

# MASALA BUMBU

ENHANCING THE  
INDIA-INDONESIA  
PARTNERSHIP



EDITED BY GURJIT SINGH



MASALA  
BUMBU

ENHANCING THE  
INDIA-INDONESIA  
PARTNERSHIP

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Masala Bumbu was produced by:


Editor: **Ambassador Gurjit Singh, Ranjit Jose**

Project Coordinator: **Ihsan Zuyadi**



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 necessarily always be part of our life for it forms the first two syllables of the name we have chosen for our land and our race – it is the 'Indo' in Indonesia. This Yogyakarta from which I write is – like Java, Sumatra and most other place names – an Indian word; my very name itself is eloquent testimony to the great extent to which we have fallen heir to the rich culture of your ancient land.

*President Soekarno in a letter to Jawaharlal Nehru on  
19 August 1946*



We represent the ancient civilization of the East as well as the dynamic civilization of the West. Politically, we symbolize in particular, the spirit of freedom and democracy which is so significant a feature of the new Asia. This long sweep of history passes before many eyes with all its vicissitudes for the countries of Asia and, standing on the edge of the present, I look to the future that is gradually unfolding itself. The burden of that tomorrow has to be borne by us and we have to prove ourselves worthy of that great responsibility. If this gathering is significant today, it is still more significant in the perspective of tomorrow. Asia, too long submissive and dependent and play-thing of other countries, will no longer brook any interference with her freedom.



*Speech by PM Jawaharlal Nehru at the conference on  
Indonesia January 1949*

“

*We have been successful to a considerable extent in pursuing our dreams. We have laid a foundation for a strong and comprehensive strategic partnership. But, our potential is much higher than where we are at the moment. A new era of economic development, industrialization and trade has begun in India. Externally, India's 'Look East Policy' has become 'Act East Policy'.*

*We greatly respect the enthusiasm with which you have extended the hand of friendship to India. Today the world and the region need a strong India-ASEAN partnership.*

*Prime Minister Narendra Modi at the 12th India-ASEAN Summit, Nay Pyi Taw, Myanmar  
November, 2014*

*To Neeru, Siddheshwar and Spandana  
who kept my spirit of inquiry alive*



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This book is a labor of love between committed friends both in India and Indonesia who worked with us at the Embassy of India to see how the India- Indonesia relationship could be intensified and find new grounds in the 21st century. The idea which germinated through many discussions was that India and Indonesia have so much in common and yet adopt different paths, different methods and often do not accord priority to each other. We were becoming like an elderly couple married for many years and perhaps now living in comfort with little communication! This certainly needs to change as India and Indonesia are both important countries and work together given their lineage and commitment to a regional and international order for their development. Thus began many discussions with friends and colleagues. Friendships were made and built, favors were called, dinners and meetings were held and after great enthusiasm from some, coaxing of others we have a final result. This book endeavors to find a new passage for India-Indonesia relations in the 2015-2025 decade. We chose several themes like economic cooperation, democracy, agriculture and food security, sustainable development, the consuming middle class, the Indian Ocean, non-traditional threats, civil society, human resource development, culture and media as well as corporate social responsibility as possible areas for greater viable engagement in order to start a more intense dialogue.

We worked with a set of Indian writers, each an expert in their own field and tried to match with Indonesian contributors of similar eminence and interest. While the matching may not be perfect, I think we have had a balanced view point from both the Indonesian and Indian sides on similar issues and the contributions show how we may see the same issue differently or similarly. The level of enthusiasm may vary and how the engagement can take place and some of the reactions can be at the micro level while some certainly go into specific ideas.

Several people asked me about the title of the book: Masala Bumbu. Most of them have a quizzical look and I believe that the perplexed response in many way symbolizes the nature of our bilateral relationship which is so good and warm and yet does not realize its fuller potential. The title has

been chosen because it shows that we have things in common between India and Indonesia and yet see them differently. The word for spice in Hindi is masala; in Bahasa it is bumbu. Hence masala bumbu is spice in our languages. Nevertheless, masala in Bahasa Indonesia is also like masla, implying issue or problem, and if it said bumbu masala it would have a sense of a matter of spice or a spicy matter which perhaps is another view of the India-Indonesia relationship. The significance of bringing in the spice factor is because the India-Indonesia engagement over centuries was partly ruptured due to the competitive colonization of the spice trade which saw British and Dutch interests clashing in Asia leading to India and Indonesia adopting different routes till their independence struggles brought them together again.

The book is to mark Sahabat India: the Festival of India in Indonesia and provide the initiation of a broader agenda for future cooperation and intensification of the India-Indonesia relationship. I would like to thank each of the contributors for their shared vision and commitment to this idea and also like to thank the publisher who contributed so much into making this emerge in the manner we had dreamed.

All the contributors have written with great empathy to the overall objective of enhancing India- Indonesia relationship. For this I am grateful to them. While we have had discussions on the subject and the themes, the views are entirely their own as is the responsibility for them. The book is edited by me with a view to bring forth a diversity and depth of opinion in which I hope we have succeeded.

GURJIT SINGH

# AMBASSADOR GURJIT SINGH

PHOTO?

**A**mbassador of India to Indonesia since 2012, Gurjit Singh sees himself as developmental diplomat. He focuses on developmental diplomacy particularly in the socio economic field and finds avenues for development cooperation as a means to further his diplomatic engagement.

Mr Gurjit Singh schooled at the Mayo College, Ajmer and obtained his Bachelor's Degree with Honors in Politics at the St. Xavier's College, Kolkata. He is a Post Graduate in International Studies from the School of International Studies, Jawaharlal Nehru University, New Delhi. He has also attended programs at the Indian Institute of Foreign Trade, Indian Institute of Mass Communications and the Indian School of Business.

He has widespread experience having been posted at the Indian Embassies in Tokyo (twice), Colombo, Nairobi, Rome and was the Ambassador of India to Ethiopia, Djibouti, the Representative of India to the African Union, the Economic Commission for Africa and IGAD. His assignment prior to coming to Jakarta, was Additional Secretary in charge of Africa at the Ministry of External Affairs in New Delhi. He was

the sherpa for the India-Africa Forum Summits. He is the Ambassador of India to Indonesia, Timor-Leste and till January 2015 to ASEAN. He is the rare diplomat to have been ambassador to two regional organizations, the African Union and to ASEAN, which brought his emphasis on development partnerships to the fore

He is proficient in Japanese and has published "The Abalone Factor - An overview of India-Japan Business Relations" in 1997 which also won him the Bimal Sanyal Award for Research by a Foreign Service officer. His paper "India and Africa : A Response to African Institutionalization in the 21st Century" was published in November 2006 in "Indian Foreign Policy: Challenges and Opportunities". He had a column on African issues in Global Vistas, a journal covering trade and economic issues in India. His last book, "The Injera and the Parantha : Enhancing the Ethio-India Relationship" was released by the Prime Minister of Ethiopia in August 2009. He has frequently contributed on economic, developmental and trade issues to various journals and books. He has an abiding interest in developmental economics and issues of sustainable development. While in Nairobi, he was the Deputy Permanent Representative of India to UNEP and UN-HABITAT and later while in Addis Ababa, was instrumental in the signing of the MoU between The Energy and Resources Institute (TERI) and the UNECA pertaining to the support for the Africa Climate Policy Centre.

He has traveled widely in Indonesia and has established the India Business Forum and India Cultural Forum to increase engagement between the Embassy and the Indian diaspora and further with Indonesia as a whole. He has led business missions to the provinces of Indonesia and known to be a proponent of business and cultural links.

Mr Gurjit Singh is an avowed cinema buff and is extremely fond of cricket. He is a qualified umpire from the Kenya Cricket Association. He enjoys travelling, learning about different cultures and trying out new cuisines.

Sahabat India: the Festival of India in Indonesia, 2015 has been an initiative crafted by Ambassador Gurjit Singh with the help of his team at the Embassy and as well as of the Indian Consulates in Indonesia and the cultural centres. He has worked closely with Indian and Indonesian Ministries, companies and institutions and brought a varied manifestation of Indian culture to enhance links with Indonesia.

# AUTHORS



## AMOL TITUS

Amol Titus is a senior strategic advisor to leading multinational and local firms in Indonesia. An accomplished writer and educator, he is an award-winning professor of management. He received the Global Visionary Award for his achievements and for being a “bridge builder” between India and Indonesia. He is based in Jakarta.



## DEWI FORTUNA ANWAR

Dewi Fortuna Anwar straddles the world of academia, political activism and government. She has written widely on Indonesia’s foreign policy, Indonesia’s democratization as well as on ASEAN and regional political and security issues. She is a Research Professor at the Indonesian Institute of Sciences (LIPI) and since October 2010 has served as the Deputy Secretary for Political Affairs to the Vice President of the Republic of Indonesia. Dewi is also Chairman of the Institute for Democracy and Human Rights, The Habibie Center.



## DR. BISWAJIT DHAR

Dr. Biswajit Dhar is Professor, Centre for Economic Studies and Planning at Jawaharlal Nehru University, New Delhi. He has served as Director General of Research and Information System for Developing Countries, a think-tank specializing in international economic issues and as the Head of the Centre for WTO Studies at the Indian Institute of Foreign Trade, New Delhi.

## AMBASSADOR DINO PATTI DJALAL

Ambassador Dino Patti Djalal was Indonesia’s Deputy Foreign Vice-Minister in 2014. Previously, he served as Ambassador to the United States (2010 - 2013), and Presidential Spokesperson (2004 - 2010).



## ENDY BAYUNI

Endy Bayuni is senior editor at The Jakarta Post and served as its editor-in-chief between 2004-2010. He writes regular columns on Indonesia’s place in the world as an emerging democracy and emerging market economy. He is the 2004 recipient of the Nieman Fellowship program at Harvard University.

## BUNKER ROY

Bunker Roy started the Barefoot College 44 years ago, a model that has received global recognition. He was named one of 50 environmentalists who could save the planet, by The Guardian newspaper, in 2008, and was named among Time magazine’s 100 most influential people in the world, in 2010. His October 2011 TED talk in Edinburgh, Scotland was translated into 42 languages.





**HARBRINDERJIT SINGH DILLON**

HS Dillon was Special Envoy to the President for Poverty Alleviation between 2011-2014. He has served as chair of ITB (Bandung Institute of Technology) and has been a member of the Washington DC-based International Policy Council on Agriculture, Food and Trade since 2005. He earned a doctorate from Cornell University, New York in 1983.



**FARAH QUINN**

Farah Quinn is an international TV personality, pastry chef, certified nutritionist, and brand ambassador. Her goals have evolved to see change not just in Indonesia but also on a world spectrum. She continues to get involved with the international community and hopes to make a difference worldwide

**GITA WIRJAWAN**

Gita Wirjawan is Chairman of Ancora Group, which he founded in 2007. He previously served as Indonesia's Trade Minister and Chairman of its Investment Coordinating Board. An avid golfer and musician, his philanthropy is focused on education.



**I KETUT PUTRA ERAWAN**

I Ketut Putra Erawan, Ph.D. is the Executive Director of Institute for Peace and Democracy, Indonesia. Formerly, he was the Director of Master and Doctoral programs in Political Science, Gadjah Mada University. He also served as Special Advisor for the Minister of Foreign Affairs. He earned Doctoral degree from Northern Illinois University, USA, and Master degree from Ohio State University, USA.

**I G NGURAH SWAJAYA**

*Ambassador, Ministry for Foreign Affairs Indonesia*

Ambassador Ngurah joined the Ministry in 1986 and has served in Germany, Cambodia and the United States. He has been involved and chaired in many international/United Nations and ASEAN negotiations and frequently delivered his lectures in Indonesia and overseas and published articles in English language newspaper and journals published in Indonesia.



**IMA ABDULRAHIM**

Rahimah "Ima" Abdulrahim is the Executive Director of The Habibie Center – one of Indonesia's leading think tanks established by Former President Bacharuddin Jusuf Habibie – that focuses on democracy and human rights. She has presented extensively on civil society roles in democracy, global governance and democratization, ASEAN, Indonesia's democratic experience and takes part in efforts and dialogs in promoting the culture of peace in Indonesia and the world.



### INDER MALHOTRA

One of the most respected journalists in India, Inder Malhotra has been a Syndicated Columnist since retiring as Editor of The Times of India, New Delhi in 1986. He has worked with the Statesman and also wrote for The Guardian. He has been a Nehru Fellow and Woodrow Wilson Fellow and is the author DYNASTIES OF INDIA AND BEYOND (2003) among others.



### JOHANNES NUGROHO

Johannes Nugroho is a columnist at the Jakarta Globe. Both a fiction and non-fiction writer, Johannes' interests include politics, history, art and mythology. He is currently working on a novel in the English language, set in 1998, when President Soeharto stepped down amid protests and riots.

### INDRANI BAGCHI

Indrani Bagchi is senior diplomatic editor with The Times of India, where she reports and analyzes foreign policy issues for the newspaper. Indrani covers daily news on foreign affairs in the foreign office, as well as interpreting and analyzing global trends with an Indian perspective. She has been a Reuters fellow and recently received the Chang Lin-Tien fellowship to study US-China relations at the Brookings Institution.



### LAKSMI PAMUNTJAK

Laksmi Pamuntjak is the author of two collections of poetry.

Co-founder of Aksara Bookstore, Pamuntjak has participated in numerous international literary events. Her first novel, Amba, has been translated into English under the title *The Question of Red* and will be published in German in September 2015 by Ullstein Verlag.



### JAY CHAUHAN

Jay Chauhan is a media executive with over 16 experience in technology operations, consulting and business development. Currently he is CEO of SkyHub, a media services startup incubated within NDTV. Previously he has served in various positions at NDTV setting up channels and digital media infrastructure across India and the APAC region leading engineering, technology consulting and business development teams.



### AMB. NAVREKHA SHARMA

Navrekha Sharma joined the Indian Foreign Service in 1971 and has worked on a variety of policy issues. In addition to her appointment at the Ministry of External Affairs, she was Ambassador to Indonesia between 2006-2008 when she retired from service. She lives in Delhi.

**NEERU SINGH**

Neeru Singh was born in Syria and educated in the United States and India before joining the Indian Administrative Service in 1982. She has worked in the UN system for 17 years and is passionate about gender and sustainable development issues. She currently supports CSR initiatives in several countries.

**PALLAVI AIYAR**

Award winning journalist and author, Pallavi Aiyar has spent over a decade reporting from across China, Europe and Indonesia. She was awarded the 2007 Prem Bhatia memorial prize for excellence in political reporting for her dispatches from China. Pallavi is the author of “Smoke and Mirrors,” “Chinese Whiskers” and, “Punjabi Parmesan.” She lives in Jakarta.

**PRAKASH NANDA**

Editor of Geopolitics and a “Distinguished Fellow” at the Institute of Peace and Conflict Studies, Delhi, Prakash Nanda has authored books : “Rediscovering Asia: Evolution of India’s Look-East Policy”; “Nuclearisation of Divided Nations: Pakistan, Koreas and India”; “Vajpayee’s Foreign policy: Daring the Irreversible”; and edited “Rising India: Friends and Foes”.

**RAJENDRA KUMAR PACHAURI**

Dr. Rajendra Kumar Pachauri is the Chair of the Intergovernmental Panel on Climate Change (IPCC). He is active in several international forums dealing with the subject of climate change and its policy dimensions. He was awarded the second-highest civilian award in India, the ‘Padma Vibhushan’ in January 2008 by the President of India and received the ‘Officier De La Légion D’Honneur’ from the Government of France in 2006.

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Mr. Roshan Kishore is Research Assistant, Centre for Economic Studies and Planning in Jawaharlal Nehru University. He has been working on issues relating to agriculture and food security in developing countries.

**SANJAYA BARU**

Sanjaya Baru is Director for Geo-economics and Strategy, International Institute for Strategic Studies and Honorary Senior Fellow, Centre for Policy Research, New Delhi. He has been Editor of The Economic Times, The Financial Express and Business Standard. He was also Media Advisor to former Prime Minister Manmohan Singh between 2004-2008.





**SATRYO SOEMANTRI BRODJONEGORO**

Mr.Satryo Soemantri Brodjonegoro is a visiting professor in mechanical engineering at the Toyohashi University of Technology, Japan and at the Bandung Institute of Technology, Indonesia. He obtained the doctoral degree from the University of California at Berkeley, in mechanical engineering, and he joined the Bandung Institute of Technology (ITB) since then. He has authored over 99 scientific national and international publications.



**PROF. SUKH DEO MUNI**

Prof. S.D Muni taught, conducted and supervised research, in international relations and South Asian Studies at Jawaharlal Nehru University between 1974-2006, as well as stints at the Universities of Rajasthan and Singapore, in addition to Banaras Hindu University. In October 2014, he also received the “Life Time Achievement Award” from Shri Venkateshwara University. An author and editor of 25 books and monographs and more than 200 research papers, he is also founder editor of two prestigious quarterly Journals of India.

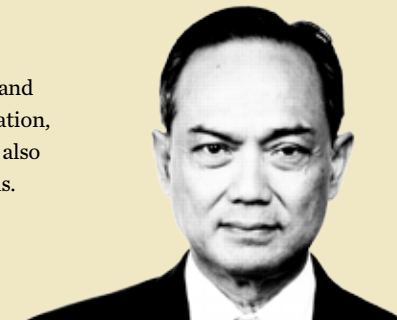
**SHANKARI SUNDARARAMAN**

Professor Shankari Sundararaman is Professor of Southeast Asian Studies at the Centre for Indo-Pacific Studies, School of International Studies, Jawaharlal Nehru University. She has previously worked as a Research Officer and Research Fellow at the Institute for Defence Studies and Analyses (IDSA). She is currently co-editing a book on India-Indonesia Relations titled 'India and Indonesia: Regional Powers and Global Politics'.



**SURYO BAMBANG SULISTO**

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A Golkar politician for more than 30 years, he is Vice General Chairman of Central Board of Golkar Party and has served in various capacities in the government. He is also Members of Board Trustees of ICWA (International Council of World Affairs) since 1996, Board of Advisors of IPD (Institute for Peace and Democracy) since 2008, Standing Committee Member of ICAPP (International Conference of Asian Political Parties) since 2000, and Vice President of CAPDI (Centrist Asia Pacific Democrats International) from 2008.

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Tri Yuli Adriana is deeply committed to human resource issues and has developed several programs and systems on behavior management. For the past decade she has been involved with Yayasan Dian Desa, an NGO working to assist people in rural areas all over Indonesia.



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# MASALA BUMBU

BY AMBASSADOR GURJIT SINGH

India and Indonesia have been connected by ties of trade, travel, education and people-to-people exchanges for several centuries. The historical aspects of the India-Indonesia engagement is full of archival exclamation of abiding civilizational links leading to cross cultural fertilization.

The early contacts between our two countries are evident from the various Indian and other classical texts. The Ramayana mentions Yavadvipa while others such as Vimanavatthu, Milindapanha, Brahadkatha, Matsyapurana, Vayupurana, Katyayan's Vartika and Ganapatha throw a flood of light on early contacts. On the other hand, in the non Indian classical texts Ptolemy mentions Labadiou or Sabadiou for the islands of Java and Sumatra and Pliny's Naturalis Historia also mentions the Indonesian islands which were well known for trade to Indians from various sea ports, in the Southern and Eastern part of India.

The Indian traders used to embark from those ports at a certain times when the weather was favourable for sailing. Various archaeological and literary sources have brought to light cultural linkages between India and Indonesia

The institutionalization of these links occurred more emphatically around the 9th century AD when the Majapahit, Sri Wijaya and Sanjaya kingdoms flourished in Indonesia, during which time the magnificent Buddhist temple at Borobudur and the Hindu temple at Prambanan were erected. In the same century the links between the Nalanda University and the Sri Wijaya Kingdom also flourished. In the Deva Pala inscription in the Nalanda Copper Plate dated the 21st day of the month of Kartika in the 39th year of the rule of Deva Pala (middle of the 9th century) it is said that at the request of Balaputra Deva the illustrious King of Suvarnadivpa, Deva Pala presented five villages for the maintenance and sustenance of revered Bhikshus and Scholars and for the upkeep of a monastery at Nalanda. This is an impressive tradition of pluralism, education and such exchanges across the sea which our present strategic partnership upholds.

Colonization, which came to both India and Indonesia had similar objectives and perhaps contributed to the development of our countries

in varying ways. The onset of competitive colonization and the spice trade, ruptured, to some extent, the linkages between India and Indonesia. Nevertheless, this had to be overcome as it was the common aspiration of Indian and Indonesian youth and leaders for political emancipation, egalitarian societies and a just, equitable international order that led to the flowering of ideas, sharing of experiences and development of anti-colonial thought.

During his visit to Indonesia in 1927, Gurudev Rabindranath Tagore not only praised the different regions of Indonesia in his poems and travelogue but also had a meeting with the then budding leader Soekarno. Later Pandit Jawaharlal Nehru, Netaji Subhash Chandra Bose and Mahatma Gandhi had interaction in person and in thought with Indonesian leaders, particularly President Soekarno, Vice President Hatta and Prime Minister Syahrir.

This history of our own path to decolonization and the emergence of independent countries, as well as nation building were common ideas implemented in our own ways by our leaders. We came together even before India was formally independent and the daring exploits of Biju Patnaik to bring Indonesian leaders to a conference on Indonesia in New Delhi and later the Asian Relations Conference in March 1947 were important landmarks in our engagement. It was significant, therefore, that when India after its independence, on 15 August 1947, became a Republic on 26 January 1950 and swore in its first President, Dr. Rajendra Prasad, the Chief Guest was none other than the Indonesian President Soekarno and his wife Madame Fatmawati.

Jawaharlal Nehru and Soekarno exchanged views severally and together with other neighbouring countries and evolved the process for the Bogor Conference and thereafter the Bandung Afro Asian Conference in 1955. Here came the call for a new equitable order for the world, a greater focus on decolonization and development and thereafter a focus on our own paths of development in a democratic framework with pluralistic values.

Thus began a journey for both countries which had immense opportunities and challenges of development. The Nehru and Soekarno administrations ended around the same time. Thereafter, different leaders and times came into play and it was not until India's Look East Policy in 1991 and the return of democracy to Indonesia in 1998, that a greater synergy and maturity of contemporary interests could be established.

It is now more than 15 years since the return of democracy in Indonesia and about 25 years since the launch of India's Look East Policy which has now become the Act East Policy. Between 2004 and 2014 India and Indonesia had the same leadership during which period a strategic partnership was established and a new look taken at our relationship and engagement

In 2014 India and Indonesia both had simultaneous elections which led to consolidation of democracy and its processes in both countries. Large turn outs, robust aspirations of the young and under privileged and the role of social media in an electioneering context of pluralistic parties saw an unprecedented change not only in government but also in the nature of the leaders elected. Prime Minister Narendra Modi and President Jokowi both came from humble backgrounds and rose, by the dint of their education, perseverance and commitment to society, to lead political movements and won elections to lead aspirational governments. The meeting between Prime Minister Narendra Modi and President Jokowi in Nay Pyi Taw during the East Asia Summit in November 2014 gave a new vision and momentum to the India Indonesia engagement.

