEAN chair in 2002, Indonesia, as the ASEAN chair for 2003, played a pivotal role in institutionalizing this upgraded relationship. This set the stage for greater collaboration between India and ASEAN, with Indonesia taking on a diplomatic leadership role within the region.

### **Indonesia's Role in Asia-Pacific Integration**

As Indonesia embraced democracy, its foreign policy began to reflect a broader strategic vision for the region. This shift was exemplified by Indonesia's role in the creation of the East Asia Summit (EAS) in 2005. Initially, some ASEAN members preferred the EAS to focus solely on China, Japan, and Korea, the existing ASEAN Plus Three (APT). However, Indonesia, alongside Singapore, advocated for a broader and more inclusive regional forum, pushing for the inclusion of India, Australia, and New Zealand. This move acknowledged India's growing importance in the Asia-Pacific region, and Indonesia's support for India's engagement in the region would continue in the years ahead.

In 2013, when Indonesia chaired APEC, it made a concerted effort to bring India into the organization, despite Chinese objections. Although China vetoed the attempt to reopen APEC membership, Indonesia's support underscored its desire to balance the influence of major powers in the region, particularly the U.S. and China, by including India as a counterweight. This approach reflected Indonesia's strategic thinking in terms of balancing global power dynamics, recognizing India as a key player in regional stability and development.

### **Bilateral Engagement and Strategic Partnership**

Throughout the years, bilateral visits played a crucial role in deepening ties between India and Indonesia. President SBY visited India three times during his presidency, including a notable trip in 2011 when he was the chief guest at India's Republic Day celebrations. His visits in 2005, 2011, and 2012 marked significant milestones in bilateral engagement. During the 2011 visit, 11 agreements and 18 business-to-business memorandums of understanding (MOUs) were signed, with the expectation of boosting trade and investment between the two countries.

Unfortunately, despite the enthusiasm, 14 of the 18 MOUs were never fully implemented, and the anticipated boom in bilateral trade did not materialize as expected. However, SBY's leadership was instrumental in fostering stronger ties with India, particularly through the Strategic Partnership initiated in 2005, which aimed to bolster cooperation in defence, trade, and regional security.

India's leadership also contributed to the strengthening of ties. Prime Minister Atal Bihari Vajpayee visited Indonesia in January 2001 and again in 2003 for the India-ASEAN Summit. His successor, Dr. Manmohan Singh, attended the 50th Anniversary of the Bandung Summit in 2005, visited Indonesia for ASEAN and East Asia Summits in 2011, and made a bilateral visit in 2013.

The return of democracy in Indonesia brought both challenges and opportunities in its relations with India. Over the past 3 decades, Indonesia and India have witnessed shifting political landscapes and evolving foreign policy priorities. Despite occasional setbacks, the period has been marked by a steady growth in bilateral engagement, with Indonesia playing a significant role in facilitating India's deeper integration into the Asia-Pacific region. The legacy of these interactions continues to shape India-Indonesia relations today, as both countries strive for greater cooperation in an increasingly multipolar world.

### **The Jokowi-Modi Period: Evolution of India-Indonesia Relations (2014–2024)**

The election of Joko Widodo (Jokowi) as President of Indonesia in 2014, coupled with the rise of Narendra Modi as India's Prime Minister, marked a promising moment for bilateral relations between the two countries. However, despite initial expectations, the India-Indonesia partnership did not develop as anticipated, primarily due to Jokowi's focus on infrastructure development in collaboration with China. This strategy placed Indonesia's economic priorities closer to Beijing, somewhat sidelining other potential partners, including India.

Jokowi's pro-China stance was evident in the growing presence of Chinese investments in key sectors of the Indonesian economy, particularly in mining and infrastructure. While many ASEAN countries, including Indonesia, initially underestimated China's aggressive territorial ambitions in the South China Sea, Chinese incursions into Indonesia's exclusive economic zone (EEZ) in the Natuna Sea in the mid-2010s led to a shift in Jakarta's perception of Beijing. These actions prompted Indonesia to reconsider its foreign policy approach, including its engagement with India, especially in maritime security.

One significant milestone in India-Indonesia relations came in the aftermath of the 2004 Indian Ocean tsunami, when the Indian Navy provided rapid and effective assistance to Indonesia. This gesture was deeply appreciated by

Indonesia and contributed to a sense of goodwill, reinforcing India's image as a reliable and benevolent neighbour. This relationship evolved further, and by 2023, Indonesia was prepared to engage more substantively in maritime cooperation with India, exemplified by the India-ASEAN meeting that year, where the two countries discussed joint maritime security initiatives. Although ASEAN-wide Memoranda of Understanding (MOUs) on maritime security were often sufficient for regional cooperation, Indonesia's increasing willingness to collaborate with India on this issue reflected a growing alignment of interests, particularly in balancing China's regional influence.

