

Brief Embassy Report on Bilateral Relations – ITJ Division, DGCI&S, Kolkata.

India-Indonesia Bilateral Relations

A. Introduction

1. Indian Trade Journal (ITJ) division of the Directorate General of Commercial Intelligence and Statistics (DGCIS) brings out weekly publication on Embassy Profile Report providing information on recent policy changes and happenings in other countries that may be of interest to the Indian trading community. This is the Embassy Profile Report for 07.05.2025 depicting the Embassy of Indonesia.

2. India and Indonesia share millennia old close cultural and commercial contacts. The Hindu, Buddhist and later Muslim faith traveled to Indonesia from the shores of India. The stories from great epics of Ramayana and Mahabharata form source of Indonesian folk art and dramas. The shared culture, colonial history and post- independence goals of political sovereignty, economic self-sufficiency and independent foreign policy are unifying factors of bilateral relationship. The famous Bali Yatra, a week long festival, celebrated in Cuttack, Odisha with a great deal of fervor and gaiety reflects the strong ties forged by the ancient traders. These ties have now expanded in the realm of more sophisticated political, economic, defence and science & technology cooperation ties.

B. POLITICAL RELATIONS

3. The struggle against colonial powers, democratic traditions, pluralist culture, and progressive leadership are some of the common strands connecting India and Indonesia. President Sukarno was the Chief Guest during the first Republic Day of India in 1950. Independent India and Indonesia became chief votaries of independence of Asian and African countries, the spirit of which led to historic Bandung Conference of 1955 and later formation of Non-Aligned Movement in 1961. Since the adoption of India's 'Look East Policy in 1991, and its upgradation to 'Act East in 2014, there has been a rapid development of bilateral relations.

4. India and Indonesia maintain excellent political relations which were further strengthened after the visit of Prime Minister Modi to Jakarta in 2018. Both countries signed the 'Comprehensive Strategic Partnership and welcomed the adoption of the 'Shared Vision of India-Indonesia Maritime Cooperation which led to further deepening of the bilateral relations.

5. PM Modi attended the G20 Leaders' Summit in November 2022 and ASEAN- India Summit and East Asia Summit in September 2023. This was followed by a visit of then President Joko Widodo to attend the G20 Leaders' Summit in New Delhi in September 2023. Various Indonesian ministers participated in deliberations in India from December 2022 to October 2023 during India's G20 Presidency. India also hosted virtual G20 Leaders' Summit on 22nd November 2023. Mr. Airlangga Hartarto, Coordinating Minister for Economic Affairs, Indonesia attended the meeting on behalf of the President of Indonesia.

6. President Widodo participated in the inaugural Leaders' session in the 2nd Voice of Global South Summit organized by India on 17 November 2023. Vice Minister for Trade Jerry Sambuaga participated in the 3rd Voice of Global South Summit on 17 August 2024.

7. PM Modi met the newly-elected President Prabowo Subianto, on the sidelines of the G20 Summit in Rio de Janeiro, Brazil on 18 November 2024. This was the first meeting of the two leaders. The two leaders discussed cooperation in the fields of trade and investment, defence and security, connectivity, tourism, health and people-to-people ties.

C. Commercial Relations (Trade and Foreign Investment) – Recent facts & figures

8. Indonesia has emerged as one of the largest trading partners of India in the ASEAN region. Bilateral trade increased from USD 19.20 billion in 2019-20 and reached USD 29.40 billion in 2023-24. India is the second largest buyer of coal and largest buyer of crude palm oil from Indonesia and imports minerals, rubber, pulp and paper and hydrocarbons reserves. India exports refined petroleum products, commercial vehicles, telecommunication equipment, agriculture commodities, bovine meat, steel products and plastics to Indonesia. An account of Bilateral commodities trade in goods from 2019-20 to 2023-24 are as under:

The Export-Import statistics as per India’s Ministry of Commerce data bank from 2019-20 to 2023-24 are as follows :

		(USD Billion)				
S.No		2019-20	2020-21	2021-22	2022-23	2023-24
1.	Export	4.13	5.03	8.47	10.03	5.99
2.	Import	15.07	12.47	17.70	28.82	23.41
3.	Total Trade	19.20	17.50	26.17	38.85	29.40

(Source: Doc, Ministry of Commerce & Industry)

9. There are about 100 Indian investments / Joint Ventures in Indonesia. Indian investments in Indonesia amounted to USD 1.56 billion in 7292 projects during 2000-2024. Indian companies have made significant investments in infrastructure, power, textiles, steel, automotive, mining, banking and consumer goods sectors. Prominent Indian groups/companies such as Tata Group, Adani, L&T, GMR, GVK, Thermax, Aditya Birla, Jindal Stainless Steel, ESSAR, Ispat, Mahindra, TVS, Royal Enfield, Minda, Godrej, Wipro, SBI and Bank of India, Bank of India, ICICI bank have established fully owned subsidiaries/joint ventures in Indonesia. Several medium and small Indian companies are operating coal mines in Indonesia.