Thus, no doubt, India and Indonesia are close neighbors with a strong commitment to development in a democratic context while keeping their pluralistic societies. We are both looking at inclusive governments as well as of high rates of growth. We have similar views of our region and both believe in an equitable international order. We appreciate the challenges and opportunities that lie ahead.

Is there something missing in this engagement? The conversion of India's Look East Policy of 1991 to the Act East Policy in 2014 perhaps identifies some issues. Many MoUs, agreements and intentions exist but their implementation still remains. Similarly, we need to move to a more robust, diversified

and widespread engagement as befitting two important countries. India and Indonesia can jointly play a more cohesive role in regional and international organizations and to develop a harmonious regional and equitable international order.

From the beginning, the India-Indonesia story was based on trade and economic relations. The wind powered trade between India and Indonesia and other parts of Southeast Asia, led to closer cultural and civilizational linkages. There is no doubt that these vast trade links shared by the two countries for centuries have followed as both countries developed greater complementarities and mutuality of trade and developed investment linkages. India's investment in Indonesia started early during the New Order period and has risen very strongly in the democratic period. On current valuations, India's investments in Indonesia, mainly consisting of manufacturing and mining with new ingress into services, could easily touch USD 15 billion while the trade crosses USD 20 billion. This has led to a large number of new initiatives and it is time to look at future direction in economic cooperation including in the area of services, non-textile manufacturing among others and investment in infrastructure using Indonesia's resources as the basis of a new business model. The transfer of technology and the development of regional links including the India-ASEAN FTA and the nascent RCEP will open further dimensions. A closer look at new opportunities and possibilities in the field of economic cooperation is extremely important. People to people engagement which includes cultural, educational and civilizational links, beyond monuments, and intellectual exchanges are manifest in a big way between India and Indonesia. The impact of religion and its cultural derivatives have been extremely important in building a civilizational link between India and Indonesia. Often the details of this multifaceted relationship have not been documented and need to be closely examined. People to people engagement which is based on our relationship have started to flower once again with more educational exchanges, capacity building, programs like ITEC and tourism acquiring a potential which is yet to be fully realized. The Indian Cultural Centers in Jakarta and Bali, the impact of Bollywood and the inclusion of Indonesia as a Bollywood shooting venue, the role of literature, translation and the like, all merit closer attention and assessment to inform how the young population of the two countries can better engage, in a dynamic world in which social media is a significant influencer and factor.

How does Indonesia view India? Is there a logical sense in whether the impact of our culture and the embedding of Sanskrit words and names in a Muslim community of Indonesia creates positive values? On the other hand there is a more modern pop engagement that lacks a deeper understanding of our mutual position in the world as both India and Indonesia expand their international partnerships. There is no doubt, however, that Indonesia has always been supportive of India in most of the regional organizations and conferences be it the Bandung Afro Asian Conference, the ASEAN Dialogue partnership, the ASEAN Regional Forum or the East Asia Summit. But other than the strategic political dimensions, has Indonesia got India right? And vice versa? These themes are revisited by Gita Wirjawan former Trade Minister when he writes on the new perception and calls it "learning from the older brother". Similarly, Dino Patti Djalal, former Vice Minister for Foreign Affairs and an advocate of "Getting India Right" has shared his views on how our two Asian countries can grasp more opportunities together in the 21st century by getting our perception of each other right. The Spirit of Bandung was a manifestation of our positive engagement over the decade 1945 to 1955. It was a clarion call for an equitable order in the world. Senior Indian editor and author Inder Malhotra who is well versed with Nehruvian history has elaborated on the spirit and agenda of the Bandung Conference. Nostalgia and anecdotes ripple through his narrative. Prof. Emeritus Dr. S. D. Muni has analyzed the period of the Bandung Conference and the international impact it had.

In many senses the economic engagement is at the core of a successful strategic partnership. India and Indonesia have a bilateral trade of \$ 20 billion. It is about even with India's trade with Japan and double of India's trade with Russia though only a fraction of India's trade with China which actually compares with India's trade with ASEAN. India has invested over \$ 15 billion in Indonesia while Indonesian

investments are much smaller in India. An economic partnership of \$ 35 billion is not insignificant but perhaps needs greater depth and diversity and considerable thought needs to be applied on how we can work together viewing the large market of India and Indonesia as well as the new opportunities which will emerge through the India ASEAN FTA and the ASEAN Economic Community. An effort to do this has been made by Susilo Bambang Sulisto, Chairman of KADIN, The Indonesian Chamber of Commerce and Industry who analyzed our economic engagement to see what can evolve ahead. In my own commitment to economic diplomacy I have contributed a personal assessment of how the India-Indonesia economic partnership can be expanded particularly calling for more business to business engagement.

Agriculture and food security remain important in both our economies. India, in my lifetime, from being a food importing country has become an exporter whereas Indonesia now aims to acquire a similar balance in its agriculture production. This is an area where strategic cooperation has not really been considered and we have a contribution by Dr. H. S. Dillon, former Presidential Special Envoy for Poverty Alleviation in Indonesia recounting strategic cooperation in agriculture and food security between India and Indonesia. Dr. Biswajit Dhar, Professor of Economics at JNU, New Delhi and Roshan Kishore have written an analytical piece exploring the contours of food security cooperation between India and Indonesia.

India and Indonesia are vibrant functioning democracies. Our exchanges and sharing of experience is fairly limited. I believe that the development and sustainability of democratic practices is an important area which we should look at. Theo Sambuaga, Vice President of the Golkar Party and a longstanding Parliamentarian has looked at democratic development in Indonesia and whether there are experiences or lessons that can be shared with India. Dr. I Ketut Putra Erawan Executive Director of the Institute of Peace and Democracy in Bali has explored how democratic responses can be built in Indonesia and tried to identify and establish a channel of cooperation with India. Vivek Sengupta, public affairs analyst, has written about the Indian experience of democracy and wonders whether some aspects of it could be shared with Indonesia and vice versa. Pallavi Aiyar, well known author and journalist has written about the democratic DNA of India and Indonesia, and looks on the commonalities and found the challenges that should be causing us concern. Within them lie new opportunities for cooperation and experience sharing as all democratic values are akin but each democracy is unique in its own ethos and milieu.

Sustainable development is an important commitment in India and Indonesia. Both our rapidly expanding economies face challenges in the process and learn to cope with the demands of development and those of the developed countries. Dr. R. K. Pachauri, DG of The Energy Research Institution and the former Head of the IPCC (which won the Nobel Peace Prize in 2007) along with Arpita Bist of TERI has spoken about new patterns of engagement on sustainable development between India and Indonesia. Shinta Kamdani, CEO of Sintesa Group and one of the initiators of green infrastructure in Indonesia contributed ideas on searching for the model of India Indonesia cooperation in sustainable development.

India and Indonesia both have large youth populations. About 100 million in Indonesia and 700 million people in India can be classified as youth and they will be the future of democracy and development in the 21st century. The large number of people, their aspirations, the success of both the economies and the growth of consumption have a political and an economic impact. Dr. Sanjay Baru, well known editor, author and academic has outlined the aspirations of the middle class and how they impinge on India Indonesia relations. A similar contribution has come from an eminent Indonesian journalist Yanto Sugiarto, Managing Editor of the Globe Asia magazine who has written on the rise of consumption and the consumer class and what it could mean for our engagement. We also have a personal piece from Farah Quinn, celebrity Chef and TV personality who talks about the growing expansion in Indonesia of consumption patterns and how they can become another vortex for an enhanced engagement with India. The rise of digital India and its impact on media has a similar pattern and is another area of immense interest and Jay Chauhan of NDTV India, who has a fair amount of interaction with Indonesia, describes and foresees how developments in these fields are emerging. The changing consumer patterns could

possibly be another area where India and Indonesia could work together.

Geographically, India and Indonesia have always been linked by the Indian Ocean. Both have a growing realization of the importance of the Indian Ocean in a strategic perspective as well as the economic importance of the resources of the seas and the trade routes which lie on it. Both countries have, in the last few years, taken the Indian Ocean Rim Association far more seriously than ever before, as they have their own bilateral engagement on maritime issues. The quiet, unassuming efficiency and engagement has been effective and yet it has the potential to do much more as we look into the non-traditional threats. In order to look at the Indian Ocean and the challenges it brings to regional cooperation, Prof. Shankari Sundararaman has looked at the emerging significance and the role of the Indian Ocean region. The Indonesian strategic analyst Johannes Nugroho has analysed the current scenario in and around the Indian Ocean and suggests how India and Indonesia can take greater responsibility for maintaining harmony in this important Ocean. Besides the subject of the Indian Ocean there is growing problem of non-traditional threats which tend to mark the otherwise harmonious region. Terrorism is the main, followed by drug running, money laundering, illegal migration, trans national crime and disaster management which are all emerging ideas which India and Indonesia have been engaged through ASEAN, EAS, ADMM+ and ARF mechanisms. The importance of these threats calls for new perspectives and strategies for enhanced security cooperation, preparedness and response to natural and human created disasters. Ambassador Ngurah Swajaya, senior Indonesian diplomat has analysed this with clarity while from the Indian side editor and commentator Prakash Nanda has reviewed how India and Indonesia have cooperated and what more can be done in the next decade under NTS.

To my mind one of the salient features of any democracy is the space it gives to civil society. Civil society organizations are a lifeline which links the people to their representatives and to their rights. In a democracy which has successful civil society organizations, they find support in the process of development, democratization and expansion of public spaces which provides for better fulfilled and more responsible citizenship. As India and Indonesia are large democracies should there not be greater contact between their civil society organizations? Taking a view on how civil society has developed in India is Sanjit “Bunker” Roy of the Barefoot College, Tilonia, whose contribution to the development of capacities among the poor in India are matched by his role in other developing countries including Indonesia and Timor Leste. Ima Abdul Rahim has written an analytical piece on how civil society organizations play a role in strengthening democracy and looks at the Indonesian experience and potential synergies with India.

Human Resource Development and capacity building are integral parts of any successful society. Economic development, political democratization, responsible citizenship and employment are all interlinked to the process of education, the generation of qualified, competent employable human resources and training of such resources to build their capacities for participating and contributing to the process of development chosen by the countries. India provides many scholarships to Indonesian students to go to India for graduate studies, short term training under the ITEC programme and under several other programmes of India ASEAN cooperation. Indonesia too provides Darmasiswa scholarships. While these exchanges are going on, there is a need for expanding these into establishing chairs in the universities, joint research projects and faculty exchange by universities and institutions of excellence. These ideas are emerging but in many other areas Indian and Indonesian universities do not meet often enough. The Nalanda University reincarnation project under the EAS rubric has also not evoked adequate Indonesian response. The Embassy of India has organized ‘Slice of India’ programmes in many universities and also opened India Corners. The Sahabat India: The Festival of India in Indonesia 2015 focussed on universities and took events to a large number of them to raise awareness about India and the opportunities it offers. Looking at this important issue from the Indonesian point of view is Dr. Satryo Brodjanegara whereas for the Indian perspective we have Amol Titus, an expert and a key consultant on HRD and related matters in Indonesia. Culture is embedded in our thought process. The identity of an

Indian in Indonesia is evocative of their cultural milieu with easy acceptance of our traditions. Names from epics, the legendary stories, music and dance as well as the easy familiarization with Bollywood and more recently with well-known television serials all contribute to a cultural bond which exemplifies an easy comfortable friendship. Sahabat India: The Festival of India in Indonesia 2015 was another effort to revitalise the cultural engagement between India and Indonesia across the archipelago, focussing on youth through universities, malls, and a wider people to people connect in mosques, temples and viharas. In the engagement between India and Indonesia, the cultural relationship needs a review and subsequent fine tuning. Former Ambassador of India to Indonesia Navrekha Sharma has provided an important essay on the cultural milieu of our engagement. Well known author and poet Laksmi Pamuntjak has looked at the same issue through an Indonesian eye and points out the many commonalities and yet what more can be done to intensify what is a natural ally of the India Indonesia story.

In a rising democracy with a great consumer class, rapid economic development and freedom of speech, the role of media can never be understated. The Fourth Estate has much greater presence as the number of print and audio-visual media increases. Both India and Indonesia have moved from the period of single TV stations to a variety of choice both private and public media be it radio, television, social media, magazines or newspapers. The strength of the regional language media in India and the Bahasa Indonesia media is unique and yet not fully taken into account. Be that as it may, this is certainly an area where India and Indonesia could have a sharing of experience and the development of these exchanges could be extremely useful. It is heartening to see several regional newspapers in Indonesia having very good contact with Indian newspapers and their styles and as we move into the digital era there is a greater connect of development. These are enunciated by senior editor and journalist Endy Bayuni from Indonesia and by Indrani Bagchi from India who both refer to media as the new frontier which needs to be carefully looked at in the process of democratic development.

In my search for areas where India and Indonesia could certainly do more, I found a common interest in looking at each other's experience in the area of Corporate Social Responsibility. This theme is related to both the growing economic cooperation as well as the role of civil society organizations. CSR today is not merely a philanthropic act but it brings a sense of responsibility for development. It is a new avenue of funding for corporate and national goals which could make an impact on societies. This is where civil society organizations can play a role along with corporate entities to support national development goals. The experiences in India and Indonesia are different though the objectives are the same. Two eminent ladies, Tri Yuli Adriana, who has handled such projects in the mining sector in Indonesia has written a piece on the Indonesian experience whereas Neeru Singh, international civil servant and CSR Adviser has analysed the Indian experience of CSR, the Global Compact of the UN and possibilities of India and Indonesia looking at CSR issues and challenges particularly as a large number of Indian companies are investing in Indonesia.

Bilateral relations between India and Indonesia have transcended different phases of history and withstood the tests of time. All through my stay in Jakarta at the India House and during my extensive travels in Indonesia I have witnessed and experienced the mutual respect and appreciation that exists for each other. This acknowledgment is the basis of the ongoing cooperation between the two States and the peoples in the political, economic, cultural, human resources development, communication, employment across the public and private sectors. Through this book I have endeavored a double exposure in photographic parlance - to bring a snap shot of the present combined with a vision of the future of this diverse, multifaceted long enduring relationship and cooperation, that in reality is work in progress...

# A New Perspective on Indonesia-India Relationship: Learning from the Older Brother

BY GITA WIRJAWAN

**INDIA'S LEARNING HAD ONCE SPREAD OUTSIDE INDIA, BUT THE PEOPLE OUTSIDE ACCEPTED IT...WE HAVE EMBARKED ON THIS PILGRIMAGE TO SEE THE SIGNS OF THE HISTORY OF INDIA'S ENTRY INTO THE UNIVERSAL**

*Tagore's letter to Nirmalakumari Mahalanobis, on his trip to Indonesia in 1927*

India's teaching and learning in the Southeast-Asia archipelago had begun, albeit intermittently, since more than two millennia ago. A continuous influx of Indian settlers went on between the 1st and 7th centuries. Along the way, the settlers introduced Hinduism and Buddhism to the natives of Sumatra, which was then named "Swarna Dwipa" or the island of gold; Java, which was then called "Java Dwipa" or the island of rice; and Borneo (Kalimantan). As a result, until the 15th century, many areas of present day Indonesia were ruled by Hindu and Buddhist kingdoms. When Islam began to spread in Indonesia in the 16th century, it was also through the traders and missionaries from India.

Indonesia is also a major beneficiary of India's influence in architecture, language and writing. In architecture, the world renowned Borobudur and Prambanan temples in central Java were built during the heyday of the Indian influenced Buddhist and Hindu reigns in the 8th and 9th centuries. Borobudur, built by the Sailendra dynasty as a monument of Mahayana Buddhism, clearly exhibits strong influence of Gupta architecture. Despite the population being 90% Muslim, Mahabharata and Ramayana are two of the most influential epics within Javanese culture. Javanese, the original language of Java is 60% Sanskrit. The national language, Bahasa Indonesia, contains at least 3,000 Sanskrit words in its vocabulary.

In modern history, both India and Indonesia share similar fates of enduring western colonialism, the British and the Dutch, respectively. Started by commercial ventures, one by the British East India Company and the other by the Dutch East India Company, the colonial period in both countries went on for more than 300 years. The friendship between India's first Prime Minister, Jawaharlal Nehru, and first Indonesia President Sukarno developed since the early days of nationalist movements in each country. India was among the earliest nations that supported and recognized Indonesia's independence and fostered diplomatic relations with the newly

established Republic of Indonesia. In 1947 Nehru hosted the first Asian Relations Conference in New Delhi to advocate Indonesia's cause, which had just recently declared its independence from the Dutch in 1945. Nehru ordered Biju Patnaik to pilot his aircraft to Indonesia to fly and rescue vice President Mohammad Hatta and Prime Minister Sutan Sjahrir from Dutch-occupied Jogjakarta to New Delhi to attend the conference.

The two countries drifted apart during the cold war as India was close to the former Soviet Union while Indonesia supported Pakistan and developing a pro-America foreign policy during the Suharto era.

The end of cold war and the beginning of India's 'Look East Policy' in early 1990 changed the countries' perception of each other. India's Look East Policy represents its efforts to cultivate extensive economic and strategic relations with Southeast Asia in order to bolster its standing as a regional power and a counterweight to the strategic influence of the People's Republic of China. That there have been multiple Heads of State/Government visits both ways since 2000 stands ample testimony to the intensification of bilateral ties. From the Indonesian side, every Indonesian president since 2000 has visited India, namely: Abdurrahman Wahid (February 2000), Megawati Soekarnoputri (April 2002), Susilo Bambang Yudhoyono (November 2005, January 2011, and December 2012).

Besides history, the two countries share similar characteristics as nations with religious, ethnics and cultural diversity. There are approximately 300 distinct native ethnic groups, and 742 different languages and dialects among 250 million Indonesians. Indonesia is home to nearly 13% of the world's Muslim population, which makes it the country with the largest Muslim population in the world. India at 11% has the third largest Muslim population in the world. In a sense, Indonesia is a mirror of India with the majority and minority religions reversed. Despite the predominant religion in each country, both countries chose to be governed by secular constitution.

The most recent elections in the two largest democracies in Asia in 2014, brought two new leaders that also share several common traits and circumstances. President Joko Widodo ("Jokowi") of Indonesia and the Prime Minister Narendra Modi of India are both outsiders to the traditional political elite and made their way up on their own. Modi, whose family ran a tea stall, has risen from the near bottom of India's social hierarchies to become Prime Minister. Jokowi was a furniture seller before becoming Mayor of Solo, a mid-sized city in central Java.

In the elections of 2014, both Modi and Jokowi took on political opponents who were the very embodiments of the entrenched political establishments. Modi was competing against Rahul Gandhi, scion of the Nehru-Gandhi family that has led India's Congress party since India's independence. Jokowi's main rival was Prabowo Subianto, a former son-in-law of military dictator Suharto, and the head of the country's Special Forces in the years before Suharto's downfall in 1998.

The two new leaders share a long list of challenges: cleaning up politics and public life, harnessing demographic dividends to productive use, fixing creaking infrastructure, maintaining pluralism, and trying to find the right power-sharing equation between the center and provinces. The meeting of both leaders for the first time in Myanmar, in November 2014, on the margins of the East Asia Summit only a few weeks after Jokowi's inauguration, sends a strong signal that both leaders recognize the importance of the relationship between the two countries and the need to develop stronger ties for economic, geopolitical, and homeland security reasons.

Economically, Indonesia is an important trading partner to India. Indonesia is, among other things, the major supplier of key commodities such as coal and palm oil that are essential for India's economic growth. Beyond that, Indonesia is India's second largest trading partner in ASEAN and bilateral trade is targeted to reach \$45 billion by 2015. It rose from just \$4 billion in 2005 to US\$20.1 billion in 2012-2013. This number still pales in comparison to the \$100 billion target set for China-India trade by 2015. Indonesia is the 12th largest export destination for India while India is number 11 for Indonesia. India is the largest importer of crude palm oil from Indonesia (\$5.2bn in 2012). Indonesia also exports coal (\$4.9bn in 2012), minerals, rubber, and pulp and paper to India. On the other hand, India exports refined



petroleum products, maize, commercial vehicles, telecommunication equipment, oil seeds, animal feed, cotton, steel products and plastics to Indonesia. Several Indonesian companies have invested in Indian infrastructure projects such as Salim Group and Ciputra Group in industrial estate project, including chemical plant and sea port in West Bengal, AdhiKarya in highway and railway projects in Orissa and BukakaTeknik supplying Jet Bridge for 40 airports in India. On the other hand Tata Motors is planning to set up its assembly line for production in Indonesia. Other prominent Indian companies in Indonesia include Tata Power, Reliance, Adani, L&T, Aditya Birla, Bajaj, Godrej, SBI, and Mittal Group. In fact, Lakshmi Mittal built Mittal Steel from a wire rod manufacturer in Surabaya in 1978 into the largest steel producer in the world.

Geopolitically, 90 percent of the world's trade is sea-borne and 38 per cent of that passes through four Southeast Asian Straits. Of these, three belong exclusively to Indonesia. Sunda and Lombok straits are major choke points and of vital strategic importance for India. The Lombok Strait with a minimum channel width of 11.5 nautical miles, has sufficient width and depth and is far less congested than the Malacca Strait. Ships too large for the Strait of Malacca use this passage. An alternate route to the Malacca and Lombok Straits is the Sunda Strait, which is 50 NMLong and 15 NMwide at its northeast entrance. Large ships avoid passage through this strait due to depth restrictions and strong currents<sup>[1]</sup>.

From homeland security stand point, both India and Indonesia are facing rising threats from Islamic militancy and terrorism. Indonesia has done well in fighting terrorism. Most Indonesians practice a moderate form of Islam. Yet the potential threat from a small band of homegrown extremists is still there. The growing popularity of conservative and puritan Islam makes it all the more imperative for India to help Indonesia in its democratization process and in achieving economic prosperity. In addition, the fact that so many Muslims thrive economically while living in a democratic and just society shows the way forward for Muslim and multi-religious societies like India. The curbing of terrorism, therefore, has emerged as a basis for cooperation between India and Indonesia.

The 21st century is inevitably the Pacific Century. In shaping that century, India and Indonesia are destined to play a major role to ensure peace, stability and prosperity for the region as the home to key countries such as Japan, China, India, Indonesia, South Korea, Russia and the United States. Together, India and Indonesia already account for almost a quarter of the world's population. Indonesia and India are key emerging powers to play the balancing roles against China and United States. Both countries are two of the most dynamic and significant democratic powers of Asia. As the interests of both countries converge, they have all reasons to ensure that the security architecture in this strategic region is not dominated by any single power. This issue becomes very relevant particularly at the time when China is raising its assertiveness in territorial disputes in South China Sea against several ASEAN states. It only seems logical, in the presence of so much synchronicity between the two cultures, that deeper and more strategic links be explored and indeed secured.