Nevertheless, bilateral visits and summits continued to strengthen the relationship. President Jokowi visited India in 2016. The continued engagement at various forums led to deeper cooperation. The Indian Ocean Rim Association (IORA) Summit in 2017 was another key moment, with the Indian delegation, led by Vice President Hamid Ansari, highlighting the importance of regional cooperation.

Modi's "Act East Policy" (AEP), launched in 2014, was a strategic move to enhance India's engagement with ASEAN, encompassing economic, political, strategic, and socio-cultural ties. This policy resonated with Indonesia, resulting in stronger bilateral cooperation. The AEP provided a framework for India's outreach to Southeast Asia and affirmed Indonesia's pivotal role in the region.

Despite the challenges of competing Chinese influence, India's presence in Indonesia remained significant. Jokowi's preference for Chinese infrastructure investments impacted India's involvement in large-scale Indonesian development projects, but trade and investment between the two countries continued to grow steadily. As Indonesia balanced its engagement with multiple global powers, its partnership with India began to take on a new regional significance, especially as both nations shared common concerns about regional stability and security.

Under Jokowi, Indonesia's foreign policy took a more proactive stance in the Indo-Pacific region. Notably, Indonesia played a key role in articulating ASEAN's outlook on the Indo-Pacific in 2019. This policy framework sought to promote regional cooperation and stability while avoiding excessive influence from any single power. In parallel, India's Indo-Pacific Oceans Initiative (IPOI), which focuses on regional maritime security, found a natural partner in Indonesia, which supported the initiative in 2023.

As the Jokowi-Modi era progressed, bilateral engagement continued to grow, even as challenges persisted. The partnership evolved through strategic cooperation in areas like defence, trade, and regional security, with both countries seeking to manage their respective relationships with China and the U.S. Despite early setbacks, the relationship matured, with notable accomplishments such as

the strategic partnership initiated in 2005, SBY's Republic Day visit in 2011, and the 2023 joint statement on maritime cooperation.

In conclusion, the India-Indonesia relationship under Jokowi and Modi, though not without its challenges, remains robust. Both countries are increasingly aligned in their strategic goals for regional stability and development. As Indonesia continues its democratic transition and India navigates its position in the global order, their partnership plays an essential role in shaping the broader Indo-Pacific geopolitical landscape.

### **The Impact of China & Islam as Factors**

During President Joko Widodo's second term, Indonesia's domestic and foreign policies experienced a nuanced shift, impacting its relationship with India. One of the most significant changes was the growing influence of Islamic groups on Jokowi's policies. Amidst rising public protests led by radical Muslim factions beyond the traditional Islamic organizations like Nahdlatul Ulama and Muhammadiyah, Jokowi was forced to address these challenges delicately. In response, he appointed a prominent Muslim cleric, Ma'ruf Amin, as his vice president in 2019, replacing the more secular Jusuf Kalla. This move was aimed at appeasing radical groups and stabilizing Indonesia's internal political landscape.

The COVID-19 pandemic further complicated Jokowi's governance. The Tablighi Jamaat incident, where Indonesian citizens were involved in a mass gathering linked to COVID-19 transmission, sparked significant diplomatic and domestic tensions. Protests against India erupted outside the Indian Embassy, mirroring the level of discontent not seen since the 1962 protests during the Asian Games. The slow resolution of the issue added strain to Indonesia-India relations.

In terms of foreign policy, Indonesia's approach has evolved, particularly in its stance within the Organization of Islamic Cooperation (OIC) and on issues like Palestine. Indonesia has maintained vocal support for Palestine, while its response to China's treatment of the Uighurs has been relatively muted, raising questions about its priorities in international diplomacy. On regional matters, Indonesia's focus on the Rohingya crisis in Myanmar within ASEAN contrasts with its quieter stance on certain issues affecting India, highlighting a selective diplomatic approach.

Despite these challenges, bilateral engagement between India and Indonesia has continued through ministerial and official meetings, both bilaterally and within regional forums such as ASEAN, the East Asia Summit (EAS), and the ASEAN Regional Forum (ARF). These platforms have facilitated dialogue, but the

implementation of agreed initiatives has often lagged, reflecting the difficulties in translating words into action.