10. Indonesia’s investment in India is about USD 654.12 million (April 2000- March 2024). 16 Indonesian companies are present in India in agro products and poultry feed (Tanindo Seeds, Japfa), processed food (Mayora, Garuda, Kaldu Sari, Indofood, Kopi Kenangan), paper (APP Sinarmas, Quantum Select), IT and placement (Gojek, Anabatic Tech, Quantum Select), transportation and logistics sectors (Garuda, Samudera, iMoto) etc.

11. **Direct flight connectivity:** Direct flight connectivity between India and Indonesia started from August 2023 by operation of Indigo flights between Mumbai and Jakarta. Vistara airlines commenced operation of flights between Delhi and Bali in December 2023. Direct connectivity between Bangalore and Bali began in March 2024.

12. **Banking and payment system:** MoU on Local Currency Settlement System (LCSS) was signed on 07 March 2024 in Mumbai between the Governor of Reserve Bank of India and Bank Indonesia. Both organizations are in conversation to finalize the operating guidelines.

13. **Healthcare:** Indian companies are interested in sharing their expertise in the fields of capacity building, public healthcare, manufacturing of drugs, training of doctors and technicians in Indian hospitals, speciality services, digitalization of healthcare by offering e-health platforms or advanced are as like bio-medicine and wellness through AYUSH. Indian international healthcare brands like Apollo Hospitals are working with Indonesian Mayapada Hospital group for building a green hospital in new capital Ibu Kota Nusantara (IKN) for clinical collaboration, providing capacity building, technical training, hospital management services and for collaboration to make affordable and quality healthcare available to Indonesian people. Artemis has signed an MoU with Perkasa Hospital Services Indonesia that will offer services for Indonesians to get treated in India. Exports of pharmaceuticals and medical devices to Indonesia has risen from USD 167.01 million in 2020-21 to USD 230.41 million in 2023-24. India holds the 3rd position among Indonesia's import partners.

D. Bilateral Institutional Mechanisms on Trade and Economic Co-operation:

Economic and Financial Dialogue (EFD): Ministry of Finance announced the setting up of the EFD at the level of Finance Ministers, on the sidelines of the 3rd G20 Finance Ministers & Central Bank Governors (FMCBG) meeting in Gandhinagar on 16 July 2023.

India-Indonesia Working Group on Trade and Investment (WGTI): 1st meeting of WGTI was held in 2021 at Trade Minister Level.

Biennial Trade Ministers' Forum (BTMF): The 1st meeting of the BTMF took place in Jakarta in October 2011. The 2nd meeting of the BTMF was held in New Delhi on 25 September 2017. 3rd BTMF was held on 29 June 2020 through Video Conference, led by Trade Ministers from both sides.

E. Bilateral Institutional Mechanisms:

Joint Commission Meeting: A Joint Commission Mechanism was set up at the level of the Foreign Ministers following the signing of an MoU to this effect in January 2001. 7th JCM was held on 17 June 2022 in New Delhi and was co-chaired by EAM Dr. S Jaishankar and Foreign Minister of Indonesia Mrs. Retno Marsudi.

Foreign Office Consultations: The 8th FOC took place on 26 September 2024 in New Delhi. The Indian delegation was led by Shri Jaideep Mazumdar, Secretary (East), Ministry of External Affairs. The Indonesian delegation was led by H.E. Abdul Kadir Jailani, Director General for Asia-Pacific and African Affairs, Ministry of Foreign Affairs.

India Indonesia Security Dialogue (IISD): During the State Visit of President Joko Widodo to India in December 2016, the two leaders agreed to establish Security Dialogue in order to develop a comprehensive action plan on security cooperation. The 2nd IISD was held in Indonesia on 17 March 2022. Shri Ajit Doval co-chaired the 2nd IISD with Dr. Mohammad Mahfud, Coordinating Minister of Political, Legal and Security Affairs. Defence Ministers' Dialogue: Then Defence Minister Mrs. Nirmala Sitharaman visited Indonesia during 21-24 October 2018 and held meetings with her counterpart as well as Coordinating Minister for Maritime Affairs and Coordinating Minister for Political, Legal and Security Affairs. Then Defence Minister Prabowo Subianto visited India for the Defence Ministerial Dialogue on 27 July 2020.