To take the full benefit of this promising future in the Pacific Century, Indonesia needs to improve its national competitiveness both regionally and internationally. This is where the resemblance between India and Indonesia ends. While much of Indonesia's recent growth in past decade was driven by commodity cycle, India's staggering 9% per year growth for the most part of 2000s was driven by the emergence of India's top companies such as ICICI, Infosys, Tata, and Reliance to the world stage to compete directly against western multinationals in almost all sectors. For example, from 2002 to 2009, Infosys grew from a company with \$545mn in revenue and 20,700 employees to a \$4.6bn revenue and 104,900 employees<sup>[2]</sup>. The point of departure from the resemblance between India and Indonesia is that

India has been successful in producing human resources and companies that can compete globally.

Companies such as Tata Group has reinvented itself since the 1991 economic reform to become a world class player with Tata Steel buying Anglo-Dutch Corus in 2007 for \$12bn and Tata Motors acquiring Jaguar and Land Rover brands from Ford Motor Company for \$2bn in 2008<sup>[3]</sup>. These are done while maintaining its reputation as a well-managed entity and untouched by corruption.

The proportion of Silicon Valley tech startups led by Indians has risen from 7% in the 1980s and 1990s to at least 13% and by some estimates more than 25%, even though Indians make up less than 1% of the US population.<sup>[4]</sup>

Indonesia, on the other hand, has yet to unleash the potential of its 250 million people. None of the CEOs of Global Fortune 500 companies is from Indonesia. Indonesian companies are still far from achieving the global competitiveness at the levels of Tata's or Infosys'. While Indonesian students are now becoming regular medalists at the world Math, Physics and Computer Science Olympiads, Indonesia is still waiting for its first Nobel Prize winner. In Silicon Valley, except for the Sutardja brothers who successfully found Marvell Technologies, other similar success stories are still unheard of.

Just as Indonesia had learned from its older brother India in the past millennia, it is eager to follow the footsteps and create our Indonesian version of India's glory in the modern world. To do so, Indonesia must learn from India about how to ignore the legacy model and turn itself into fast-moving and innovative business, empowering employees and global leaders. In India's case post 1991 reforms, streamlining licensing in most industries and the opening of technology sector to 100% foreign ownership allowed high tech companies such as IBM, Microsoft and Sun Microsystems to invest in India. Such combination forced Indian companies such as Infosys to be internationally competitive and lay down the foundation for a lot of home-grown world-class companies<sup>[5]</sup>. To that end, there are several sectors that both Indonesia and India can potentially work together to foster further learning, namely education, healthcare, and industrial sectors.

In education sector, both countries can collaborate on tertiary and professional education, especially in science and engineering. Indian institutions produce 8,000 PhDs in a year while Indonesia only graduates 700. Indonesia's premier institutions such as Institut Teknologi Bandung (ITB) and Universitas Indonesia (UI) can learn from their Indian counterparts such as Indian Institute of Technology (IIT), Indian Institute of Management (IIM), and Jawaharlal Nehru University (JNU) and initiate some research collaborations. The Indonesian institutions can also learn from their Indian counterparts on how to produce an elite group of 'world class professionals' who would then seek to venture abroad, apply and enroll to top graduate programs around the world and later occupy important positions in top organizations, both in academia and in the industry. Indonesia should also seek the opportunity to engage some influential figures from the famous global network of The Indus Entrepreneur (TiE) to learn about mentoring, networking, educating, incubating, and funding new ventures.

In healthcare sector, India can help Indonesia to train its medical professionals, i.e., doctors and nurses, who are in very short supply in Indonesia. Not only do the top private hospitals in India such as Apollo Hospitals have the cutting edge medical infrastructure and technology, they also have on board physicians and surgeons who are among the best in the world with more and more top doctors of Indian origin returning to India and delivering world class services at Indian hospitals. This should provide an opportunity for Indonesian medical professionals to consider going to India to obtain further training in the cutting edge medical procedures for tertiary care, such as the Minimal Invasive Cardiac Surgery (MICS) at the Apollo Hospitals in India. On the other end of the spectrum, Indonesia

[1] Integrated Headquarters, Ministry of Defence (Navy) 2009, India's Maritime Military Strategy, pp.25-28.

[2] Capelli, Peter et. al. 2010. India Way: How India's Top Business Leaders are Revolutionizing Management. Harvard Business Press.

[3] ibid

[4] Ghemawat, Pankaj and Vantrappen, Herman 'Are CEOs Really India's Leading Export?', Harvard Business Review, [March 7, 2014].

[5] Capelliet. al. ibid

could learn from the “Aravind Model” of high volume, high quality, and cost effective eye care to deliver health care service to the mass market. Aravind is the world’s largest eye care center, a one-stop shop that even makes many of the lenses and instruments used by its surgeons.

In the industrial sector, collaboration could be set up with the well-managed and respected India’s heavy industries to create joint production of low cost products in strategic industries such as commercial vehicles, automotive components, telecommunication equipment, and military equipment. For example, the deep ‘frugal mentality’ or ‘ingenuity by necessity’ that was behind the creation of the \$2,500 Tata Nano can be applied to manufacture low cost commercial vehicles for farmers in rural area, telecommunication equipment for supporting the digital infrastructure, or military equipment for modernizing Indonesia’s armed forces. The similar consumers’ behaviors and product requirements in both markets would create even bigger economies of scale of combined markets that makes the joint production an attractive business proposition.

Going forward, the strategic importance of the Indonesia-India relationship in the Pacific Century cannot be over-emphasized. It is about time that the two countries revive their teaching and learning relationships, as Indonesia is preparing itself to propel in the third millennium.

**.....VERILY I SAW IN YOU MY ELDER BROTHER GUIDING ME IN THE WAYS OF THE WORLD, TEACHING ME SCRIPTURE, TONGUE AND BEHAVIOR, AND ALL THAT WE NEED TO EXIST.**

*A poem by Javanese poet Doetadilagaas a response to Tagore’s Srivijayalakshmi that celebrates the renewal of a bond after a thousand-year separation of Pala Kingdom of Bengal and Sriwijaya Kingdom. The bond used to be made through Nalanda University, an ancient Indian center of learning in Sriwijaya.*

# INDIA - INDONESIA RELATIONS:

## Time to Recalibrate Our Historic Relationship

BY AMBASSADOR DINO PATTI DJALAL

### OF ALL OUR INTERNATIONAL ENGAGEMENTS IN THE 21ST CENTURY, ONE OF THE MOST URGENT TASKS IN INDONESIA'S FOREIGN POLICY IS GETTING INDIA RIGHT.

As we embark on this task, Indonesia and India have plenty of history to draw on. Indeed, in terms of historical ties, our bilateral relations are unmatched by any other. The influence of the Indian civilizations in Indonesia is pervasive: in the multitude of Hindu and Buddhist Kingdoms that spread throughout our archipelago, in the magnificent temples of Borobudur and Prambanan and others, in our culture and language, in our literature, music and many others. In the 20th century, Indonesia and India were among the first nations to declare independence in 1945, and our newfound freedom inspired decolonization in many parts of the world. Indonesia and India joined forces to light up third world diplomatic coalitions, beginning with the Asia Africa Conference in Bandung (1955), the Non Aligned Movement (1961) and other movements involving the developing countries.

Today, millions of Indonesians enjoy Indian-influenced dangdut music, they watch Indian Bollywood films on their television sets, and even Indonesian films and sinetrons engage Indian writers and draw inspiration from Bollywood stories. I have also met many Indonesian movers and shakers who were educated at the prestigious Gandhi Memorial International school in Jakarta.

There is, no doubt, plenty of history between our two nations. But what is at issue is not the past, but the present and the future. The question is: how much has the relationship adapted and recalibrated with the challenges and opportunities of today and tomorrow? This is where I would argue that Indonesia still needs to get India right.

Most Indonesians think they know India, but they do not. Indonesians know India has a rich history, but they are not aware of India's dynamic present and rich future. They know millions of Indians (like Indonesians) are trapped in poverty, but they know little about about India's large dynamic middle-class. They love Bollywood films, but they are yet to comprehend that India is also a world-class pioneer in technology and innovation, as evident in the fact that Indian spacecraft Mangalyaan recently reached into the orbit around Mars. Indonesians know that Indians are fiercely nationalistic people, but many are still not familiar with the global mindset of India's government and entrepreneurs.

The proof is in the pudding. Indonesian corporate leaders do business trips to China, Japan, Singapore, but they are yet to go to India in sufficient numbers. Indonesian students seek University degrees in the United States, Germany and Australia, but few go to New Delhi or Bengaluru. Indonesian tourists still prefer Sydney, Singapore or London over Mumbai. It is instructive that to date, no Garuda airline flight flies directly from Jakarta to any airport in India, even though it has been under discussion for years.

I must admit that, after two decades working at the Foreign Ministry, India too was "new" to me. It was only when I took up position as Indonesia's Ambassador to the United States that I was exposed to the strength of India's influence in America the superpower. When I visited Silicon Valley, many of the techies I saw at any level were of Indian origin. They were humble people, but talented, confident and

competitive. I visited countless Universities in the US, and one persistent answer that I received when I asked which countries send the most students was "Chinese and Indians". Indian diaspora is becoming a valued source of talent: as innovators, doctors, lawyers, restaurant owners, actors, even celebrities. "India" is also a growing presence in the US political landscape: Indian voters had become considerable constituents (and they were very well connected internally and externally), and there was an influential India Caucus in the US Congress. One of my favourite US politicians is a brilliant Indian-born woman named Nikki Haley who became the first female Governor of South Carolina. Those who know the political history of Southern states would know how amazing an achievement this is.

Around the world, India is also now punching according to its weight, and sometimes above its weight. Prime Minister Narendra Modi did not waste time to show a very assertive foreign policy, as evident in his high-profile visit to the US and Japan, and no doubt also in his early exchange of visits with China in October 2014 and May 2015. Indeed, India has become: a demographic power being the world's most populous nation, an economic powerhouse with large middle-class and sizeable diaspora, a center of innovation, a global cultural force. There is a strong sense of confidence and entitlement in the worldview of Indians. Whether in the UN, WTO, climate negotiations, or other fora, there is no question that India's foreign policy will one way or another help reshape Asia and the world.

It is this India that is yet to capture public imagination in Indonesia. And it is this India that Indonesia must engage in our foreign policy.

Indonesia's diplomatic ties have focused --as we should -- on our main backyard in Southeast Asia and on ASEAN, and this we must maintain at all times. Indonesia has also evolved new partnerships -- either "strategic" or "comprehensive" partnerships -- with the United States, with China, with Japan, with Australia, with South Korea. All these ties are critical but they are no substitute for a vigorous India policy. We must avoid India becoming our geopolitical blindspot.

Indonesian leaders understand the importance of India. In the era of reformasi, President Abdurrachman Wahid was the first to speak about the need for Jakarta - New Delhi strategic cooperation. President Susilo Bambang Yudhoyono later followed suit and in 2005 signed the India - Indonesia New Strategic Partnership, which I had the pleasure to be part of. President Joko Widodo should take this to the next level.

Indonesia and India both have similar assets. We are both large democracies -- the world's first and third largest. We are regional powers in our respective neighborhoods but with global engagements. We are both members of the G-20. In multilateralism, we are married to the developing world. Even our domestic problems are similar: corruption, poverty, infrastructure, occasionally dysfunctional politics, growing inequity, managing diversity, terrorism and radicalism. Whenever I visit India, I always see things that make me feel like I am home in Jakarta.

Both India and Indonesia remain proudly independent in our foreign policy. But both Jakarta and New Delhi are undergoing significant realignment of interests in recent years. India's relations with the US -- for long a sensitive domestic issue -- has evolved into a positive partnership which include a historic nuclear deal. India has also pursued an active "look east" policy, actively taking part in efforts to shape regional architecture in the Asia Pacific region, intensifying relations with Southeast and Northeast Asia, especially with China and Japan. India is strengthening her naval capacity, and we are seeing their growing naval movements in the Indian ocean as well as through Indonesian waterways.

Indonesia has also pursued significant geopolitical footwork. Jakarta has established strategic partnerships with all the major powers -- the US, China, Russia, Japan -- and closing ranks with emerging powers: India, South Korea, Brazil, South Africa, Turkey and others. Jakarta has also promoted the still elusive Indo-Pacific peace treaty, a vision of an Asian-wide political and security architecture where India's participation would be indispensable. In this vision, the Indian Ocean will inevitable emerge as an area of rising strategic importance to Indonesia.

In these fluid processes of realignment of interests, Indonesia and India should gravitate more

towards one another as natural partners. After some 2 decades wrestling with globalization, geopolitics is now back big time into the picture, and Asia's two giants -- India and Indonesia -- must learn how to understand one another and synergize anew in the uncertain landscape that lies ahead.

There is much that can be done to recalibrate Jakarta - New Delhi relations. Let me offer a few.

### FIRST,

after their initial meeting in November 2014 on the margins of EAS, there should be a visit by President Jokowi to New Delhi, preferably in 2015 itself. President Joko Widodo and Prime Minister Modi are two leaders that have much to exchange in terms of their political upbringing and background. When they meet, they will quickly find out that they have much to share and learn from each other's domestic challenges and ambitious national agenda. They should also share their take on regional events, particularly on US-China relations, the Middle-East, the Indian Ocean, and the G-20. They should also agree to pick up the phone whenever the need arises.

### SECONDLY,

activate the Eminent Persons group, which had been agreed during the visit of President Yuhdoyono to India in January 2011. Both sides have come up with their own list of eminent persons from a variety of background. Let's unleash them to do their good work.

### THIRDLY,

there should be regular meaningful dialogue by the Foreign Ministers as well as at the Director-general level. I am aware that they often meet and speak in the international circuits. And the Joint Commission meeting led by the two Foreign Ministers have become more frequent: from every 2 years to annually. But I find that often these dialogues become too mechanical and scripted. These meetings, while discussing bilateral cooperation in various sectors, should also involve deep exchange of strategic analysis, and mutual assessment on geopolitical issues. Both Jakarta and New Delhi must be well informed on each others' foreign policy designs and intentions. Strategic trust must be the heart of our Strategic Partnership.

### FOURTH,

we must galvanize the machineries of economic cooperation. In Indonesia, President Joko Widodo has set forth ambitious economic targets, for economic growth, housing, exports, infrastructure, power generation and others. Foreign Minister Retno Marsudi has also made a commitment to "economic diplomacy" to support the Government's ambitious plans.

India can and should be very much part of this grand scheme for Indonesia. Our bilateral trade of some \$16 billion is good but certainly far from robust: we can achieve a lot more given the size of our economies, the short distance between our air and seaports, and the dynamism of our entrepreneurs. I also notice that Indian businessmen, despite relatively small investments (according to BKPM, some USD\$ 65 million in 121 projects outside oil/gas and banking in 2013), thus far have been more active in Indonesia compared to the other way around. KADIN (the Indonesian Chamber of Commerce) as well as HIPMI (the Indonesian small and medium entrepreneurs association) must step up their engagement with their Indian counterparts. The Indian side, after all, has invited Indonesian corporate leaders to take part in their country's infrastructure projects worth \$1 trillion in the next 5 years. The Government, particularly the Foreign Ministry and BKPM, should systematically show strong gestures of welcome and support to Indian entrepreneurs already doing business in Indonesia as well as those intending to do so. And given that poverty remain a huge issue for both sides, there should be a bi-national workshop by the agencies engaged in national development on effective anti-poverty measures and especially field-tested pro-poor technology.

### FIFTH,

we must do better in execution and delivery. During Prime Minister Manmohan Singh's visit to Jakarta in 2013, the two sides agreed to focus on 5 pillars: strategic engagement, defense and security; comprehensive economic partnership; cultural and people to people links; and cooperation in responding to common challenges. There is certainly no lack of bilateral mechanisms, MOU's, joint working groups, consultations. At the last count, there are some 15 mechanisms and 9 joint working groups on sectoral issues. This is a lot by Indonesian -- perhaps also Indian -- diplomatic standard. The issue is not poverty of mechanism but poverty of action. It is known that policy follow-up takes much longer than anticipated. Some policy discussions remain dormant. The Indonesia - India CEO Forum for example finally met in Jakarta in October 2013, yet business follow-up from that meeting remains slow. Negotiation is yet to begin in the efforts to craft a bilateral comprehensive economic partnership. And the agreed bilateral Energy Forum still has not met.

Perhaps this has to do with the fact that both India and Indonesia have relatively small Foreign Ministries (compared to the size of the country), which affect availability of resources. But this is a surmountable problem. The Foreign Ministry should establish a dedicated "India unit", under the Director for South and Central Asia, and led by an experienced diplomat with at least 3 staff who can focus on managing complex day-to-day relations with a nation that makes up for one seventh of the human race. To get the "India bug," each of the staff in this "India unit" must conduct working visit to India at least twice a year. Another method would be to better empower the Indonesian Embassy in New Delhi by giving them more responsibility, resources, diplomats for greater engagement with India. (When I served as Ambassador to the US, for example, the Indonesian Embassy took the lead in managing US-Indonesia relations, and introduced many initiatives on our own but with the blessing from Jakarta) I also believe that it is time for Indonesia to establish more consulates or consulates-general in some of India's emerging mega-cities. This should be done sooner than later.

### FINALLY,

strong people-to-people contact involving our respective civil societies. The number here is still miniscule: for example, there are just over 500 Indonesian students in India, and only 150 Indian students in Indonesia. This pales in comparison to Indonesian students studying in Singapore, Malaysia, Australia or China.

It will take time for this educational exchanges to rise up, but there are many short-term initiatives that can be done to promote constructive people-to-people links. This should begin with Indonesia - India Leaders Forum which would facilitate a dialogue between prominent opinion leaders from both sides. I would also think that our Netizens leaders will get along outstandingly if only we can introduce them to one another. A project involving the issue of diversity, multiculturalism and inter-faith harmony would also be not only interesting but also relevant to our interests. I would also see more Indonesian cultural icons performing in India, to show what Indonesian dangdut and popular music can offer to Indian viewers.

I strongly believe that India and Indonesia are destined to be Asia's giants of the 21st century. We must make sure that these two giants not only get along but can also realign and synergize. There is enormous diplomatic and economic space that we can harness together if only we have the political will to do so. In the 20th century, Jakarta and New Delhi have collaborated to score historic diplomatic initiatives. But I know it in my heart that the best of Indonesia - India relations are yet to come. Now is the time to rethink and recharge our relations, and demonstrate that Jakarta and New Delhi can serve as an important pillar for peace and progress in Asia and the world.

LETS GO !



## The Bandung Spirit: India and Indonesia in Resurgent Asia

BY S.D. MUNI, Emeritus professor, JNU & Distinguished Fellow, IDSA, New Delhi

India and Indonesia are civilizational countries and so has been their mutual engagement. India assimilated all civilizational influences reaching its shores and society and enriched its own texture. India has also been the birth place of the largest number of major world religions and cultural/civilizational sources. Indonesia absorbed cultural and civilizational streams travelling to its archipelago stretch of islands and absorbed them to make them its own. This is reflected in Indonesia's soft Islam that flourished in the company with strong icons of Hinduism and subtle moorings of Buddhism and Christianity.

The civilizational engagement between India and Indonesia did not ride on soldiers and guns. It took place through merchant ships and commercial cargoes; it travelled through scholars, and preachers. Many Western and Indian historians have described this process as a part of the Indianisation of Southeast Asia. The great French historian Sylvain Levi wrote:

**INDIA GAVE HER MYTHOLOGY TO HER NEIGHBOURS WHO WENT TO TEACH IT TO THE WHOLE WORLD. SHE GAVE TO THREE QUARTERS OF ASIA A GOD, A RELIGION, A DOCTRINE, AN ART. SHE CARRIED HER SACRED LANGUAGE, HER RELIGION, HER INSTITUTIONS TO INDONESIA, TO THE LIMITS OF THE KNOWN WORLD AND FROM THERE THEY SPREAD BACK TO MADAGASCAR AND PERHAPS TO THE COAST OF AFRICA<sup>[1]</sup>.**

This Indianisation of Southeast Asia thesis was explored at great length by eminent historians and scholars who grouped themselves as "Greater India Society" under the inspiring leadership of Rabindra Nath Tagore. In their assessment, "there was a complete cultural fusion between the two races" and most of it was "peaceful, humane and benign"<sup>[2]</sup>. There is a scholarly debate if the cultural and civilizational impact was entirely one sided, from India to Southeast Asia and dominated by the former. Strong arguments have been advanced to underline that it was more of a diffusion of cultures, resulting from a two-way affair wherein the Southeast Asian cultures absorbed what they found suitable from the Indian streams and in return, also offered their inputs to enrich Indian culture<sup>[3]</sup>. This is borne out by the foot-

prints of Indian culture in Indonesia's Aceh, Yogyakarta and Bali, that are being cherished even today. The statue of Lord Krishna's Arjuna chariot depicted in the Hindu epic of *Bhagvat Gita*, stands gloriously in the middle of Jakarta for the Indonesians as an icon rooted deep into their own cultural heritage. Subjugation of both India and Indonesia under the European colonial empires, of the British and the Dutch respectively, vitiated their civilizational links. What brought them together again were their respective struggles for independence from the colonial rule and their urge to build up the solidarity of Asian resurgence in the post second war world.

### Awakening of Asia and the Bandung Spirit:

India took a bold initiative towards building Asian solidarity in the form of convening The Asian Relations Conference (ARC) in New Delhi in 1947 (March 23- April 02). This was even months before India got its formal independence. Indonesia actively participated in this conference despite strong lobbying by the Indian Muslim League who described the conference as a "Hindu Conference." Nehru, the host of the ARC, referring to Indonesia said: "who's history is intertwined by India's culture." The leader of the 25 member strong Indonesian delegation, Dr. Abu Hanifah, then leader of Masyumi Party, subsequently narrating his experience of the Asian Relations Conference expressed his joy and delight in meeting Indian leaders like Gandhi, Nehru and Sarojini Naidu<sup>[4]</sup>. Then Indonesian Prime Minister Syahrir also managed to attend the Conference on its last day and told his Asian colleagues; "We owe all of you a great debt and it is from the very depth of my heart that I say thank you and goodbye".

The real test for India's solidarity with Indonesia and its independence followed the holding of ARC, in the form of "Dutch military action" against the newly formed Republic of Indonesia. India described the Dutch action as an affront to the spirit of 'New Asia'. Nehru termed it as a "naked and brazen aggression" of Indonesia and prompted by Burma's (now Myanmar) U Nu, convened a Conference on Indonesia in January (20-23), 1949, to mobilise international support against the Dutch action. The Conference was attended by 18 countries, who despite pressures from the US, condemned the Dutch action and asked for the release of Indonesian nationalist leaders and transfer of power to the "United States of Indonesia" by January 1950. Some of the brave Indian activists like Biju Patnaik (who later emerged as a strong national leader) even personally took risks in flying some of the Indonesian leaders out of the Dutch control and supplying arms to Indonesian freedom fighters<sup>[5]</sup>.