Additionally, Indian companies face significant hurdles in Indonesia's market, often struggling to navigate its complex cultural and economic environment. Political engagement has also been challenging, requiring sustained and more profound efforts to foster meaningful partnerships. While parliamentary exchanges provide some opportunities, there remains a need for stronger civil society engagement through think tanks, student exchanges, and media collaborations. These activities are often sporadic and embassy-led, rather than institutionally grounded, limiting their impact on long-term bilateral relations.

### **New Initiatives and Future Possibilities**

There have been several promising initiatives in recent years aimed at strengthening India-Indonesia relations, particularly in the areas of interfaith dialogue and economic cooperation. Interfaith dialogues facilitated by India's Minister of State for External Affairs and the National Security Advisor have fostered better understanding and collaboration between the two nations, encouraging peaceful coexistence and mutual respect for their diverse cultures. These initiatives, though impactful, require consistent follow-up and expanded involvement from both the private sector and civil society organizations to be truly transformative.

One notable effort in the economic domain is the "India-Indonesia Economic and Financial Dialogue," which was announced around the G20 summit in 2023. This platform, alongside other key initiatives such as the Energy and Trade Forums, holds significant potential for driving bilateral cooperation in trade, energy, and finance. To make these initiatives more impactful, they need to be scheduled regularly and institutionalized, creating a more sustained and predictable platform for cooperation. This would ensure that the relationship remains dynamic and responsive to changing global conditions, providing an effective way to harness the collective potential of both nations.

### **Conclusion**

The evolving dynamics of India-Indonesia relations under President Jokowi reflect a complex mix of religious, economic, and geopolitical factors that both countries need to navigate carefully. Overcoming these challenges requires multifaceted engagement, involving not only formal diplomatic channels but also grassroots efforts that build bridges between the civil societies of both nations. While significant progress has been made, sustained attention to this dynamic

relationship is essential, particularly as both nations strive to adapt to a rapidly changing global order.

India and Indonesia are both learning to navigate the complexities of a shifting world. Indonesia, balancing its economic partnership with China, is increasingly pursuing strategic autonomy in its foreign policy. Meanwhile, India is confronting significant challenges posed by China, particularly in the South China Sea, and working through the Quad to resist Chinese hegemony in the region. The two countries are united in their commitment to regional stability and are aligned in their broader strategic vision.

Both nations are also now part of the Indo-Pacific Economic Framework, with India and Indonesia having held successive G20 presidencies, providing continuity in their approach to regional issues. Indonesia's initial reluctance under Jokowi to join BRICS, was rectified under Prabowo and India welcomed its participation as a BRICS Partner. This is a reminder of the nuanced and sometimes divergent paths they follow on the global stage.

Despite these differences, there is growing potential for India and Indonesia to deepen their cooperation. Over the last five years, there has been a noticeable increase in ministerial dialogues and official engagement, but there is still much work to be done. To truly cement their partnership, this dialogue needs to extend to the grassroots level, particularly among youth, students, and civil society, fostering a stronger people-to-people connection.

Tourism and educational exchanges can play a vital role in this. While India sends a significant number of tourists to Indonesia, the flow of students and tourists from Indonesia to India remains relatively low. Reversing these trends and encouraging greater cultural and educational exchanges will be crucial in building long-lasting bilateral ties.

Looking ahead, with General Prabowo's presidency in Indonesia, there is the potential for a more autonomous and balanced regional policy, with India playing an increasingly important role. The renegotiation of the ASEAN-India Trade in Goods Agreement (AITIGA) will also provide more opportunities for regional value chains to strengthen economic ties. Notably, the shared priorities outlined in the Quad summits and the ASEAN Outlook on the Indo-Pacific provide a strong foundation for expanding cooperation, particularly in the socio-cultural pillar of ASEAN.

As diplomatic engagements continue to flourish, the next step is for the people-to-people connections to keep pace with these developments, ensuring that the relationship between India and Indonesia grows into a truly comprehensive and enduring partnership.

## About AIC

Considering the work of the ASEAN-India Eminent Persons Group (AIEPG), and its Report with recommendations for forging a closer partnership for peace, progress and shared prosperity, the Heads of the State/Government of ASEAN and India at the ASEAN-India Commemorative Summit 2012, held at New Delhi on 19-20 December 2012, recommended the establishment of ASEAN-India Centre (AIC), which was formally inaugurated by the External Affairs Minister of India on 21 June 2013 at RIS. AIC serves as a resource centre for ASEAN Member States and India to fill the knowledge gaps that currently limit the opportunities for cooperation. AIC is working with the Ministry of External Affairs (MEA), Government of India to undertake and disseminate evidence-based policy research and provide policy recommendations.

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