Joint Working Group (JWG) on Counter Terrorism: Pursuant to the MoU for Cooperation in Counter Terrorism signed in 2004, the first meeting of India- Indonesia JWG on Counter-Terrorism was held in New Delhi in February 2005. 6th meeting of Joint Working Group on Counter Terrorism took place in Jakarta on 23 August 2024.

Joint Working Group (JWG) on Narcotics: The 6th Meeting of JWG on Narcotics was held on 07 December 2023 in virtual mode.

E. Other Bilateral Cooperation Mechanisms:

Andaman and Nicobar Islands – Aceh Connectivity: During the official visit of PM to Indonesia from 29-30 May 2018, both leaders underlined the importance of stronger connectivity, particularly on sea links, in order to facilitate economic cooperation and people-to-people contact between two maritime neighbours and comprehensive strategic partners. They had welcomed the plan to build connectivity between Andaman & Nicobar Islands and Aceh to unleash the economic potential of both areas and it was also mentioned in the Joint Statement. Accordingly, a Joint Task Force (JTF) on Andaman Aceh Connectivity has been constituted by both sides. A preliminary Joint Task Force Leader's meeting was held in Jakarta on 3rd September 2019. The second meeting took place in December 2022 at Andaman and Nicobar Islands.

F. DEFENCE CO-OPERATION

The Defence Cooperation Agreement with emphasis on exchange of strategic information sharing, was signed on 30 May 2018 during the visit of PM Modi to Indonesia. Since then, there has been a considerable upswing in the level of bilateral defence engagements including the conduct of the Biennial Defence Ministers Dialogue, the commencement of Air Force to Air Force Staff Talks, increasing the frequency of Navy-to-Navy Staff Talks, participation of Special Forces in the annual bilateral Army Exercise 'Garuda Shakti and the conduct of specialised training for Indonesian Navy and Indonesian Air Force.

7th Joint Defence Cooperation Committee (JDCC) meeting took place in India on 2-3 May 2024. CNS, Admiral Dinesh K Tripathi visited Indonesia from 15-18 December 2024 and met Defence Minister Sjafrie Sjamsoeddin, Chief of Indonesia Defence Forces General Agus Subiyanto and Chief of Naval Staff, Admiral Muhammad Ali.

The 43rd India-Indonesia Coordinated Patrol (IND-INDO CORPAT) was held during 10-18 December 2024. The 4th Joint Naval Exercise Samudra Shakti took place in May 2023. The 4th Multilateral Naval Exercise KOMODO-2023 was conducted in June 2023. Indonesia participated in India's MILAN 2024 Multilateral Naval Exercise which took place at Visakhapatnam from 19-27 February 2024.

The first ever "India-Indonesia Defence Industry Exhibition-cum-Seminar" was held on 30 April 2024 at Jakarta. Around 40-45 prominent defence companies from India participated in the keystone Bilateral Defence Cooperation event.

G. CO-OPERATION IN EDUCATION

Indonesia is a major recipient of ITEC & TCS of Colombo Plan scholarships. ICCR offers 20 scholarships every year to Indonesian students for pursuing higher studies in India. At present, three ICCR chairs exist in Indonesian universities. ITEC offers around 100 slots to Indonesia every year.

The first ICCR Chair on Indian Studies was set up at the University of Udayana, Bali in 2017 to carry the framework of the development of Sanskrit language at the Faculty of Cultural Knowledge and Research in Ayurvedic Sciences. The second chair was established at the University of North Sumatra, Medan in November 2023 in the field of Political Science. MoU for establishing third Chair in the field of Economics and Business at University of Syiah Kuala (USK), Aceh was signed in December 2023.

H. INDIAN COMMUNITY

Most of the Indonesians of Indian Origin had migrated to Indonesia during the Dutch/British rule in the 19th & 20th centuries. Majority of the PIO community are from South India. A significant number of them are also from North India to include Sindhis (around 10,000), Sikhs (around 10,000), Gujaratis and others. They are now fully assimilated with the local society over three to four generations, while maintaining their culture, faith, traditions, and also family and community linkages with India.

There are around 14,000 Indian Nationals (NRI) living in Indonesia including entrepreneurs, engineers, chartered accountants, IT professionals, consultants, bankers, and other professions. They are highly regarded in the Indonesian society. They are mainly concentrated in Greater Jakarta, Surabaya, and Bandung.

Source: www.mea.gov.in