As a consequence of India initiated conferences on Asian Relations and Indonesia, Nehru and Asian leaders decided to set-up an Asian Relations Organisation where India and Indonesia became active partners besides other Asian countries. This organization decided to broaden the movement of Asian solidarity by inviting decolonized and un-colonized African countries. The Bandung Conference of Afro-Asian countries hosted by Indonesia in April (18-24), 1955 was the result of these efforts. Both India and Indonesia worked hard together to steer the Conference in the face of both internal and external pressures as they were committed to the vision of Asia's freedom and solidarity. Indonesian President Sukarno, the host of the conference, gave a call in his inaugural address: "Let a new Asia and a new Africa be born". India's Nehru, the principal motivator of the Conference, saw it as a reflection of "the profound changes that are taking place in Asia". Throughout the deliberations of the conference they kept the spirit of Asian political resurgence and its creative role in world peace and equality, live and assertive. The Conference adopted ten principles to promote friendship and cooperation among all nations, especially Asian and

[1] From, Sylvain Levi, *L'Inde Civilisatrice* (Indian Civilization) (Publication of the Institute of Indian Civilization), Adrien Maisonneuve, Paris 1938.

[2] Kwa, Chong-Guan has edited and republished some of the papers from the "Journal of the Greater India Society". See his (Edited), *Early Southeast Asia Viewed from India: An Anthology of Articles from the Journal of the Greater India Society*, Manohar Publishers and Distributors, New Delhi 2013. This Volume has been published under Nalanda-Srivijaya Series of the Institute of Southeast Asian Studies, Singapore.

[3] Amitav Acharya, *Civilizations in Embrace: The Spread of Ideas and the Transformation of Power, India and Southeast Asia in the Classical Age*, Institute of Southeast Asian Studies, Singapore, 2013.

[4] Abu Hanifah, *Tales of a Revolution* (A leader of Indonesian Revolution Looks Back), Angus and Robertson, Education, Sydney, London, 1972. (The book is on Indonesian History and its independence where the author also refers to his experience of participating in the Asian Relations Conference.

[5] J.K.Ray, *Transfer of Power in Indonesia 1942-49*; P.C. Manaktala, 1967. Also D.C. Das, "Biju Patnaik: The Vision of a Patriot"; Orissa Review, February-March 2005, pp. 54-58. Iqbal Singh; *Between Two Fires: Towards an Understanding of Nehru's Foreign Policy*; Nehru Memorial Museum and Library, New Delhi, Orient Blackswan, 1998, pp. 164-174.

African. These principles not only underlined adherence to the principles of human rights, sovereignty, equality, and non-interference in mutual relations but also emphasised the value of abstention from “big powers” led military alliances and “threats of aggression or the use of force against the territorial integrity or political independence of any country”. The Conference urged upon all participating countries to promote economic and cultural cooperation, human rights, self-determination, and world peace and high-lighted the “problems of dependent peoples”.

It was unfortunate that the Conference deliberations and the carrying forward of its message and the mission of Asian resurgence were caught in the whirlpool of the Cold War, military blocks and intra-Asian conflicts. Therefore it could not make the impact it was expected to, and capable of. No wonder, the Bandung Conference remained not only the first of its kind but also the last one. And yet the contribution of the Bandung Conference in the emergence of Asia and the developing and, the then, newly independent countries in world politics of that time was immense, not only in terms of building the self-confidence of the Asian countries but also laying down directions for their future role. This was done in the face of strong resistance from US and the West which feared that the Conference would become a forum to criticise US and Europe in the name of colonialism and racialism and endorse Communist powers like China and the USSR <sup>[6]</sup>. The US led West was also opposed to any such regional group to emerge that questioned and challenged the way world politics was being crafted into competing camps by them.

The organisers of the Bandung Conference were not moved by such considerations. For them, Bandung was the first major intervention, howsoever fragile and ineffective, towards influencing the post-Second war world politics that was dividing the world along ideological barriers in the form of Cold War and seeking world peace through military alliance and blocs led by two super powers. In that respect, Bandung became the harbinger of Non-aligned Movement that sought to preserve an area of peace in a world divided by military blocs. The Bandung Conference also sought to create the first building bloc of a strategic architecture in Asia by rejecting the notion of military alliances and wars and emphasizing humanitarian approach to world peace and order. Accordingly, an outline of norms and possible mechanisms, through ten principles (DusShilas), for peaceful and cooperative engagement between countries was drawn and its importance in the face of military led security arrangements was highlighted. These principles underlined four distinct components of Asian-African strategic architecture i.e. avoid wars, resolve conflicts and disputes peacefully, resist domination and hegemony and promote peace and development cooperation. This could be seen as the beginning of collective and cooperative security in the developing world. This was also the beginning of Asia registering its credentials for playing a role in the shaping of world politics. India and Indonesia were the most committed and sincere drivers behind this exercise.

The consolidation of the Cold War and spreading and intensification of intra-Asian conflicts that shadowed the outcome of the Bandung Conference and diminished the impact of the Bandung Spirit by the beginning of the 1960s, also drove India and Indonesia away from each other as the leaders of Asian solidarity movement. For over three decades, the implications of regional strategic pressures and internal political preoccupations, did not allow India and Indonesia to grapple with broader Asian concerns for world peace and regional order.

This started changing towards the last decade of the twentieth century and the beginning of the twenty first. The Cold War ended releasing enormous strategic incentives and space for the Asian countries to recast their mutual relations. The phenomenal economic rise of China, India and other Asian countries have decisively tilted the global balance in favour of Asia. India decided to open its economy and energize its engagement with its extended neighbours in East and Southeast Asia. By the beginning

of the 1990s, Sino-Indian relations started getting normalised. The two Asian giants, notwithstanding their unresolved boundary dispute expanded their economic relations so much so that by now China has emerged as the largest trading partner of India and bright prospects of investments from one country to another are being enthusiastically explored. India in the early 1990s also launched its “Look-East” policy, which has now been recast as “Act-East” policy to give it greater dynamism and purpose. Under this policy, India has not only become an integral part of regional processes in Southeast Asia like ASEAN and East Asia Summit (EAS), but also enhanced its credibility as an economic and strategic player in peace and prosperity of the region. By the end of the 1990s, Indonesia also came out of its Gen. Suharto led three decade long “New Order” and has since, gradually consolidated its democratisation while maintaining its economic dynamism. It has also redefined its Asian priorities and initiated a process of vigorous engagement with its Asian neighbours.

#### Resurgence of Asia and revival of the Bandung Spirit:

Fiftieth anniversary of the Bandung Conference in 2005 provided an appropriate occasion for Indonesia to project its new foreign policy. Indonesia joined hands with South Africa to host the Commemorative Bandung Conference in April (22-23), 2005 to revive the Bandung Spirit. The Conference was attended by 106 Asian and African countries. The important leaders of these countries who participated in its deliberations included Indonesian President Susilo Bambang Yudhoyono, South African President Thabo Mbeki, India's Prime Minister Dr. Manmohan Singh, Chinese President Hu Jintao, Japanese Prime Minister Junichiro Koizumi and the UN Secretary General Kofi Annan. Indonesian President Yudhoyono bestowed the privilege of speaking on behalf of Asia on Indian Prime Minister Singh. This was not to show any disrespect for other Asian leaders but to acknowledge the Indian contribution for taking the Bandung initiative in 1955.

The objective of the Commemorative Asian-African Conference being to “reinvigorate the Bandung Spirit,” it had to be cognizant of the changed global and regional (in Asia and Africa) contexts. Many of the issues that dominated the 1955 Bandung Conference like racialism, colonialism, military alliances and the problems of the dependent people were not of much relevance now as politically Asia and Africa had advanced. However, not enough progress could be made by these countries in the areas of economic and social development. This was recognized by Indian, Indonesian and South African leaders as they emphasized need for concerted domestic and regional action in the fields of governance, democracy, social awareness and economic development. Externally, attention was drawn towards the “gross imbalance in the global distribution of power” and the need for “democratization of the United Nations and other multilateral organisation” <sup>[7]</sup>. It was regretted that “A cooperative and consensual international security order eludes us”. The participating countries were called upon to “create new structures of mutual support, solidarity and cooperation to benefit from best practices and appropriate technologies amongst us” <sup>[8]</sup>. Accordingly, it was decided to bond the Asian and African countries together in “Strategic Partnership”. The Conference issued a Declaration to that effect, which reiterated the basic original Bandung principles of “solidarity, friendship and cooperation”, and took note of the “significant political advances” made by these countries. The “need to continuously strengthen the process of nation and state-building as well as social integration” was underscored. The Declaration also emphasised “the need to support and strengthen multilateralism in order to address global issues” and of “collective action to ensure equitable sharing of the benefits of globalisation”. It was hoped that the ‘New Strategic Partnership’ will help “build a bridge between Asia and Africa covering three broad areas of partnership,

[6] See an insightful commentary on Bandung Conference by Tamara K. Nooper, “The Illusion of Afro-Asian solidarity?: Situating the 1955 Bandung Conference”, August 17, 2008, <http://tamaranooper.com/2008/08/17/58>.

[7] See the opening statement of the President of South Africa, Thabo Mbeki on April 22, 2005. Text, <http://www.dfa.gov.za/docs/speeches/mbek0422.htm>.

[8] Opening statement of Indian prime Minister on April 23, 2005. Text, [http://www.satp.org/satporgtp/countries/india/documents/papers/pm\\_April05.htm](http://www.satp.org/satporgtp/countries/india/documents/papers/pm_April05.htm).

namely political solidarity, economic cooperation and socio-cultural relations”<sup>[9]</sup>.

The revival of the Bandung Spirit is a message for strengthening and advancing South-South cooperation, among the developing countries. Many of these countries, especially in Asia like China and India, have made considerable progress by reforming and restructuring their economies, and improving their governance. However institutionalizing of democratic structures, improving human rights records and eradicating poverty and ill-health, the record has been uneven. The process of mutual help and mutual learning has to be strengthened with continuous efforts at reforming the global governance of economic and political and security institutions. The mechanism for mutual help and learning among Asian and African countries can only be through bilateral, sub-regional and multilateral cooperation.

The extent of cooperation between Africa on the one hand and the rising Asian economies like India and China on the other, over the past decade shows that the message of Bandung Spirit delivered by the Commemorative Summit in 2005 has been effective. China has emerged as a major trading and investment partner of Africa, with more than a million Chinese migrants working in Africa<sup>[10]</sup>. One of the important Chinese objective in Africa is to access its rich mineral, including oil, resources. India’s engagement with Africa has also marked an impressive expansion from 2005 onwards, with US\$72bn of trade and US\$35bn of investments by 2011, and both growing. India’s developmental projects mostly focus on skill development and capacity building to suite African developmental priorities<sup>[11]</sup>. India and China are also engaged with African countries and various trans-continental regional groupings like IBSA (India, Brazil and South Africa), BRICS (Brazil, Russia, India, China and South Africa), and IORA (Indian Ocean Regional Association). Of late there have been instances of Asian and African countries co-ordinating their positions on critical international issues like Syria and Libya, in the United Nations Security Council and other bodies. The prospects of growing cooperation between these two continents are indeed bright.

The real challenge to advancing Bandung Spirit lies in intra-Asian relations. These relations have been critically impacted by China’s phenomenal economic rise and its growing political and diplomatic assertion in Asia, backed by a fast pace of its military modernisation. As a consequence of China’s rise, while there is ever increasing economic engagement in the areas of trade and investment, between China and its Asian neighbors, the latter are having equally increasing security and strategic scepticism towards China’s long term objectives. China is flexing its muscle on unresolved border disputes with its neighbours. Rising tensions between China on the one hand and Japan and ASEAN countries are the results of China’s territorial assertion.

To counter the prospects of Chinese hegemony in the Asia-Pacific region, which is seen as a challenge to the US dominance in the region as well, the US has launched its strategy of “Asia-Pacific Rebalancing”. The competition between China and the US has created strategic uncertainty in Asia. Under this competition, both of them are mobilizing their support among Asian countries. China has been doing this through its new “neighborhood policy”, which backed by its cash rich economy, is taking mega economic initiatives like the Maritime Silk Road and strengthening of trade and investment relations. China has also launched the Conference on Interactions and Confidence Building in Asia (CICA) where discussions on strategic and security cooperation are also held. The US is reinforcing its traditional military alliances with Japan, South Korea, Australia, Philippines and Thailand, and forging new “strategic partnerships” with major Asian players like India, Indonesia and Vietnam under its “Rebalancing” strategy. The US has also launched a major economic initiative in the form of Trans-Pacific Partnership (TPP) to create a trade

and economic bloc to the exclusion of China.

This renewed competition between the erstwhile super power the US and the contending major power China, by intensifying regional conflicts and disputes and creating potential for war poses an unprecedented challenge to the core components of the Bandung Spirit. Both India and Indonesia stand for a multi-polar Asia and want to ensure that Asian countries’ strategic autonomy is preserved and peace and stability prevail to facilitate economic prosperity and social development. In order to make their contribution in this task, both the countries have fast tracked their bilateral cooperation since the forging of a multi-faceted “Strategic Partnership” during Indonesian President Yudhoyono’s visit to India in 2005. Trade between the two countries has tripled in the last five years from US\$6.9bn in 2007-08 to US\$20.10bn in 2012-13. The Indian companies are finding Indonesian market increasingly attractive for investments and the two countries are expanding their cooperation in the areas of education and human resource development as well as Informational Technology and maritime security<sup>[12]</sup>.

To cope with the prevailing great power competition, strategic uncertainties arising out of it and manage peaceful rise of China, Asia-Pacific region needs a viable strategic architecture. Both India and Indonesia prefer that such an architecture should be equal, inclusive and transparent, not based on any one’s dominance or hegemony. Both are committed to ASEAN (Association of Southeast Asian Nations)’s centrality. ASEAN has already setup a working group to work on its possible parameters and it is hoped that this group will come out with viable and creative proposals. It may however be kept in mind that there are increasing question marks on ASEAN’s capabilities to create such an architecture and sustain it effectively. Particularly so because China sees ASEAN’s centrality as a barrier to its own leadership and core interests in the region,<sup>[13]</sup> and the US also has difficulties with ASEAN owing to divergent strategic positions of ASEAN members.

Therefore, India, while supporting the efforts towards the evolution of a broad-based regional architecture and strengthening its own role as a security provider in the region, is also firming up its strategic equations with major regional players, including Indonesia, and strengthening its participation in the existing regional and sub-regional organizations. The recasting of its “Look-East Policy” as “Act East Policy” by the new Modi led government of India is a clear indication in that direction. Indonesia took initiative to propose the “Indo-Pacific Treaty of Friendship and Cooperation”. Speaking at a Conference in Washington DC on May 16, 2013, the then-Indonesian Foreign Minister Dr. Natalegawa asked for an Indo-Pacific” wide treaty, reflecting “a commitment by states in the region to build confidence, to solve disputes by peaceful means, and to promote a concept of security that is all encompassing”<sup>[14]</sup>. The concerns of the Indonesian Minister reflected the core elements of the Bandung Spirit. This proposal has generated considerable debate in the region’s strategic community<sup>[15]</sup>. India, which has generally been hesitant and shy in endorsing the concept of the “Indo-Pacific Region”, may look into the historical evolution of its commercial and cultural relations with the extended eastern neighbours and work with Indonesia on the proposed treaty. It is hoped that the new Indonesian administration headed by the new and popular President Joko Widodo will carry the idea of a viable strategic architect in the Asia-Pacific region reflecting the Bandung Spirit, forward<sup>[16]</sup>.

[9] Text of the Declaration, <http://mea.gov.in/bilateral-documents.htm?dtl/6608/Declaration+on+the+New+Asian...>

[10] Howard French, *China’s Second Continent: How a Million Migrants Are Building a New Empire in Africa*, Knopf Borzoi Book, Random House, New York, 2014.

[11] “India Aims to Boost Investment in Africa”, *Economic Times*, New Delhi, October 18, 2014. Also see, FantuCheru and Cyril Obi, (Edited), *The Rise of China and India in Africa: Challenges, Opportunities and Critical Interventions*, Zed Books, London, 2010.

[12] Note on “India-Indonesia Relations”, on the website of Ministry of External Affairs, Government of India, New Delhi, July 2013. Also see, Andrew Manners, “Moving Forward, Slowly: India-Indonesia Relations in the Twenty-First Century”, *Future Directions International*, August 25, 2014, Australia (On line magazine).

[13] Recall the breach of ASEAN consensus on South China Sea dispute with China exposed during the ASEAN summit in Cambodia in July 2012.

[14] For the text of his speech see, <[http://csis.org/files/attachments/130516\\_Marty\\_Natalegawa...](http://csis.org/files/attachments/130516_Marty_Natalegawa...)>.

[15] Thomas Riyanto, “The Indo-Pacific Treaty: a Bright or Flaw(sic) Idea”, May 02, 2014. [http://www.academic.edu/6968833/The\\_Indo-Pacific...](http://www.academic.edu/6968833/The_Indo-Pacific...)

[16] An indication of the new administration’s initial ideas on Indonesia’s role in regional and world affairs may be found in a recently released book *Towards 2014-2019: Strengthening Indonesia in a Changing World*, This book has been released by the Indonesian State Intelligence Agency and contains views of many prominent Indonesian specialists.

# MEMORIES OF BANDUNG

BY INDER MALHOTRA

With the passing of almost six decades, memories of the Asian-African conference at Bandung in Indonesia in April 1955 have understandably faded. But merely a mention of it even at this distance of time is a source of joy and excitement, especially for the generation that had witnessed the event. This great and until then unprecedented gathering was truly of historic importance. Jawaharlal Nehru's ringing words at its concluding session were: "We came here as agents of destiny and we have made history." The message that went out from Bandung - on behalf of the people of Asia then newly liberated from the colonial yoke and those of Africa who were on the verge of emancipation - was that there would be "no dictation (by the colonial powers) in the future. There will be no yes-men in Asia or in Africa any longer because there had been enough of them in the past". Appropriately, the relevant resolution underscored that there was "nothing more terrible than the infinite tragedy of Africa in the past few hundred years."

Until Bandung where two continents, Asia and Africa, were represented, there had been two Asian conferences, both in New Delhi. The first Asian Relations Conference was in March 1947 when India's Independence and Partition were still five months away. Yet so exuberant was the sentiment for Asian unity and solidarity that one delegate from Ceylon (as Sri Lanka was then called) moved a resolution suggesting that there should be a United States of Asia. His name: S. W. R. D. Bandarnaike, who, his wife and their daughter ruled their country for a very long time. The second Asian conference was organized by Nehru in 1949 because the Dutch had re-occupied Indonesia from where the Japanese had expelled them during World War II. By the time the Dutch were forced to retreat, Prime Ministers of five countries - Burma, Ceylon, India, Indonesia and Pakistan - had started meeting regularly to promote cooperation among themselves and lead the struggle for decolonization. Collectively, they were called the Colombo Powers. It was at a meeting of the Five that Indonesia came forwards with the idea of a conference of Asians and Africans. This became the sole item on the agenda of the next meeting of the Colombo Powers at Bogor in Indonesia.

A firm decision to hold such a conference at Bandung was taken almost instantly. It was also agreed that every independent country in Asia and those close to independence, such as Gold Coast (now Ghana) in Africa, would be invited. However, there was a problem. If Israel were invited, instead of projecting to the world, the united Afro-Asian voice the conference could become a forum for a shrill and divisive debate on Palestine. So, it was resolved to invite all independent countries of both continents except South Africa and Israel. South Africa needed to be kept out perhaps because of apartheid. Israel's exclusion, however, was illogical surrender to Arab susceptibility. Three key African invitees were Gold Coast, Sudan and Central African Federation. The last was included to tell the world that Bandung would not be a meeting of coloured people only. Indeed, during the week-long proceedings, Nehru and several other leaders said that Australia and New Zealand were not a part of Europe but closer to Asia and hoped that the two would eventually realize this.

On the participation of the People's Republic of China - recognised by all the five sponsors of the conference though not by the United States and the United Nations - the five sponsors readily agreed to issue the invitation to Beijing despite an initial objection by Pakistan that was obviously working on behalf of its mentor, rather than ally, the United States. Behind the scenes the British Foreign Secretary who later became Prime Minister, Anthony Eden, hinted to Nehru that China's presence at Bandung would "create a bad impression in Britain and the United States." Nehru sharply told him that the world was larger than these countries, and "account had to be taken of views and reactions in the rest of the world." Once the decision to hold the conference was taken, Nehru took close and deep interest in seeing to it that nothing went wrong. So much so that he directed the Indian ambassador, B. F. H. B. Tayabji, to make sure that there was "adequate provision of bathrooms and lavatories etc. People can do without drawing rooms, but they cannot do without bathrooms and lavatories."

On April 18, the conference began with an inspiring speech by the President of the host country Ahmed Sukarno, a powerful orator. He not only gave the delegates present a courageous lead but also proclaimed to the world the spirit of resurgent Asia. His concluding words are worth recalling even today: "Let us not be bitter about the past, but let us keep our eyes firmly on the future ... Let us remember that the stature of all mankind is diminished so long as nations or parts of nations are still unfree. Let us remember that the highest purpose of man is the liberation of man from his bonds of fear, his bonds of poverty ... and his physical, spiritual and intellectual bonds, which have for long stunted the development of the majority of humanity. And let us remember, Sisters and Brothers, for the sake of all that, we Asians and Africans must be united." However, as the record of the week-long proceedings shows there was both pronounced unity and equally pronounced differences on some issues. Finally, however, unanimity was reached and there was no dissent from the Bandung Declaration. Details of these issues we will discuss presently. First, a mention should be made of two events that added to the significance the conference would have had in any case, by virtue of the sheer size of the humanity it represented.

First, even before the conference could meet there was the sabotage at Hong Kong that led to the crash of Kashmir Princess, an Air India Super-Constellation that China had chartered. All its passengers and crew were killed. Luckily, China's Prime Minister Zhou Enlai had taken a different plane via Kunming, but many Chinese lives were lost, and this naturally added a somber note to the Bandung Conference. One of India's distinguished spymasters R. N. Kao, together with a Chinese counterpart, investigated the dastardly crime and concluded that the culprits were from Taiwan who possibly had help from the CIA. Secondly, and more importantly, the sabotage of the aircraft aggravated the crisis in the Far East created by the unwillingness of China to release American airmen imprisoned there. There was even talk of "war" because John Foster Dulles was guiding American policy. China had maintained throughout that the American airmen were spies who were dropped from the air. Even so, Zhou told Nehru at Bandung that China had "practically decided" to release the Americans when Kashmir Princess was blown up. He also promised to "review" the matter on returning to Beijing. In any case, the problem got resolved with the intervention of the UN secretary-general Dag Hammarskjöld. The Chinese also agreed not to occupy the



offshore islands the Americans were evacuating from.

It was the issue of colonialism over which the Bandung Conference displayed both laudable unity and regrettable division. This had held up the Bandung Declaration until the very end. It will therefore be appropriate to discuss this at the end of this essay. At this stage I propose to examine the respective roles of Nehru and Zhou at what practically was the world stage. Strangely, there continues to be a lot of difference of opinion on this point. Immediately after the conference the dominant opinion within the international community was that though Zhou displayed all his famous skills at the first multi-lateral conference he had the opportunity to attend, it was Nehru who projected the Chinese leader “like a dowager chaperoning a niece of dubious upbringing.” Zhou seemed to confirm this some years later when he said that Nehru was the “most arrogant man I have met.” According to Z. A. Bhutto, Zhou told him that at Bandung Nehru treated him as if “I were his bear”. Many say even today that despite Zhou’s brilliant performance, Nehru remained the “pivot” of the great gathering at Bandung.

Against this backdrop, it is remarkable, if also surprising, that Nehru’s official biographer, S Gopal, takes the contrary view. “The conference,” says Gopal on page 241 of the third volume of Nehru’s biography, “was a stage set by Nehru, with not naivety but conscious deliberation, for the Chinese Prime Minister. He saw himself as a producer-manager rather than as a hero, and had he not willingly abdicated Zhou would not have been the central figure. If Zhou appeared to be the star of Bandung ... Nehru regarded Zhou’s success as his personal triumph”.

As was only to be expected, Zhou made the fullest use of the opportunity offered to him. He not only displayed his suave and polished diplomatic skills but also projected to one and all an image of smiling friendliness. At the conference and its committees he conducted himself with a mixture of moderation, ability and authority. He was manifestly interested in seeing to it that the conference was a success. So he was as accommodative as possible. Remarkably, he was patient even when he had to put up with rather offensive behaviour on the part of delegates strongly opposed to Communism. Only once did he lose his temper in a committee and tersely said that China “would not be bullied.” On relations with other countries, he repeatedly stated that China though under Communist rule, desired no expansion or internal subversion; so he had come to Bandung to reach a common understanding on the basis of the Five Principles of Peaceful Co-existence that we in India call Panch Sheel. He added that every country should respect whatever way of life and economic system was adopted by another. For his part, he was prepared to “give every assurance” that any country wanted from China to remove any apprehension.

There was a marked difference between Zhou’s reasonable and cordial utterances on the public stage and the tone and tenor of his private discussions which he held in abundance. For instance, when he found that Nehru was throwing his weight against a condemnatory resolution on Palestine, he assiduously cultivated Arab representatives and contended that the “creation and support of Israel was an even more flagrant case of interference by the Western Powers in Asia than Taiwan.”

Of much greater concern to India was Zhou’s quiet cultivation of close and cordial relations with Pakistan although India and the world became aware of this much later. The Bandung Declaration had unanimously condemned military alliances, especially SEATO (the South-East Asian Treaty Organization) of which Pakistan was a member. Yet Zhou told Pakistan’s Prime Minister, Mahommed Ali Bogra that China understood why Pakistan had entered into a military alliance with the Western Powers, while Bogra assured him that Pakistan had absolutely no apprehension about any danger from China at present or any other time in future. Indeed, it is no exaggeration to say that the seeds for the “all-weather friendship” between China and Pakistan were sown in secrecy at Bandung. (Here, if I may make a minor diversion, my professional guru Prem Bhatia who was covering the Bandung conference, and Pakistan’s powerful foreign secretary, Aziz Ahmed, had been friends since their days at Government College Lahore. So, half in jest, Prem asked him what his prime minister was going to say at the conference. Aziz Ahmed’s reply: “Whatever we write for him.”)

Let us now take up the nagging debate and disagreement on the issue of colonialism at Bandung

which some of the western countries enjoyed thoroughly. On the basic principle that whatever evil of colonialism still existed must be ended immediately there was complete unity among all delegates. What disrupted this unity was the strange demand voiced by the Ceylonese prime minister, Sir John Kotelawala, that the countries of Eastern Europe that were satellites of the Soviet Union were also victims of colonialism. Sir John who had seldom got along with Nehru, got the support of other countries that were allies of the United States and Britain.

Nehru, Sukarno and U Nu patiently argued that whatever one’s feelings about what the Soviet Union was doing to the countries of East Europe – and these leaders made no bones about disliking much of what was happening – there was absolutely no basis for calling the East European countries colonies. For, they were sovereign countries, were members of the United Nations and had friendly relations with most of the nations assembled at Bandung. Logic, however, could not overcome partisan passions. So the angry contest between the two sides went on and on. The lung power seemed to override the brain power. Ultimately, an agreement was reached, and a deft amendment was made to the Declaration condemning “colonialism in all its manifestation”. My friend and colleague G. K. Reddy, covering the conference for The Times of India, reported that the “Bandung Conference ended not on a note of statesmanship but on that of draftsmanship”. For this he was chided by Krishna Menon, among others.

I have to wind up this narrative with a delightful footnote to Bandung. Nehru had invited President Gamal Abdul Nasser of Egypt – at the Conference he was reportedly “excited like a child”, according to most accounts – to stopover in Delhi on way back home. He was given a right royal treatment. At a reception at which I was present Nasser was visibly surprised by the rather large number of Communist members of Parliament that shook hands with him. Nehru noticed this and said to the Egyptian head of state: “Gamal, you put your Communists in prison; I put them in Parliament”.

# Expansion of the India-Indonesia Economic Partnership

BY AMBASSADOR GURJIT SINGH

The sailing links between India and Indonesia were built by traders who sailed with the monsoon winds. This led to a great cultural engagement and a legacy of shared civilizational links. In any partnership in the 21st century, the role of trade, investment, technology and services hence remains extremely important for a successful engagement.

The India-Indonesia bilateral trade has crossed the \$20 billion mark in 2012-13. While the figures vary depending on economic demand on either side, the essence is that Indonesian exports to India are about \$15 billion and Indian exports are about \$5 billion (chart A). At the same time, Indian investment in Indonesia which started in the early 1970s at a time when Indian overseas FDI was not widely known, has expanded rapidly and is over \$15 billion with a similar amount in the pipeline. An overall engagement, of about \$35 billion between India and Indonesia with a further trade target of \$25 billion and FDI inflows expected to grow certainly looks like a robust and growing engagement. Neither country is in the top five category of each others trading partners, and this relationship needs greater nurturing so that its natural momentum can be enhanced.

In bilateral trade, Indonesia dominates the trade and runs a huge surplus of the kind which it has with no other trading partner. This is dominated by exports of coal and palm oil, and very little of manufactured exports or services. The demand for coal in India which has now seen imports of 120 million tonnes in 2013-14 makes coal the fulcrum of the India-Indonesia economic partnership. India's huge power demand and dependence on thermal power gives Indonesia a major market share by volume. This segment also contributes to a large source of new FDI from India into Indonesia.

Similarly, palm oil of which Indonesia is among the biggest producers, is a major export item in India whose burgeoning consumption patterns keep raising the demand. From use in biscuits and ice cream to wider cooking applications, Indonesian palm oil is getting inexorably into the Indian blood stream.

Among other Indonesian exports are rubber, ores, paper, machinery, chemicals, wood pulp, spices and the like. From the Indian side the major exports are chemicals, cereals, petroleum products, machinery, vehicles, oil seeds, cotton, plastics and iron and steel products. Interesting features of this bilateral trade is the dominance of Indonesia's trade basket by commodities and India's basket by manufactured goods. The main items are summarized

in Chart B. At the same time this trade is marked by consistent trade promotion by India in the growing Indonesian market. Specific promotions between 2012-2014 have included an India show in March 2013, big participation by sectors like pharmaceuticals, automobiles, auto components, ITES, chemicals and the like. A number of Indian efforts also tried to attract Indonesian business delegations to Indian Trade Fairs and conferences and the Embassy itself has sponsored Indonesian potential buyers in the fields of ITES, chemicals, handicrafts, apparel, engineering and chemical products, jewelry. On the other hand, an Indonesian push to promote its trade and products in India is very limited and largely based on Indian invitations. The most significant participation has been by a cohesive Indonesian business delegation and trade exhibition at the time of the India-ASEAN Commemorative Summit in December 2012 when the ASEAN India Business Council and the ASEAN India Trade Fair also took place.

In terms of institutional arrangements to support our bilateral trade there is movement on paper but not much on practice. An India Indonesia trade agreement exists since 1963 and was last revised in 1978. To add vigor to our engagements and open a dialogue between our Trade Ministries, a Bilateral Trade Ministers Forum (BTMF) was initiated in 2013. Despite best efforts the BTMF has found it difficult to meet again, though Trade Ministers do meet frequently, on other occasions. The Joint Working Groups mandated under the BTMF and at the time of the India Show have also not worked. The Indian business associations feel that the Indonesian side does not prioritize these engagements.

Similarly the determination to give greater focus to each other by starting negotiations on a CEPA have floundered for the last four years. India remained interested in an early conclusion of the CEPA but the Indonesian side kept asking for pre-negotiations and only appointed a Chief Negotiator in mid-2014 by which time there was a new government on both sides which needed greater time to settle down. No doubt there are competing pressures in both countries, as on the Indonesian side many sectors feel unduly threatened by India's manufacturing and services expertise whereas on the Indian side similar sectors feel that while India is entirely open to commodity exports by Indonesia, it is not seeking complementarity by providing market access to Indian goods and services.

This bilateral dilemma received greater attention when the negotiations for the ASEAN India FTA in services and investment was negotiated. India had made concessions in the AIFTA on goods in the hope that this will be reciprocated by ASEAN countries in the field of services and investment. However, it was the Indonesian offer which was so minimal that surprised the Indian industry and negotiators who expected that Indonesia with its large trade with India, and as the largest economy of ASEAN would play a more positive role in the development of economic engagement with India. The growth in our bilateral trade statistics was not matched by institutional arrangements.

Additional problems arose because of the lack of understanding among Indian companies of opportunities under the India ASEAN FTA on goods (which started in January 2010) and in several critical cases the unilateral merging of HS Codes to raise duties on Indian products by the Indonesian side. An effective mechanism for addressing these concerns could be evolved to successfully add to trade expansion avenues.

On the investment side, India was not taken as a serious investor and was largely seen as being interested in the textile sector. Even the figures maintained by BKPM showed far lower Indian investment than the reality. This is as many Indian companies invest through Singapore gateways, thus inflating the figure of investment from that country. Similarly many Indian companies source FDI from overseas financial markets which often does not reflect in the India column. An internal survey of Indian investors in Indonesia by the Indian Embassy showed their concentration in textiles, mining and manufacturing sectors, and a growing interest in the services sector. These estimates also showed that Indian FDI was about \$15 billion till 2014 with \$16 billion in the pipeline. Indian companies were estimated to have created more than 250,000 jobs in Indonesia.

A cohesive view of Indian investment has thus not been taken in Indonesia which has prevented the recognition of India and its private sector as an important investment source. In reality among all

foreign investors who bring in capital and technology Indian companies have created many local jobs; transferred technology openly; built local capacities and contributed to not only domestic sales but to an export thrust to other ASEAN countries as well as beyond.

The diverse nature of investment, the lack of concentration in Jakarta and presence in different regions and the lack of an effective Indian Chamber of Commerce prevented them from achieving a kind of recognition that foreign groups with lower aggregate investment could obtain. The Embassy of India made an effort to remedy this by establishing the India Business Forum in 2012 to provide a forum for Indian businesses to come together and engage with agencies of the government of Indonesia as well as with Indonesian business organizations. A greater cohesiveness and articulation of common issues has thus emerged. This is expected to contribute to more credible FDI and recent trends show a positive move by Indian companies to invest in the manufacturing sector in Indonesia. In 2014-15, new investments in cement, yarn, steel, paints, consumer goods, ITES and the like have emerged. Similarly, a greater participation by Indian companies in the infrastructure development of Indonesia particularly using local resources has been noted. This welcome trend indicated that Indian companies no more invest in areas like mining merely with an eye to export to India but also see business opportunities in utilizing Indonesia's natural resources to develop the Indonesian economy.

In the service sector, Indian companies were slower to come, but today, they are present in Indonesia to develop human resources, build vocational capacities, provide consultancy and feasibility studies and of course provide ITES solutions. The level of confidence that these companies have generated is mainly among other Indian companies and they often have to compete with established MNC brands who employ Indians at senior positions to tap the same market.

The main issue in this entire scenario is that our bilateral trade is largely on auto pilot, little guided nor supported by inter-governmental action. The linkage of trade to investment is also largely confined to the coal sector since few Indian companies are involved in the palm oil sector. Indonesian companies often do not see their coal and palm oil export business as a source of higher business engagement with Indian companies

**So what are the steps India and Indonesia can take to improve their bilateral engagement?**  
My study of the market in both sides indicates the following:

1. A more regular G2G contact by activating the existing inter-governmental mechanisms like the Trade Ministers forum, the Energy forum and the high level task force on economic matters needs high priority; These fora should not merely be at the level of government but must always have the business components present at the same time so that they become fuller forums rather than G2G contact groups.

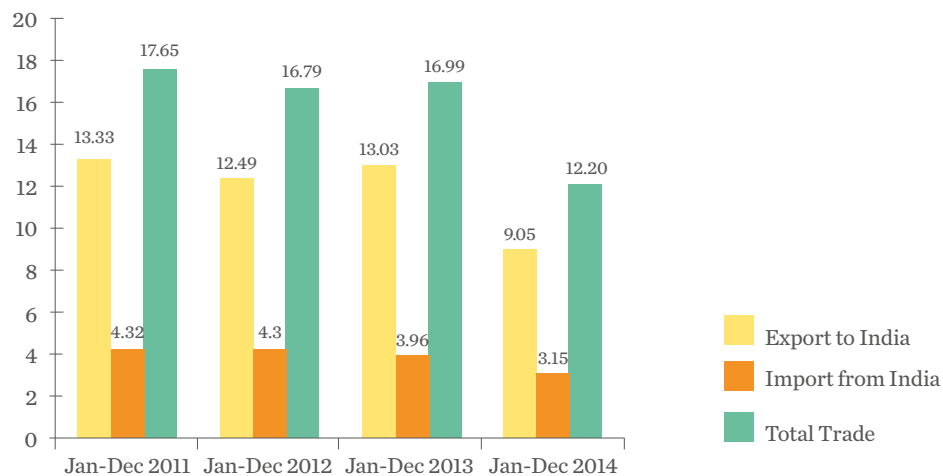
2. More interaction between the Chambers and Industry bodies and participation in trade fairs and business meetings. While KADIN and APINDO both at the national and regional levels view India as an important trading partner, they are still looking for ways and means to have consistent and productive engagement with Indian counterparts. The KADIN India committee has many Indian businessmen and too few Indonesian companies so they are largely viewing the ongoing trade rather than developing it. A greater engagement between business people on both sides is required as this will provide greater understanding of each other and build confidence which also generates ideas for business. Both Kadin and Apindo must lead business delegations to India and encourage participation in trade fairs and business summits with their Indian counterparts who are visiting Indonesia frequently.

3. Greater familiarity among Indian and Indonesian CEOs. The highest level of Indian and Indonesian CEOs rarely meet. Even the CEOs Forum has not taken off because there is no mutuality of interest in the CEOs nominated from both sides. Trying to organize a meeting of the forum is a nightmare because of lack of interest by most of the nominees in the other country. This is a manifestation of the lack of mutual understanding at the highest B2B levels. Thus a recasting of the CEOs forum is imperative, and participation by senior business people in business conferences in India and Indonesia are necessary. In 2013 to 2015, CII, FICCI and ASSOCHAM the three apex chambers of India have all brought more than one delegation to Indonesia to pursue this objective; conversely a delegation of Indonesian CEOs or business people is not frequently seen in India. Both sides need to enhance B2B contacts at high levels and with greater frequency and use other multinational business fora to enhance this engagement.

The bilateral business relationship between India and Indonesia is more than \$35 billion and growing. It merits more attention and encouragement. It has the potential to use new ideas and opportunities as both India and Indonesia are growing markets, have large infrastructure projects on the anvil and are focusing on manufacturing and its supporting industries to a great extent. Initiatives by the Government of PM Modi in India to launch the Make in India campaign and other campaigns like Digital India, the Skills Development Initiative, Smart City Projects and others have great scope for enhancing engagement between the business enterprises of India and Indonesia. Just as Indonesia needs more investment in infrastructure and manufacturing so does India and companies from other countries are looking at opportunities in both our countries. Hence, is not the time for our own public and private sectors to look directly at each other, open partnership and seek to tap the opportunities in India and Indonesia which companies from other countries are doing? The good neighborliness that our history and geography provides us, needs to adapt itself to a modern economic engagement through joint ventures, business partnerships and technology transfers.

## INDIA-INDONESIA BILATERAL TRADE CHART A

**Bilateral Trade (India-Indonesia)**  
Export, Import and Total Trade in 2011-2014 (billion USD):



Source: Indonesia Central Statistic Agency

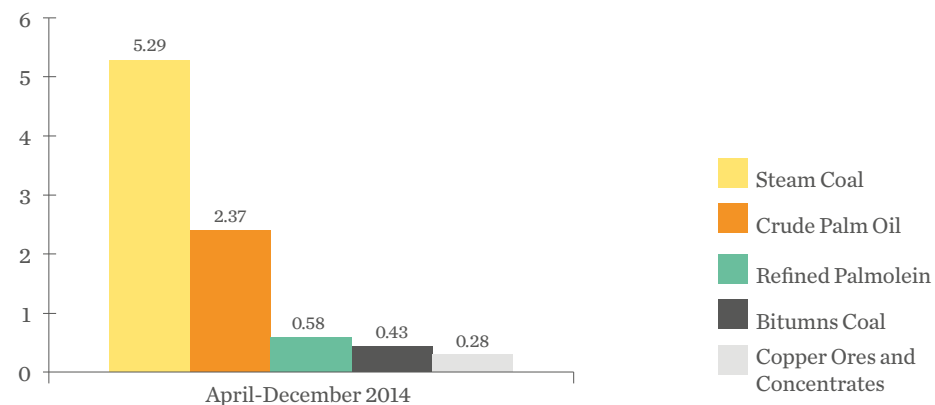
**Bilateral Trade (India-Indonesia)**  
Export, Import and Total Trade in 2011-2014 (billion USD):



Source: Department of Commerce, Government of India

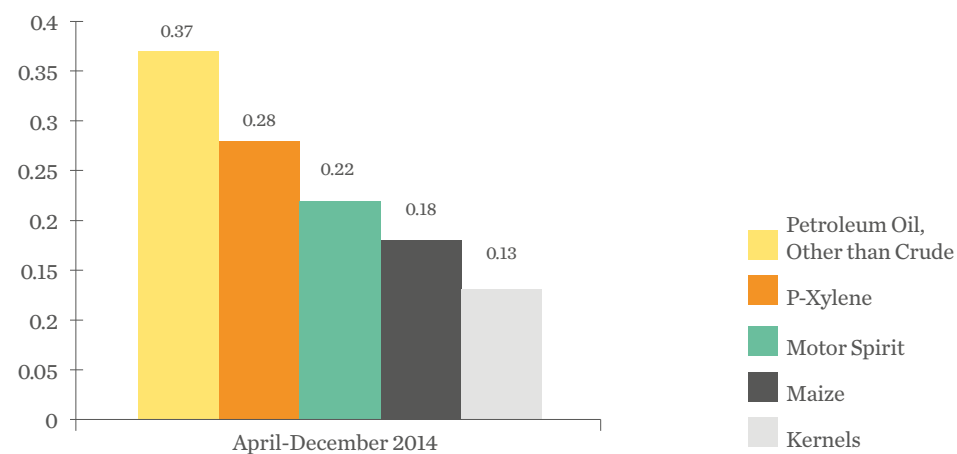
## CHART B

**Top 5 commodities exported by Indonesia to India in April - December 2014 (billion USD):**



Source: Department of Commerce, Government of India

**Top 5 commodities imported by Indonesia to India in April - December 2014 (billion USD):**



Source: Department of Commerce, Government of India



# Strong Foundations for High Aspirations: Indian and Indonesian Businesses in the 21<sup>st</sup> Century

BY SURYO SULISTO, Chairman, Indonesian Chamber of Commerce and Industry

## BACKDROP

It's been said many times before but there are good reasons for revisiting our historical ties yet again, very briefly.

The multi-faceted relationship between India and Indonesia goes back a thousand years. Language, religion, politics, food, dance, art, music are some of the aspects of everyday life in Indonesia deeply influenced by India. Not just a thousand years ago, not just 50 years ago, but even today. We have many shared values. We have similar views on most global issues. Yet, unlike hundreds of years ago, our business ties are not flourishing. They fall far short of true potential.

If we were to take a snapshot of the roles of our two countries in the world today, internal and external factors favor both of us. Given the current global economic circumstances, we could be accused of negligence for wasting the opportunities in front of us. Both countries are remarkably well-positioned in the current international configuration of shifting power and global restructuring. Too many countries are suffering from a severe deficit of democracy, human rights and personal liberties. Others are suffering from significant economic deceleration, or worse – stagnation. Neither is the case for our countries.

At the same time, there are an increasing number of deep pockets looking for investment opportunities, most notably American companies who are scouring the globe for the next “big things.” 2015 is also the moment that emerging economies will make up half the world's GDP for the first time. Both of us are riding this wave with the recent past recording enviable growth rates (see Table 1 below). In addition, plummeting oil prices have allowed us to decrease our fuel subsidies, freeing our budgets to be spent on more productive measures.

All of these elements paint an attractive picture of our futures, as long as we think and act strategically. Instead of allowing ourselves to feel like competitors in a global beauty competition that pits nations against each other in an inevitable “race to the bottom” which pushes us to make hasty decisions that weaken our positions in the long run, we can be more strategic and play to our mutual advantages to advance our mutual strengths.

But this is not a task that can be accomplished by the public sector alone. Growth, and to a large extent innovation, stem from the private sector. So as the head of Indonesia's largest and most powerful private sector organization – KADIN Indonesia – allow this to be an invitation or even a rallying cry to our counterparts in India.

Let us work together, more closely than ever, to find common paths to a mutually bright future.

## WHERE ARE WE TODAY?

When we dig a bit deeper into the specific trends that influence our decision makers, both on the policy and private sector fronts, a few interesting factors emerge.

In relative terms, both of us are dealing with large populations (see Table 1 below). While India's population vastly out scales Indonesia's, we actually are quite close in global terms: India is the second largest, Indonesia is the fourth. These numbers bring a host of similar advantages and challenges. We both must deal with huge numbers spread across large geographies, many ethnicities and languages and disparate skills and incomes. Developing policies and programs in such a context requires new ways of thinking, especially in terms of equality and inclusiveness.

And while we have the huge advantage of a large domestic market for the sales of our own goods and services, we must not allow ourselves to sink into a sense of complacency regarding efforts to become globally competitive.

Similarly, we are both rich in natural resources, but again, this carries a heavy price tag. We must be wary of the “resource curse:” we need to carefully balance the advantages of exporting raw materials against the need to develop a more diverse economy with value-added sectors like manufacturing. And we need to find ways to more equitably spread the wealth of our natural resources which so often end up controlled by only a handful of major players. This means ensuring proper investment in social and economic infrastructure. Failure to do so leads to pockets of deep poverty, often in the regions with the most resources. Ultimately, this can lead to conflict.

## TABLE 1

Key Socio-Economic Indicators

Key Socio-Economic Indicators	India	Indonesia
TOTAL POPULATION (JULY 2014)	1,236,344,631	253,609,643
2013 GDP - REAL GROWTH RATE	5.80%	5.00%
UNEMPLOYMENT RATE (2013)	8.8% (108,798,327)	6.6% (16,738,236)
POP. BELOW POVERTY LINE	21.9% (270,759,474) (2012)	11.3% (28,657,889) (2013)
BILATERAL TRADE (2013) (USD)	20,542,023,000	20,542,023,000
DIRECT INVESTMENT (2013) (USD)	22,035,000,000	28,617,496,020
BILATERAL VISITORS (2013)	6,967,601	8,802,129
NUMBER OF FOREIGN WORKERS	40,000	64,604

## A STRONG BASE FOR PARTNERSHIP

Given this context, it seems obvious that we should build upon our long shared history and cultural compatibility. We are two peoples who have a great deal to gain by being better partners. If we got together on more projects, we could create a combination capable of positive influence on the quantity and quality of global trade, while creating wealth and promoting employment in our individual countries. More business can bring our countries closer together. We both have the resources and assets to forge that change.

What separates our two people, these two very similar people? More than anything else, I believe it is attitude. Whether it is our business people, our politicians, our academics or our media, we look everywhere else for opportunities except at each other. This is a problem, for both our countries. Before we try to find a solution, I would like to try and understand why we are there and what we could possibly do to exploit our potential as a team, as partners.

## WHY ARE WE THERE?

In an effort to provide an initial response to this question, there are several important and related factors to consider:

- In the absence of research and hard facts, we can only assume that our businesses and governments have looked everywhere for economic growth opportunities, except at each other.
- In the race to create wealth, alleviate poverty and offer employment, we have both chased what we believed were our best bets, the lowest low-hanging fruits.
- We have each tried to attract investment and partnership with the developed countries, then the rapidly developing Asian economies like South Korea, China and Singapore.

There is nothing wrong with this approach – it is the result of both natural instinct and rational thinking. But we have both moved on. We are both major economies with large domestic markets, we have many shared values. We could, and we should, do more together. For our mutual benefit.

## WHERE COULD WE BE, TOGETHER?

In setting our goals, we should take courage from four real-life experiences in recent times. The first is what two ethnic Indians have done in Indonesia in recent history. They are truly inspiring stories, very relevant to this context. Then there's Indonesia's entrepreneurial ethnic Indian community, residents of Jakarta's Pasar Baru district. Last but not least, the 'expatriate Indian in Indonesia,' professionals working across the entire spectrum of industries in the archipelago. While some of us in business today are aware of their achievements, they are stories that need to be told to thousands more in both our countries. They will help build my case for greater co-operation.

### THE LAKSHMI MITTAL STORY:

The rise of Lakshmi Mittal began in Indonesia when he identified the huge potential of a steel mine site in Sumatra. Instead of following his father's direction to find a buyer for the family-owned land, Mr. Mittal saw an opportunity to build a steel project on his own. That was in 1976 – now he is the CEO and Chairman of Arcelor Mittal, the global steel and mining empire he built from those humble beginnings. And Indonesia was the place where he spent the first decade of his career establishing himself as a successful businessman in his own right. By the time he left Indonesia in 1985 he had developed the country's largest private steel company. He had also earned the respect and trust of many Indonesians who greatly appreciated his polite approach which emphasized quality and equality.

### THE MARIMUTU SRINIVASAN STORY:

Marimuthu Srinivasan is one of Indonesia's legendary businessmen who almost single-handedly transformed the textile industry. Although from an Indian family, Mr. Srinivasan used his career to promote Indonesia as a great manufacturing and industrial nation. His company, Texmaco Group, rose quickly to become one of the largest in Indonesia, spanning myriad industries from textiles to natural resources. His methods and example have paved the way for numerous Indonesians to enter into the textile sector, making it an important part of the national GDP.

### THE PASAR BARU STORY:

Pasar Baru is a lively trading area right at the heart of Jakarta. Known for the shops of textiles and tailors that line its streets, it has long been the home to many of Jakarta's ethnic Indian families and businesses. Much like the bustling Chinatowns of San Francisco or New York, Pasar Baru represents the Indian diaspora's role in this evolving metropolis as well as the integration into the local community. Indonesians and expats alike visit the area looking for textiles from Indonesia and India, as well as the skilled Indian tailors who make some of the best suits and gowns in the whole city. Through its energy and dynamic change, it should be seen as a model for innovation and entrepreneurship in Indonesia.

### THE EXPATRIATE INDIAN STORY:

Today, there are some 10,000 Indian professionals in Indonesia, straddling all levels of management, in companies big and small, spanning just about every industry across the archipelago. Twenty-five years ago they were a handful, primarily in textiles, then advertising and banking. Those industries today have legions of Indians, from senior to middle management levels. Quite a few Indonesian conglomerates have senior financial advisers, many multinational giants have CEOs of Indian origin. They remain an ideal asset to help build bridges between our two countries.

As these stories reveal, success is achievable. Companies like Tata Motors have recently taken the plunge too; many more need to follow their path from India to Indonesia. We believe that India and Indian business need to take the lead, Indonesia and Indonesians can follow that lead in the immediate term. In the longer term, Indonesian companies will be capable of taking the lead.

The reason is simple. Our histories are similar, but with one major difference. We have both had colonial masters, but the Dutch and the British created two very different legacies. Education, both quantity and quality, is at different levels even today in India and Indonesia. The British created strong institutions in India, the Dutch did very little in Indonesia. India has built on the strong foundations left behind by the British, Indonesia had to start virtually from scratch. Today, Indian entrepreneurs are a confident, extroverted, adventurous lot spread across the world. The vast Indian diaspora are living proof. At the risk of making another sweeping generalization, Indonesians in contrast are shy and introverted. Our first generations of entrepreneurs are finding their feet. Too few, even today. The relatively few conglomerates we have are rapidly becoming more professional, and Indians would be welcome to assist in a myriad ways. Many Indians are already there.

Indians are particularly welcome in Indonesia because recent history illustrates instinct at work. Over the last 20 years, Indian managers have proven themselves capable of taking charge at every level of business. From advertising to banking, textiles to telecommunications, retail to mining, Indian CEOs have proven their mettle in Indonesia time and time again. That's because Indians adjust to the Indonesian environment easily, instinctively. With the opportunities available in just about every sphere

of Indonesian life, Indians and Indian businesses are at an advantage. That is a very good reason for India to take a greater interest in Indonesia than it has in the past.

There are many reasons to believe that joint ventures in Indonesia could lead those partnerships, funds and experience to jointly invest in similar ventures in other markets one day. The successes in Indonesia could be replicated in India, Asia and the rest of the developing world, together.

Indian and Indonesian businesses would do well to explore all opportunities. Taking into account India's particular strengths, sectors that have great promise for partnership include:

**1** Infrastructure: Power generation is a high priority and is expected to grow by 7.5 percent in 2015. Railways and toll-roads, airports and seaports, all are slated to grow significantly. President Jokowi's maritime focus emphasizes marine infrastructure including what he calls "sea toll roads" and 24 sea ports and deep sea ports. He plans to invest about \$7 billion in 5 deep-sea ports and ships to realize the plans. These strategically located ports will link to railways that will traverse the five biggest islands: Java, Sumatra, Kalimantan, Sulawesi and Papua. Jokowi plans to extend the existing 5,500 kilometers of tracks to 15,000 by 2019. This will help solve some of our biggest challenges, including connectivity and logistics.

**2** Education: technical training, science, engineering and management are needed. Amongst emerging markets, India is arguably the champion of providing globally competitive education. It has high standards and relatively lower costs compared to other countries that Indonesian students have gone to for years. There are multiple benefits to increased partnership in this area, including an enhanced understanding between Indians and Indonesians in general.

**3** Healthcare: Hospitals and healthcare facilities are in high demand as well as medical equipment. Every year tens of millions of dollars are spent overseas by Indonesians on healthcare. That's because we have a dearth of qualified doctors and hospitals. Compared to India's one hospital per about 35,000 people, we have one per about 113,000 people

**4** Manufacturing: As earlier mentioned, Tata Motors has taken the plunge. But smaller and medium size Indian companies are also welcome and doing well. From steel to finished products like washing machines, there are many existing opportunities for joint ventures. Indeed, when it comes to manufacturing, Indonesia and India have over taken China as favoured investment destinations for some of the world's largest investors including Japan. Instead of competing individually, we should look at our comparative advantages and find specific items for collaboration and then package them for third-country investors.

**5** Services: The biggest area of cooperation could be IT, taking advantage of the Indian experience in data processing. Our young and very tech-savvy population is a global leader on many social media platforms and is expected to do the same with e-commerce in the near future. IT for education and the arts also beckons.

Underlying all of these opportunities is the need for increased innovation and entrepreneurship. According to Professor Nouriel Roubini of NYU, without an improvement of these two factors, we can expect the continuous rising inequality of income. Not only do we need skills training, but we need a new class of workers at all levels who are adept at new technologies and even more importantly, new ideas. A recent report from Oxfam claims that one percent of the global population controls as many assets as half of the world. With this kind of concentration of wealth, it is impossible to expect adequate economic growth because such a large portion of the population has a low propensity to consume.

### HOW DO WE GET THERE?

Our people need to meet, understand the opportunities and then explore possible joint ventures. Big business on both sides must take the lead and remember to connect their medium and smaller enterprises, suppliers and associates to their counterparts in each country.

There are several ways to make that first step happen. With the support of both governments and their embassies, suitable forums can be created by the chambers of commerce in each country. This will enable Indonesia's investment coordination board, BKPM, to work with the Chamber of Commerce and Industry, KADIN Indonesia, to take an appropriate delegation of Indonesian business people and bureaucrats to meet with Indian businesses and state-owned enterprises that may be interested in investing in Indonesia. An exposé of the opportunities against a backdrop of macro social and economic factors, leading into specific projects and areas of cooperation would be a good beginning. Hopefully, this would pave the way for a much bigger delegation of big, medium and smaller Indian businesses to meet over an extended visit, with prospective partners matched by the industry sector.

From that point onwards, the private sector in both countries will do what it knows best: translate ideas into reality, create wealth, jobs and ever-newer opportunities

# Indonesia-India: Strategic Cooperation in Agriculture and Food Security

BY H.S DILLON, Indonesian Presidential Special Envoy for Poverty Alleviation

## Century Old Ties

India and Indonesia have shared two millennia of close cultural and commercial ties. Indonesian history has been shaped by foreign powers drawn to its natural resources and its strategic geographical position. The Indonesian archipelago has been an important trade region since at least the 7th century AD when Sriwijaya, and later the Majapahit kingdom, traded with China and India. Local rulers gradually absorbed foreign cultures including religious and political models from the early centuries AD and Hindu and Buddhist kingdoms flourished. Later on, Muslim traders brought the now-dominant Islam while European powers brought Christianity.

India and Indonesia have been closely associated since the time of Indonesia's struggle for independence. Jawaharlal Nehru, India's first prime minister, was a strong supporter of Indonesia's struggle for freedom. Post-independence, both countries shared similar views on non-alignment, anti-colonialism, and anti-racialism. Under the national leaderships of India led by Jawaharlal Nehru and Indonesia by President Sukarno, the two nations collaborated closely in supporting the cause of Asian and African independence. Together, Prime Minister Nehru and President Sukarno laid the foundations of the Afro-Asian and Non-Aligned Movements at the Bandung Conference in 1955.

## Development Over Time

### INDONESIA

Notwithstanding the sharp economic contraction that occurred during the 1997–1998 Asian financial crisis, Indonesia's economy has expanded strongly over recent decades. This strong pace of growth has seen Indonesia become an increasingly important part of the global economy. It is now the fourth largest economy in east Asia – after China, Japan and South Korea – and the 15th largest economy in the world on a purchasing power parity (PPP) basis. Furthermore, its share of global output – currently just under 1 and a half percent – is expected to continue to rise over the years ahead. Over time, the structure of the Indonesian economy has changed considerably. Historically, the economy has been heavily weighted towards the agricultural sector, reflecting both its stage of economic development and government policies designed to promote agricultural self-sufficiency lasting from the 1950s until mid-1980s.

In recent years, Indonesia has seen consistently strong domestic demand growth despite the large shocks to external demand associated with the global economic downturn. Household consumption grew at a strong and stable pace over the past decade, averaging around 5 per cent per year. This was faster than the 4½ per cent average growth reported in the rest of east Asia (excluding the economies of China, Japan and Taiwan), partly reflecting Indonesia's strong population growth. Per capita consumption grew at around 3 per cent per year since 2000, only a touch lower than Indonesia's pre-crisis rate of 4 per cent. Subsequently, strong consumption growth also reflects rising incomes, with many Indonesians moving out of poverty and into the middle class.

According to World Trade Organization data, Indonesia was the 27th biggest exporting country in the world in 2010, moving up three places from the previous year. Indonesia's main export markets in

2009 are Japan (17.28%), Singapore (11.29%), the United States (10.81%), and China (7.62%). On the other hand, the major suppliers of imports to Indonesia are Singapore (24.96%), China (12.52%), and Japan (8.92%).

The country has extensive natural resources such as crude oil, natural gas, tin, copper, and gold. Indonesia's major imports include machinery and equipment, chemicals, fuels, and foodstuffs. Meanwhile, the country's major export commodities include oil and gas, electrical appliances, plywood, rubber, and textiles.

While going all out for economic development under President Soeharto in the late 1960s, Indonesia also pushed for rice self-sufficiency. Highly successful agricultural development initiatives encouraging new technologies were launched in the 1970s and 1980s. Agricultural GDP grew by more than 3% per year, compared with its population growth of 2.3% in the 1970s and 2.0% in the 1980s. During this period, 9.3% of the public budget was allocated to agriculture—higher than the 7.5% allocated to the sector, on average, by 40 other developing countries. In addition to government initiatives, other factors like breakthroughs in technology (notably the Green Revolution), expansion of the agricultural resource base, and human resources development contributed to Indonesia's success in the sector. As a result, the value of agricultural exports grew by 11% per year, accounting for 23% of total Indonesian exports. In 1984, Indonesia temporarily achieved rice self-sufficiency. Rural poverty was reduced from 40.0% in 1976 to 21.2% in 1987. During 1984–1996, agricultural GDP grew by 3.2% per year and rural poverty declined by 4.5% per year, reaching a record low of 12.3% in 1996.

Throughout 1970–2002, the share of agriculture in the overall economy declined from 41.0% in 1970 to 15.4% in 1996, before increasing slightly to 17.5% in 2002 as a consequence of the Asian financial and economic crisis. Yet agriculture remained the largest sector in the economy in terms of employment with almost 40 million people, or 44% of the labor force in 2001, reflecting relatively low labor productivity in the sector. In the period immediately after the crisis (1998–2001), agricultural employment increased by 13.3% each year, and total rural employment increased from 35 million to 40 million. The rural sector therefore absorbed some of the people laid off in urban areas. During the same period, the livestock, fisheries, and forestry subsectors increased their combined contribution to agricultural GDP from 21% to 32%. In fact, the increased contribution of agriculture to national GDP came primarily from the nonfood subsectors, while the food subsector continued to decline.

Although Indonesia has advanced quite significantly in industrial and services sectors in the last two decades, agriculture remains very important as it is still the main direct and indirect sources of income for more than half of its population. Indonesia is currently one of the major producers of cocoa, coffee, rubber, and tea. More importantly, considering that the Indonesian population may pass the 300 million mark in the next decade, better agriculture policies are required to ensure food security for the whole nation in the future.

### INDIA

Prior to economic liberalization, India was largely and intentionally isolated from the world markets to protect its economy and to achieve self-reliance. Foreign trade was subject to import tariffs, export taxes, and quantitative restrictions while foreign direct investment (FDI) was restricted by upper-limit equity participation.

Since the mid-1980s, India has slowly opened up its markets through economic liberalization. After more fundamental reforms since 1991 and their renewal in the 2000s, India has progressed towards a free market economy. The fruits of liberalization reached their peak in 2007 when India recorded its highest GDP growth rate of 9%. This achievement meant that India became the second fastest growing major economy in the world after China. By 2008, India had established itself as one of the world's fastest growing economies. Although growth significantly slowed to 6.8% in 2008–09, it recovered to 7.4% in 2009–10.



The economy of India is the tenth-largest in the world by nominal GDP and the third largest by purchasing power parity (PPP). The country is one of the G-20 major economies and a member of BRICS. According to the IMF, India ranked 141st by nominal GDP and 130th by PPP in 2012 on a per-capita-income basis. India is also the 19th-largest exporter and the 10th-largest importer in the world.

Agriculture is an important part of the Indian economy. India ranks second worldwide in total farm output. Agriculture and allied sectors like forestry, logging, and fishing accounted for 17% of the GDP in 2012, employed 51% of the total workforce, and, despite a steady decline of its share in the GDP, is still the largest economic sector and a significant part of the overall socio-economic development of India. Crop yield per unit area of all crops have grown since 1950 due to the special emphasis placed on agriculture in the five-year plans and steady improvements in irrigation, technology, application of modern agricultural practices, and provision of agricultural credit and subsidies since the Green Revolution in India. Crop yields for some farms within India are within 90% of the best achieved yields by farms in developed countries such as the United States and those in the European Union.

India has become one of the largest producers of wheat, edible oil, potatoes, spices, rubber, tea, fishing, fruits, and vegetables in the world. Between 2003 and 2004, agriculture accounted for 22% of India's GDP and employed 58% of the country's workforce – statistics which continue to hold today. India is also the largest producer of milk, jute, and pulses in the world. It also has the world's second largest cattle population with 175 million animals in 2008. Subsequently, India is the second largest producer of rice, wheat, sugarcane, cotton, groundnuts, as well as fruits and vegetables, accounting for 10.9% and 8.6% of the world's fruits and vegetables production respectively. India is also the second largest producer and the largest consumer of silk in the world, producing 77,000 tons in 2005.

Moreover, India is also the world's second or third largest producer of several kinds of dried fruits, agriculture-based textile raw materials, roots and tuber crops, pulses, farmed fish, eggs, coconut, sugarcane, and numerous vegetables. India ranked within the world's five largest producers of over 80% of agricultural produce items, including many cash crops such as coffee and cotton, in 2010. India is also one of the world's five largest producers of livestock and poultry meat, with one of the fastest growth rates, as of 2011.

### Past and Extant Cooperation

Intensive bilateral ties between the two nations are indicated by the number of reciprocal visits of the Heads of State/Government. Since 2000, there have been as many as seven visits both ways. In February 2000, President Abdurrahman Wahid visited India followed by President Megawati Soekarnoputri in April 2002 and President Susilo Bambang Yudhoyono on November 2005 and January 2011. In 2003, the Prime Minister of India visited Jakarta to attend the India-ASEAN Summit in Bali and again in April 2005 to attend the Commemoration of the 50th Anniversary of the Afro-Asian Conference in Bandung. The President of India paid a State Visit to Indonesia in November 2008 during which two MoUs were signed on Agricultural Cooperation and Cooperation in Youth Affairs & Sports. President Yudhoyono was on a State Visit to India as Chief Guest of the Republic Day in January 2011, and in turn the Prime Minister of India visited Bali in the 18th and 19th of November 2011 to attend the India-ASEAN Summit and East Asia Summit. In addition, there has also been a regular exchange of Ministerial visits and a Joint Commission process co-chaired by the Foreign Ministers of both countries.

Meanwhile, the bilateral trade between India and Indonesia increased from US \$ 4.38 billion in 2005-06 to US \$ 21.30 billion in 2011-12, making Indonesia India's second largest trading partner in the ASEAN. India is the largest buyer of crude palm oil from Indonesia while the main items of India's exports to Indonesia are Petroleum products, telecommunication equipment and parts, hydrocarbons and derivatives, seed oils, motor vehicles for goods transportation, animal feed, cotton, flat rolled products, and steel alloys while the main items of India's imports from Indonesia are fixed vegetable fats and oils, coal, copper ores, natural rubber, pulp and waste paper, alcohols and phenols, hydrocarbon, machine

tools, medicinal and pharmaceutical products, fertilizers, paper and paperboard, carboxylic acids, dyeing/tanning extracts, as well as other chemical products.

Furthermore, India has substantial investments in Indonesia in the textile, steel, automotive, banking, and resources sectors. Foreign investment from India in Indonesia dates back to the 1970s and in recent years there has been a new wave of investment focusing on the mining, automotive, and banking sectors. Major Indian companies operating in Indonesia include the Aditya Birla group which has a viscose fibre plant and downstream units, Essar which has a cold-rolled steel mill near Jakarta, and Jindal Stainless Steel which has a factory in Surabaya. There are two Indian motor-cycle manufacturers in Indonesia, namely Bajaj and TVS. Tatas own 30% of the two largest coal mines in Indonesia. More than 50 Indian companies are currently mining or exploring coal blocks in Indonesia. Gujarat State Petroleum and Essar have won an exploration license for gas on-shore in Sumatra. BalmerLawrie has signed a joint venture agreement for manufacturing grease and lubricants in Indonesia. The Spice Group has acquired a cellphone manufacturing company in Indonesia. Last but not least, The State Bank of India and The Bank of India have branches in a number of Indonesian cities.

### Future Strategic Cooperation

Considering the fact that the economic policy regimes in the two countries are conducive for cooperation and that the present economic linkages between India and Indonesia are important, it is clear that these linkages are still well below their potential. Many untapped complementarities between the two countries remain to be actualized by building upon respective comparative advantages. The bilateral relationship between India and Indonesia is governed by an almost perfect convergence of interests. The size and projected growth of India's economy, and the common G20 membership will provide Indonesia and India with a good opportunity to diversify its global risk and raise its profile in Asia. India in particular will benefit from complementarities in resources and Indonesia's experience in being part of the global production network.

Trade in particular is predicted to increase manifold between the two countries if proper policies and actions were put in place. It has been projected that India's exports to Indonesia could reach to as high as US\$ 7.8 billion by the year 2020. Exports from Indonesia to India could increase to US\$ 9.7 billion by 2020. Free trade between the two countries is estimated to generate welfare gains in goods to India that could be to the tune of 1.0 percent of GDP and to Indonesia to the extent of 1.4 percent of GDP under the scenario of full tariff liberalisation along with trade facilitating infrastructure. This suggests that there is ample potential for bilateral trade expansion in a mutually beneficial manner for which adequate institutional mechanisms need to be put in place.

Indonesian business needs to seriously consider investing in India in the agro processing sector, especially in food processing. Likewise, Indian companies should consider investing in Indonesia in the processing of cashew nut and pigeon pea industry in Indonesia. In addition, both countries should consider joint research, training on techniques, exchange of information and experts, sharing of export experience, seminars, private investments on agricultural products such as *Jatropha Curcas*, Jute, Soybean, peanut, pigeon pea, corn, transgenic material on nuts and rice, oil palm etc. India has progressed well in the area of bio-diesel technology especially in *Jatropha Curcus*. This technology can be focussed for households so that all including farmers can benefit from this as an alternative source of fuel. Moreover Bio-diesel can be used for growing of commodities such as Tapioca.

In fisheries, Indonesia provides many opportunities for cooperation with India. Indonesia has large maritime zones, some 5.8 km<sup>2</sup> consisting of archipelagic waters, territorial seas, exclusive economic zones. Its coastal line is more than 81,000 km long. Its sustainable fisheries (MSY) of all kinds are about 6.4 million tons a year while its total allowable catch (TAC) is estimated at 80% of MSY, amounting to about 5.12 million tons. In addition, there is also great potential for aquaculture, inland fisheries as well as development of marine technology.

In 2005 the Government of Indonesia launched the revitalization program for aquaculture, forestry and fisheries. The development program for revitalization of the Indonesian marine and fisheries resources focuses on three commodities, namely, shrimp, seaweed and tuna. Indonesia could share its expertise in tuna fishing and handling, using Monofilament Longline system and Purse-seining. In exchange, India could share its expertise in inland fisheries.

Indonesia would also offer several investment and expertise in the marine and fisheries sector, such as shrimp culture (mari-culture, brackish culture and fresh water) and seaweed culture and exchange of experts in marine and fisheries area (research and expertise in aquaculture).

In addition, the following sectors are amenable for investment from Indonesia into India, namely, hybrid-seeds, processed food, Electrical and Non-electrical machinery, Chemicals, Infrastructure, Hotel, Hospitality and Tourism, among others whereas Indian investment into Indonesia could be tapped in areas such as food processing, agribusiness, including soybean, corn, rubber, oil palm, cocoa, coffee, tea, cashew nuts and sugar cane; fisheries, including marine and brackish water fisheries.

### Conclusion

Indonesia and India have had a very close relationship for centuries. The influence of Indian culture is still highly palpable in various aspects of contemporary Indonesian life. It is somewhat unfortunate that the ties between modern Indonesia and modern India have not been as strong and mutually beneficial as expected. Nevertheless, there is plenty of room for improvement in particular in agriculture to secure food security in the foreseeable future as long as proper policies and strategies are put in place. Each country offers excellent opportunities to be explored by the other country to increase the production in various agriculture products. As such we can be sure that together the two countries will be able to better fulfill the needs of their people and at the same time foster even closer ties.

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# Cooperation Food Security between India and Indonesia: Exploring the Contours

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For several decades, the global community has been emphasizing the need for cooperation among nations to ensure food security. In the Rome Declaration adopted in 1996, world leaders pledged their “political will” and their “common and national commitment to achieving food security for all and to an ongoing effort to eradicate hunger in all countries, with an immediate view to reducing the number of undernourished people to half their present level no later than 2015.” In making this pledge, they reaffirmed “the right of everyone to have access to safe and nutritious food, consistent with the right to adequate food and the fundamental right of everyone to be free from hunger”<sup>[1]</sup>. Later the Millennium Development Goals adopted by the United Nations in 2000 once again saw the comity of nations resolve to halve “the proportion of people who suffer from hunger”<sup>[2]</sup> by the year 2015. These concerns have been strongly reiterated after the global food crisis which erupted towards the end of last decade, leading to policy prescriptions for increased cooperation at global as well as regional levels<sup>[3]</sup>.

Both India and Indonesia, the second and the fourth largest countries in the world in terms of population, have major food security concerns. According to the Food and Agriculture Organization, both countries have a very high incidence of food insecurity. At the end of the last decade, the share of undernourished in the total population was 15.8% in India and 13.4% in Indonesia<sup>[4]</sup>. According to the Global Food Security Index published by the Economic Intelligence Unit, which includes 109 countries, India and Indonesia ranked 69th and 72nd respectively in 2014<sup>[5]</sup>. Cognisant of the problem of food insecurity their respective populations has faced, India and Indonesia have been coordinating their efforts in various international forums to find cooperative solutions. The leadership that these two countries have given to the G-33 group of developing countries in the on-going Doha Round negotiations under the World Trade Organization (WTO) is a testimony to this fact. The G-33, being coordinated by Indonesia, has sought to secure the right to provide food security to their populations within the policy framework defined by the WTO’s Agreement of Agriculture.

These efforts at securing the policy space to pursue policies to realise the objective of food security are critical for both India and Indonesia as the governments in both countries have taken legislative action to ensure that their populations get adequate food. In 2012, Indonesia amended its food security law, replacing the law that was enacted in 1996. Availability and affordability of food were the key challenges that the Law tried to address. The government recognized its obligation to “manage stability of staple food supply and price, manage government staple food reserve and staple food distribution to

achieve sufficient staple food, which is safe and nutritious for people.” Food supply is dependent on domestic food production and national food reserve, but it can be fulfilled through food import, when necessary. Further, the central government and regional governments assumed the “responsibility to provide and distribute staple food and/or other food according to necessity for the poor, food insecurity and malnutrition as well as for emergency response.”<sup>[6]</sup>

India, on the other hand, took a significant step towards addressing the problem of chronic undernourishment by enacting the National Food Security Act in 2013. In recognition of the magnitude of the problem, the Act provided that two-thirds of the population of the country would be entitled to subsidized food. This clearly indicates that there exists considerable basis for the two countries to coordinate their efforts on an issue to which their governments have made strong political commitment. The purpose of the Act was to provide “food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity.”<sup>[7]</sup> Importantly, the Act assured the right to receive foodgrains at subsidized prices by persons belonging to eligible households under Targeted Public Distribution System (TPDS), which would be managed using the stocks of foodgrains procured by the Central Government and the State Governments. The most notable feature of the NFSA was that it was for the first time that the state recognised the “right to food” of all citizens of the country suffering from food insecurity. The Government of India had thus established the largest rights-based food security programme to have been launched anywhere in the world.

This paper has two objectives. First, it attempts to analyze the food security scenario in India, elaborating on the policy framework that the governments in India and Indonesia have adopted to address the issue of food insecurity. Secondly, the paper will explore the areas in which the two countries could collaborate for developing a comprehensive program of cooperation between them.

At the outset, the paper dwells on some of the key features of the two countries, which are useful to put in perspective the issue of food security in the two countries. In the next section, we will provide a brief overview of the policies and programs that the governments in the two countries have adopted in recent years to address food security concerns. The following sections highlight the potential of cooperation. We would try and highlight three important channels for developing this cooperation: (i) bilateral trade cooperation, (ii) institutional cooperation between the two countries, and (iii) strategic cooperation in regional and multilateral forums.

The gap between Indonesia and India has widened considerably in terms of the share of rural population and part of the economically active workforce dependent on agriculture, as is shown in Chart 1. The bars show the percent share of rural population in total population and the lines denote the percent share of economically active population in agriculture as a share of total economically active population.

One of the basic requirements of a successful transformation from a rural and agrarian one for any economy is that it should be able to meet its food requirements despite there being a reduction in the importance of the agrarian sector. An examination of the Indian and Indonesian economies suggests that even though the latter has been more successful in generating non agricultural employment at a faster pace, the former has been able to manage its self-sufficiency requirements in a better manner. This is most visible in case of cereals, which are the most important source of calorie intake in both

[1] FAO (1996), “Rome Declaration on World Food Security”, available at: <http://www.fao.org/docrep/003/W3613E/W3613E00.HTM>.

[2] UN (2000), “United Nations Millennium Declaration”, Resolution adopted by the General Assembly, available at: <http://www.un.org/millennium/declaration/ares552e.htm>.

[3] Reports of United Nations Special Rapporteur on the Right to Food have buttressed this point many times.

[4] FAO (2014), The State of Food Insecurity in the World, Rome, Table A-1.

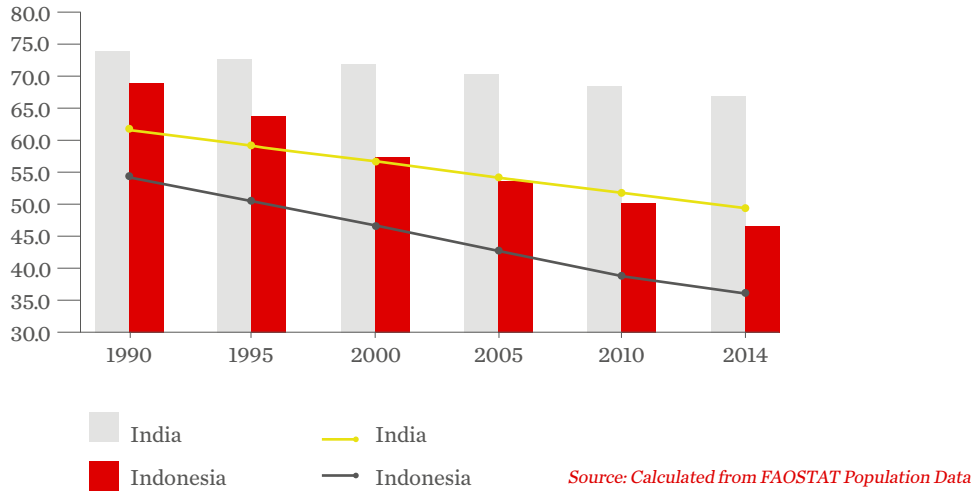
[5] Economic Intelligence Unit (2014), Global Food Security Index, available at: <http://foodsecurityindex.eiu.com/>.

[6] Rafani, Iqbal (2014), The Law No. 18/2012 Governing Food Security in Indonesia

[7] Gazette of India (2013), “The National Food Security Act, 2013”, Preamble.

### CHART 1

Share of rural and agrarian sector in population and workforce



countries<sup>[8]</sup>. Chart 2 and 3 show the trends for trade surplus in agricultural products and cereals for the two countries.

As is shown in the charts given above, despite having an edge in terms of total agricultural exports over India, Indonesia's import dependence on cereals has been increasing consistently in the last two decades, whereas India has emerged as an important cereal (primarily rice) exporter in the same period. At the same time, India has become one of the largest importers of edible oil in the world, importing nearly \$10 billion in 2013-14. Indonesia was the largest supplier of edible oils to India, a point we shall dwell on further in a later section.

On the other hand, although Indonesia is a major importer of cereals, it fares better in comparison to India on some important food security indicators, even though both these countries have a high incidence of food insecurity as is shown in the table given below.

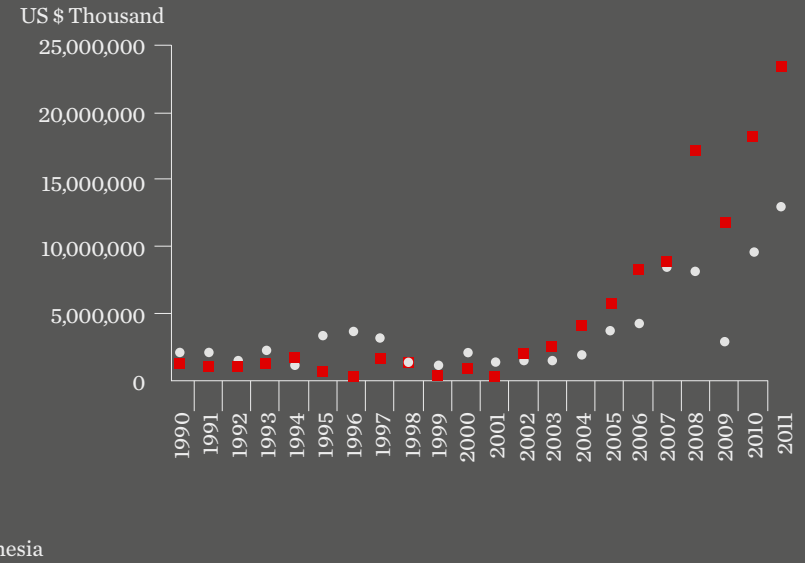
The comparisons made thus far bring to the fore the complex interplay of factors which determine the state of food security in any economy. While a higher GDP per capita and increased share of non-farm employment seem to be the reason behind Indonesia's better showing on food security indicators, a high dependence on imports makes it more vulnerable in terms of stability (vulnerability and shock), one of the four dimensions of food security as per FAO<sup>[9]</sup>. It is also important to underline the fact that a high rate of growth does not necessarily lead to an improvement in food security standards, given the very high levels of food insecurity in India – a country which has had the second highest rate of growth in the world after Chinese economy for the past many years.

[8] As per FAO data, share of dietary energy supplied from cereals, root and tubers in 2011 was 59 and 70 percent for India and Indonesia.

[9] FAO, The State of Food Insecurity in the World (2013), p 17

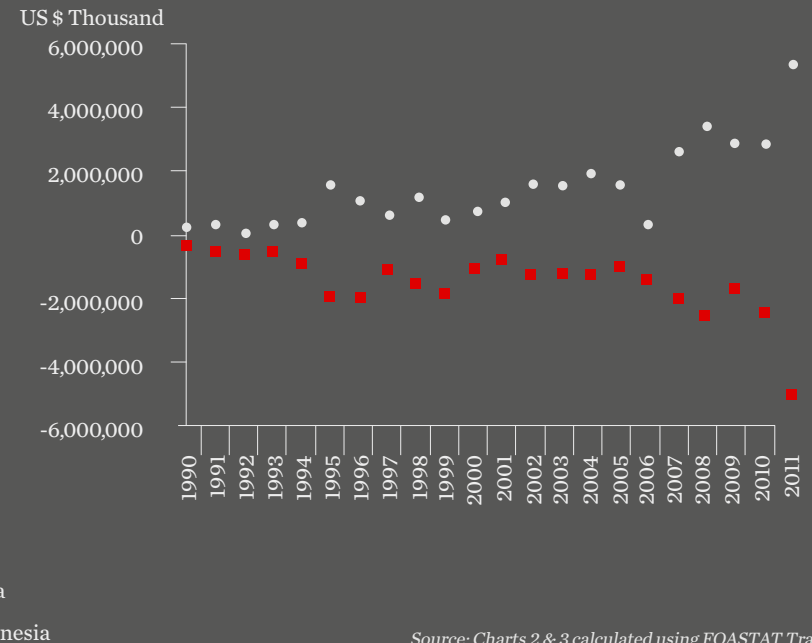
### CHART 2

Trade surplus in agricultural products



### CHART 3

Trade surplus in cereals



Source: Charts 2 & 3 calculated using FAOSTAT Trade Data



# TABLE 1

Some important food security indicators

FULL COLOUR	COUNTRY	YEAR	VALUE	COUNTRY	YEAR	VALUE
PREVALENCE OF UNDERNOURISHMENT* (%) (3-YEAR AVERAGE)	India	2011	15.8	Indonesia	2014	13.4
PERCENTAGE OF CHILDREN UNDER 5 YEARS OF AGE AFFECTED BY STUNTED (%)	India	2005	44.6	Indonesia	2010	39.2
PERCENTAGE OF CHILDREN UNDER 5 YEARS OF AGE AFFECTED BY WASTING (%)	India	2005	19.9	Indonesia	2010	12.3
PERCENTAGE OF CHILDREN UNDER 5 YEARS OF AGE AFFECTED BY UNDERWEIGHT (%)	India	2005	40.3	Indonesia	2010	18.6
CEREAL IMPORT DEPENDENCY RATIO (%) (3-YEAR AVERAGE)	India	2010	0.1	Indonesia	2010	10.5
PREVALENCE OF ANEMIA AMONG CHILDREN UNDER 5 YEARS OF AGE (%)	India	2010	60	Indonesia	2010	32.8
PREVALENCE OF ANEMIA AMONG PREGNANT WOMEN (%)	India	2010	53.9	Indonesia	2010	30.4
AVERAGE VALUE OF FOOD PRODUCTION (1\$ PER PERSON) (3-YEAR AVERAGE)	India	2010	169	Indonesia	2010	218
GDP PER CAPITA, PPP (CONSTANT 2011 INTERNATIONAL \$)	India	2013	5238	Indonesia	2013	9254.40

\* FAO's undernourishment measure only takes into account the energy requirements for a sedentary lifestyle, so it is likely to be an underestimate of prevalence of undernourishment, since most poor people undertake activities which requires hard manual labour.

Source: FAOSTAT data. The years denote latest data available

II The aforementioned shows that food insecurity in India and Indonesia has at least three facets. First, while India has attained the self-sufficiency in foodgrains, an objective that Indonesia has flagged prominently in its recent Food Law. Secondly, India's food self-sufficiency is somewhat masked since it is heavily dependent on the international markets for its edible oils requirements. Thirdly, given that a none-too-insignificant share of populations in both countries still suffer from the problem of undernourishment, the governments would have to make serious efforts before they can ensure nutritional security to their populations.

Given their imperatives to move rapidly towards realizing the objective of food security, India and Indonesia need to engage more constructively in future in furtherance of this objective. They would have to find expeditious ways coordinating their efforts in both bilateral and regional forums, and would have to enhance their bilateral cooperation. In this section and the next, we highlight some areas in which coordination/cooperation between the two countries must be enhanced. In this section, we would dwell on the avenues of bilateral cooperation, and would discuss the regional and multilateral coordination issues in the next.

Trade cooperation between India and Indonesia provides an important basis for furthering food security objectives in the two countries. As we had pointed out earlier, India imports a significant part of its edible oil requirements from Indonesia. In 2013-14, nearly one-half of India's imports were sourced from Indonesia. But while Indonesia has long been an importer of rice, India, which is one of the major rice exporters, remains a marginal player in the Indonesian market. Table 2 shows some relevant statistics regarding these two commodities.

It can be seen that while India is an important importer of edible oils from Indonesia, there exists a

# TABLE 2

Cereal and edible oil trade between India and Indonesia

	INDIAN SHARE IN INDONESIA'S TOTAL		SHARE OF CEREAL/EDIBLE OIL EXPORTS/IMPORTS TO INDONESIA IN INDIA'S TOTAL EXPORTS/IMPORTS WITH INDONESIA		
	Cereal Imports	Edible Oil Exports		Edible Oil	Cereals
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
2010	1.72	28.00	2010-2011	59.91	4.05
2011	8.18	25.20	2011-2012	58.14	6.39
2012	12.83	23.73	2012-2013	49.65	6.18
2013	16.43	24.50	2013-2014	48.88	3.69

Cereals and Edible Oils (animal or vegetable fats and oils and their cleavage products; pre edible fats; animal or vegetable waxes) denote all commodities under HS classification 10 and 15 at the 2 digit level.

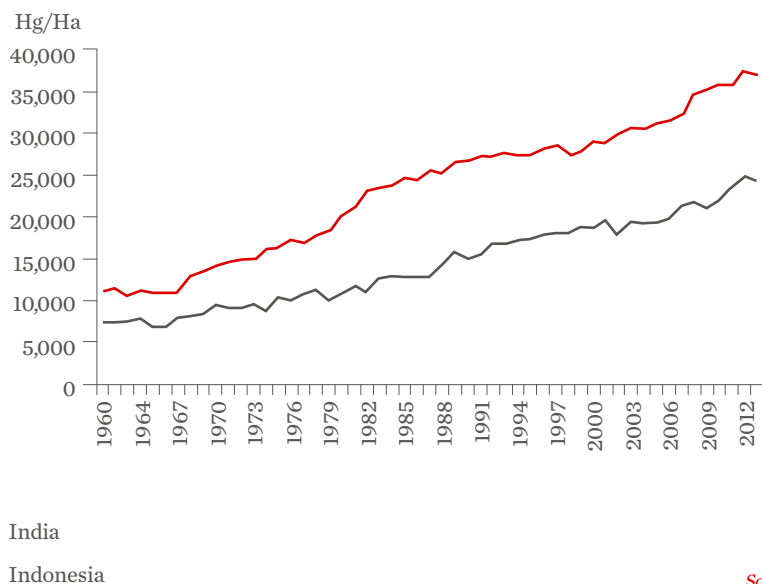
Source: Columns 1-3 from WITS Database and 4-6 from Export Import Databank, Ministry of Commerce, Government of India.

large scope for increasing the share of Indian cereal exports to Indonesia. Given the fact that edible oils are the most important agricultural imports in India and cereals are most important from Indonesia's food security point of view, there is merit in both countries developing entering into a long-term cooperation through which both India and Indonesia provide each other stable sources of supply of the commodities that are critical for the fulfilment of their food security needs. Through this cooperation, therefore, the partners are able to protect themselves from uncertainties of the global marketplace.

Bilateral cooperation between the two countries could go well beyond the trade relations. The two

countries could share the good practices that they can share for improving the on-farm efficiencies in the two countries. Perusal of the available figures points to one such possibility. Although India has much higher production levels compared to Indonesia, it can take useful insights from the Indonesian agricultural sector in terms of increasing agricultural yields, given the fact that the yield gap between India and Indonesia has been widening a far as cereals are concerned. Chart 4 shows these trends.

**CHART 4**  
Cereal yields: India and Indonesia



Source: FAOSTAT Data

Developing such cooperation between countries like India and Indonesia has a natural basis as the agrarian sector has more or less similar structure in terms of size of holdings compared to the developed countries agriculture is organized in the form of capital intensive large farms<sup>[10]</sup>. Both these countries have similar levels of population per agricultural holding and have been experiencing a steady decline in the average size of holdings over time, as is shown in Table 3 given below.

India and Indonesia need to coordinate their strategies in the regional and multilateral forums that they participate in. With India becoming a strategic partner of ASEAN, a number of areas of cooperation are being explored, which includes agriculture. India-ASEAN cooperation in agriculture, which was initiated through the India-ASEAN Working Group on Agriculture and Forestry in 2011, includes a medium-term plan that seeks to enhance to enhance cooperation in “key areas of mutual interest, with the aim to enhance productivity of agricultural products and meet the challenges of food security, as well as enhance their accessibility to global markets”<sup>[11]</sup>. With their substantial interests in agriculture, India and Indonesia should be able to provide the much needed directions to these activities of the Working Group.

[10] For example, average size of holdings in the United States is 178.4 Ha and has displayed an increasing trend since 1930s.

[11] “ASEAN-India cooperation in Agriculture”, available at: <http://dare.nic.in/node/53>.

**TABLE 3**

Organization of agricultural sector: India and Indonesia

AVERAGE SIZE OF HOLDINGS (HA)

	1950	1960	1970	1980	1990	2000
INDIA	2.2	2.7	2.3	2	1.6	1.3
INDONESIA		1.2	1.1	1.1	0.9	0.8

Source: World Census of Agriculture, Food and Agricultural Organization, 2013

AVERAGE POPULATION PER HOLDING

INDIA (2001 & 2003)	4.6
INDONESIA (2003)	3.8

One of the most important challenges facing any sizeable food importer is volatility in international markets, which might cause problems on two accounts: increase in import bills and difficulty in procuring desired amount from international markets in case of a shortage. The experience of the recent food crisis is noteworthy in this regard, when food import bills rose sharply in many countries leading to severe crisis. This calls for a re-examination of the “solutions” offered by the developed countries, the main plank of which is that domestic shortages should be met by accessing international markets.

The international agricultural market is characterized by a situation where production in developing countries is posed with an unfair competition in both export and domestic markets against highly subsidized production in developed countries. Empirical research shows that for many important export crops, subsidies are used to artificially lower domestic prices in developed countries in comparison to the cost of production, which gives such production an unfair advantage in the global market. A part of these exports is also disposed off in the form of international food-aid.

It is in this context that there has been considerable discussion on creating regional food reserves, which would help the member countries to insure them against the volatilities of the international markets and also forge mutually beneficial ties, instead of facing the exigencies of international markets. The ASEAN nations have already taken initiatives in this regard vis-à-vis the ASEAN plus three emergency rice reserves. India may like to understand the working of this initiative in partnership with Indonesia.

There is unanimity about the fact that there is a need for pro active policy intervention to ensure food security in the world. Such a strategy must comprise of efforts to enhance food production as well as ensuring that it reaches the needy population. Notwithstanding the broad consensus at the international level on these issues, which have been emphasised most forthrightly by the FAO in the Rome Declaration in 1996, developing countries continue to face major road-blocks while pursuing these goals. The most significant of these have been the discriminatory rules of the WTO, which have been framed under the influence of developed countries to provide gains for their corporate dominated agriculture. The Agreement on Agriculture (AoA) rules allow the developed countries to implement their domestic food security programmes in an unhindered manner, while developing countries are

increasingly facing problems to design the programs for feeding their poor. Thus, while the AoA rules discourage any food security program which involves public procurement from farmers to undertake public distribution, they allow the developed countries to implement their schemes of direct transfers to the beneficiaries of food aid<sup>[12]</sup>. Public procurement, which is an important policy instrument to encourage domestic food production in many developing countries including India and Indonesia, is therefore seen to be violation of the “disciplines” introduced by the AoA.

The Doha Development Round acknowledged many of these concerns and was meant to address the inherent inequalities in the AoA rules. An important element of the Doha Round is the recognition of that fact that food security - as an important non-trade concern in the AoA's preamble - rules need to be reformed. However the Doha Round has remained in an impasse because of the stonewalling of any meaningful resolution on agriculture related issues by the developed countries, mainly United States and the European Union. This was seen once again in the Bali Ministerial Conference held last year December, where developed countries blocked any meaningful resolution to the G-33 proposal on securing a deal on public stockholding for food security purposes.

India and Indonesia as two of the most influential members the G-33 group need to prepare themselves for safeguarding their policy space in order to provide food security to the underprivileged sections of their society<sup>[13]</sup>. The two countries must make a strong case in favor of the view that sovereign states must have the freedom to provide food security to their populations and, more importantly, to decide the best means through which the food aid must be provided.

[12] For a detailed discussion on the food security rules in AoA and the debate on food security rules leading upto the Bali Ministerial Conference, see Domestic Security and Multilateral Trade Rules: A Critical Evaluation of the Available Options by Biswajit Dhar and Roshan Kishore Paper presented at UNESCAP-ARTNeT 10th Asia-Pacific Trade Economists' Conference

[13] Dhar, Biswajit (forthcoming), “The future of the World Trade Organization” in “WTO for the 21st Century: The Asian Perspective.” Edited by Baldwin, R., M. Kawai and G. Wignaraja. Cheltenham (UK): Edward Elgar discusses the initiatives of G-33 and other groups in the WTO to push for these reforms.

# Indonesia: Delivering Democracy

BY DEWI FORTUNA ANWAR

## Introduction

Indonesia has been hailed as one of the greatest success stories in recent decades for its relatively smooth transition from authoritarianism to democracy within a fairly short time. This achievement has become even more marked as the world witnesses the dashed hopes in the wake of the Arab Spring, for instead of democracy and political stability many countries in the Middle East and North Africa have been wracked by violent conflicts and a return to non-democratic rules. Southeast Asia too has seen a regression of democracy despite the promises of a few years ago that more ASEAN countries will live under democratic governance. Bucking this disheartening trend Indonesia has justifiably prided itself in being a country where Democracy, Islam and Modernity can walk hand-in-hand.

It should be emphasized at the outset, however, that Indonesia's journey to reach its current stage of political development has not been easy. It is perhaps not surprising that one of the main obstacles to progress is the difficulty in reaching a national consensus about what is best for the country and how to achieve it.

There are always problems in forging a common vision and mission after a revolutionary struggle, whether the struggle is against colonialism or an authoritarian regime. Once the common enemy is gone, differences among former comrades-at-arms would naturally emerge, reflecting their different social, political and economic backgrounds and interests.

Indonesia's history after declaring independence in 1945 was characterized by prolonged political instability and conflicts. In the first two decades after independence Indonesia experienced regional rebellions, divisions about the ideological foundation of the state, disagreements about national priorities etc. Indonesia briefly experimented with liberal democracy but concerns about political instability and national unity led to a long period of authoritarian rule, first under President Sukarno's Guided Democracy (1959-1965) and later under President Suharto's New Order (1966-1998).

During the long period of the New Order government, however, there were important consensus reached concerning the fundamental principles of the Indonesian nation-state. Although first introduced by Sukarno in 1945, it was only in 1985 that Pancasila was finally recognized as the sole ideology of the state. The other fundamental principles agreed upon were the UUD 1945 (the 1945 Constitution), NKRI (the Unitary Republic of Indonesia), and Bhinneka Tunggal Ika (the national motto of Unity in Diversity). Consensus on these fundamental principles of what constitute Indonesia is critical to the country's later success when faced with the challenges of democratic transition.

## The Fall of Suharto

The Fall of Suharto in May 1998 was precipitated by the Asian financial crisis that led to the collapse of the Indonesian economy, massive unemployment and severe economic hardship, triggering mass demonstrations by university students. Military crackdown on the demonstrations which killed a

number of students led to violent riots in Jakarta and several big cities across Indonesia, with Chinese-owned businesses becoming targets of attacks. To prevent further conflict President Suharto stepped down from the presidency, opening the way for Vice President Bacharudin Jusuf Habibie to become president during one of the most difficult periods in Indonesian history.

The legitimacy of Suharto's New Order government, which ruled Indonesia with an iron hand for 32 years (1966-1998), largely depended on its ability to achieve high economic growth. Political dissent was controlled through both repression and cooptation. "Asian values" development model emphasized social-economic rights over civil-political rights, and for three decades people largely accepted these trade-offs.

Once the economy collapsed due to the financial crisis, however, the pillar holding up the New Order also fell, leading to the collapse of the regime as a whole. This situation brought home the point that the seemingly mighty New Order regime was based, in fact, on a shaky power structure.

It should be noted that criticism against the New Order regime had emerged long before the actual fall of Suharto. Despite all of the restrictions, there were still some spaces for debates during the New Order period. Civil society organizations, think tanks and the media all played an active role in articulating discourses about the needs for change since the early 1990s, but the wider public was not yet too receptive to the idea of a fundamental change as the government was relatively successful in distributing the fruits of economic development. The collapse of the Indonesian economy due to the Asian financial crisis, however, changed this situation as overnight businesses shut down causing massive unemployment, and millions of people suddenly descended into poverty again, including a large number of the new middle class.

## Debates About the Reform Agenda

Before 1998 there were already a number of general agreements being articulated about the priorities for reform. These included the need to limit the presidential terms, ending the dual-function of the military, ending over-centralization, ending the domination of the Executive body and ending KKN (Collusion, Corruption, Nepotism).

Nevertheless, there was no clearly defined grand vision of the ideal state beyond normative statements about democracy, justice, protection of human rights, a respected place in within the global community etc. The reform agenda was more of a list of what people did not like about the New Order government which had been overly dominated by the Executive, controlled by the military-bureaucracy-Golkar, which centralized everything from Jakarta, was prone to KKN and committed human rights abuses in the name of state security.

There was, however, a consensus on a number of important issues. These included: (1) Given that in the past a change of government had been surrounded by violence with large numbers of casualties, the regime change after the fall of Suharto must avoid violence at all cost. (2) Learning from the political failures of the past which experimented with different forms of governments that all collapsed after a period of time when faced with difficult challenges, it was agreed that Indonesia must adopt a political system that will have sufficient resilience and adaptability against shocks. (3) It was also generally agreed that the new Indonesia must move away from a "security approach" to a "prosperity approach", with democracy, rule of law and human rights as the key principles.

While there were general agreements about what needed to be changed, there were, however, some disagreements about what should be prioritized, how changes should be carried out, who should be responsible for changes as well as about the pace of reform.

For Indonesia after the fall of Suharto a comprehensive and systemic political reform had to take place in a context of multi-dimensional crisis and within the shortest possible time. Economic stabilization, establishing law and order and creating a legitimate government were linked to each other and mutually reinforcing.

Restoring the legitimacy of state institutions were the most immediate priority as the State seemed to have lost its right and ability to govern.

Most of the early debates centered on the question of the legitimacy of the post-Suharto government. While Vice President B.J Habibie assumed the presidency after Suharto's resignation in accordance with the 1945 Constitution the former had very weak political legitimacy. There were clear divisions of views concerning Habibie's right to take over the presidency. A small group supported Habibie's constitutional right to govern and complete the rest of Suharto's presidential term in office. A larger group grudgingly supported Habibie on the condition that he made it clear it was a transitional government and that he would not seek re-election. Some of the more radical student groups wanted Habibie to step down immediately to be replaced by some sort of a "people's committee".

### Indonesia's Reform Path

Despite large daily demonstrations by students against the new Habibie government a general consensus was finally reached that Indonesia would follow a **Constitutionalist** path towards democratic reform. A revolutionary approach was rejected for fear of creating precedence, as well as a strong belief that a democratic transition must also follow democratic processes, which must be planned and involve wide-ranging dialogues.

Rather than through a revolutionary change Indonesia chose an Accelerated Evolution to transform its political system from authoritarianism to democracy. Each step taken was based on the existing constitution but done in an accelerated way, with the thrust towards achieving reform.

**Reformasi** became the battle cry for restoring the original aspirations of the founding fathers for a just society; for removing the laws and practices of the New Order which sustained authoritarianism; and for introducing new universal values of democracy, human rights and good governance that had begun to percolate since the end of the Cold War.

The solutions adopted by Indonesia in undertaking its reform included first, allowing the Habibie government to remain in power with strict oversight from various stakeholders. Secondly, the government together with the opposition leaders, academics, CSOs, religious leaders, student leaders would set up teams to identify areas of reforms. Third, an extraordinary session of the Peoples' Consultative Assembly was convened in November 1998 with three major agenda, namely to set a new date and bring forward the general elections to June 1999, thereby cutting short President Habibie's term in office by over three years; to set the presidential term limits to a maximum two five year terms; and to reduce the seats allocated for the military in the forthcoming Parliament.

Within its 17 months in office the Habibie government, faced with intense domestic and international pressures, succeeded in introducing well over 200 new laws and regulations, which put Indonesia well on its path towards democratic transition and decentralization.

President Habibie quickly introduced a clear departure from the past by among others releasing all of the political prisoners, revoking government control of the media, allowing the freedom of expression and associations, as well as lifting the restrictions that the New Order regime had imposed on political parties.

The Habibie presidency achieved two major milestones. The first milestone was the introduction of the so-called "big bang" decentralization which gave wide-ranging autonomy to the districts and municipalities, which fundamentally changed the relations between the central government and the regions. The second was the decision to allow a referendum in East Timor, which allowed the former Portuguese colony, that had been annexed by Indonesia, to become independent.

While many of the earlier excesses of the authoritarian regimes had been caused by the brief and some vagueness of the 1945 Constitution, any suggestions to replace it with a completely new constitution were overwhelmingly rejected. There were general fears that if a new constitution were to be drafted the earlier debates concerning fundamental questions about the ideology and form of the state

that had divided the country in the 1950s (particularly regarding the position of Islam in the state) would re-emerge. Therefore, there was a consensus that constitutional changes would be undertaken through amendments by stages, based on specific needs. Only the body of the Constitution can be changed, while the Preamble which contains the fundamental principles of the State must not be touched.

While the Habibie government introduced many important laws and revoked several old laws and regulations, it did not attempt to carry out the first constitutional amendment. Not only did the transitional government lacked the time to do so, there was the perception that it lacked the political legitimacy to carry out such an important task. Furthermore, the transitional parliament was not yet truly representative as it was still dominated by Golkar and the military.

The priorities of the transitional government were mainly to create an enabling environment which would make it possible for new political actors to contest the forthcoming general elections and set the stage for more wide-ranging reforms to take place in a later period.

Until today Indonesia's transitional process is still on going. The process had gone through several stages of difficult negotiations, with many false steps and miss-turns. To date there have been four constitutional amendments which were all carried out during the period of the first democratically elected parliament of 1999-2004. The Constitutional amendments were carried out by the Peoples' Consultative Assembly (MPR), which then still comprised members of the House of Representative, Regional representatives and appointed functional groups, including the military. The constitutional amendments included stipulations that all members of parliament and regional representatives must be elected, thereby scrapping the military's allocated seats, as well as the direct election of the president and vice president.

Given the haste in which many of the laws were passed, and the difficulties in reaching agreements so that the quality of many legislations was problematic, it is not surprising that several laws introduced during the early transition period already went through several revisions, such as the Regional Autonomy Law and the Electoral Law.

### Roles of Civil Society

The roles of Civil Society were and continue to be critical in Indonesia's democratic transition. Public Intellectuals, particularly academics from universities and research institutes as well as analysts from think tanks help to articulate issues, frame debates and act as consultants to state actors. Civil Society Organizations (CSOs), whose number is legion and continues to grow, act as pressure groups and ensure that certain laws are revoked or passed as well as acting as watch dogs to the government as a whole.

One of the most important development in the newly democratic Indonesia is its vibrant free press. The media keep reform issues alive while popular TV talk shows featuring intellectuals and CSO actors play a very important role in shaping the reform agenda and in providing political education to the wider public.

Recently surveys and polls also began to emerge as increasingly popular and important tools for gauging public perceptions, which in turn help to shape public policies.

Despite their undoubted vibrancy CSOs in Indonesia still face various challenges, top among them being lack of resources and capacity. As Indonesia moves from democratic transition to consolidation there is a need to support the development of strong and autonomous CSOs as full partners of the government. At the same time one must ensure that assistance provided to the CSOs by the government or international donors should not result in a loss of autonomy to the CSOs.

### Role of International Donors

Countries undergoing reform, particularly the transition from authoritarian rule to democracy usually needs external support. Yet political reform is a sensitive matter and perceived interventions from outside would be counterproductive to the reform process. The challenge is how to mobilize



international support while ensuring that the ownership of the reform process continues to be held by the national stakeholders.

Given the country's size and strategic importance Indonesia's democratic transition has attracted strong international interests. Many donor countries and international organizations offered assistance in managing the political transition. Nevertheless, Indonesians are highly nationalistic and are always wary of political interventions from external forces. Thus, while highlighting Indonesia's democratic transition as part of the changing international mainstream, sustained efforts were made to develop local or national narratives for why Indonesia needed to carry out democratic reforms.

During the early transition period both the government and non-government stakeholders accepted international assistance, but at the same time the former never allowed the latter to become too visible, as democracy must not only be locally owned but also perceived to be locally driven. It is important to note that the Habibie government asked the United Nations Development Program (UNDP) to coordinate the international assistance for Indonesia's first democratic general elections after the fall of Suharto, despite the fact that the UNDP did not then have any experience in this area. The appointment of the UNDP was to prevent competition between the donor countries, or too close an association with a particular donor country, as Indonesia transformed its political system from authoritarianism to democracy. The UNDP was regarded as a neutral multilateral agency in which Indonesia was also a stakeholder.

### Conclusion

From Indonesia's experience in carrying out political transition to democracy there are some concluding points that can be made. First, harnessing the revolutionary zeal for change towards a more systematic reform process is not easy. Disagreements emerge over the agenda, pace, agency and strategy of reform. Indeed, transition to democracy is a long drawn-out process and at times messy. It needs patience, focus and an understanding that achieving democracy must be through democratic processes—there is no short cut to these.

Participation, inclusiveness and transparency are some of the keys to achieving political legitimacy.

An unpopular transitional government, as was the case of the Habibie government, could actually achieve a great deal due to external pressures as well as the desire to prove its reformist credential to both supporters and critics. The presence of an unrelenting external pressure, both from domestic and international forces, is critical to ensuring progress.

Yet, for more fundamental changes a much longer time is clearly needed—from Indonesia's experience rushing through laws had resulted in poor quality and problems at implementation, as there were many contradictory laws and ambiguous articles that caused confusion.

Time is needed to develop consensus on long-term national objectives. Despite agreements on the ultimate national goals, politics and vested interests often make whole-sale changes impossible to achieve, so that important changes can be only be made incrementally. As far as Indonesia is concerned consolidating and institutionalizing its democracy is still very much a work in progress.

India and Indonesia have long historical and cultural ties and immediately after independence both countries played a leading role in giving a voice to the newly emerging countries of Asia and Africa. Yet while continuing to nurture friendly sentiments towards each other for over three decades the two countries had charted different political and economic paths. A democratic India with a closed economy and a military-dominated Indonesia with a fast growing market-economy had paid scant attention to each other's development. Today the situation is very different. After opening its market India has become both a vibrant democracy and a new economic powerhouse. For its part Indonesia has transformed to become a full-fledged democracy while also enjoying its economic recovery. As the largest and third largest democracy in the world respectively, as well as members of the exclusive economic group the G 20, India and Indonesia can contribute much to the development of democratic governance in the developing world, particularly if these two countries join forces.

The political and economic achievements of India and Indonesia have put to rest the argument that was very popular in Asia until recently that in order to achieve rapid economic development a developing country must be led by an iron hand, and that democracy is a luxury that would impede efficient decision-making and progress in a fragile state. India and Indonesia, both very large and diverse nations, have demonstrated that rather than a luxury democratic governance is, in fact, a necessity for maintaining national unity and stability through a truly inclusive and participative political process. Equally important, a messy democracy has not held these countries' back economically as long as they are able to pursue sound economic policy and management. By being what they are today both India and Indonesia can serve both as inspirations and role models for other developing countries. More than that, both India and Indonesia are in a position to assist countries undergoing political transition from authoritarianism to democracy by providing advice, lessons learned and best practices which would be closer to the experience of these countries in transition compared to those of the more well-established western democracies.

# SUSTAINING DEMOCRACY

BY VIVIEK SENGUPTA

On May 16, 2014, at the end of what was perhaps the largest such exercise ever in the world, the results were declared to the 16th parliamentary elections in India. The results were stunning. The Congress-led United Progressive Alliance (UPA) was thrown out of power after 10 years. The Bharatiya Janata Party (BJP) led National Democratic Alliance (NDA) swept the polls. It won 336 out of the 543 seats in the directly elected lower house. For the first time since the 8<sup>th</sup> general elections in 1984, a party had won enough seats to form a government on its own and without the support of one or more other parties. The BJP had pulled off this feat.

On May 27, Mr. Narendra Modi was sworn in as the 15<sup>th</sup> Prime Minister of India. The previous incumbent, Dr. Manmohan Singh, made way for him in quiet dignity. It was a peaceful transition of power made possible by the vote of an over 814 million strong electorate. But so deeply is democracy and popular elections entrenched in India that the country itself and the world at large thought nothing of it.

Yet, if there is one thing that India has achieved in the 67 years since it threw away the colonial yoke, it is to remain a vibrant democracy, the largest in the world. Multi-party democracy with universal adult suffrage and regular elections at the federal Center and in the states, have been the norm over these decades. To be sure, there was a 21-month interregnum in 1975-77 when democracy was put on hold in India. In June 1975, at the end of long months of a countrywide ferment, on the advice of the then Prime Minister, Mrs. Indira Gandhi, the President invoked Article 356 of the Constitution of India and declared internal Emergency in the country. Fundamental rights were suspended, the press was brought to heel through censorship, and extraordinary laws promulgated, all the in the name of “putting democracy back on the rails” and, of course, all sanctioned by Article 356.

To her credit, in January 1977, Mrs. Gandhi called elections. The people of India spoke out against Emergency rule by handing out a resounding defeat to her party at the polls. Mrs. Gandhi gracefully handed over power to the victors – only to return to power after winning the next general election in 1980!

Democracy may be taken for granted in India today, but this was not the case in 1947 when the British left. For one, the country was partitioned and a new nation, Pakistan, was carved out of it amid bloody riots that took a toll of hundreds of thousands of lives and an unprecedented transfer of population involving millions of people. For another, aside from British India, there were more than 565 princely states, over which the British had indirect control. These states were free to opt for union with either of the two successor nations of British India – or go their own way. In the event, the bulk of these princely states were persuaded to go with India, the larger -and geographically contiguous - new nation. But there was great uncertainty initially and the process of administrative integration not altogether smooth. To this day, the accession of Kashmir to India is challenged by Pakistan and it remains a politically ultra-sensitive state within the Indian Union.

Then, there was the enormous diversity of the new country: 6 key religions, 16 major languages and hundreds of dialects, spoken by about 340 million people. To top it all, the bulk of this population was illiterate, living mostly in villages, and mired in grinding poverty, with a life expectancy of 32 years. It was not difficult, at the time, to argue forcefully that India was not fit for democracy. There were many who said that national unity and nation-building were paramount and democracy would definitely come in the way of achieving either.

And yet, ignoring the prognostications of naysayers and doubting Thomases, the founding fathers of the Indian republic elected to constitute India as a sovereign democratic republic where governments

would be elected on the principle of one man, one vote. Foremost of these great men was Jawaharlal Nehru, the first Prime Minister of free India and political heir to Mahatma Gandhi. Of Nehru it has been said that he had “a granite core of intellectual and moral commitment to democratic values”. He has been quoted as saying, “I would not give up the democratic system for anything.” Writes historian Sunil Khilnani, “Nehru’s idea of India sought to coordinate within the form of a modern state a variety of values: democracy, religious tolerance, economic development and cultural pluralism”.

And so in 1951-52, Free India went to polls for the first time with every citizen 21 and above free to vote. Said Sukumar Sen who, as the first head of the Election Commission of India, had designed and conducted the gigantic first general elections (173 million voters for 500 seats of Parliament and 4,000 seats of provincial assemblies) in the vast and variegated nascent nation: “It is the biggest experiment in democracy in human history.”

India’s experiment with electoral democracy continues to this day – with commendable success. As many as 16 parliamentary elections and well over 340 state Assembly elections have been held so far. The size of the electorate has ballooned to 814.5 million since the first election. What is remarkable is that the Election Commission of India has stayed well above controversy in these decades. Charges of malpractice, mainly in the form of booth capturing, not entirely uncommon in the early decades, have all but disappeared in recent years. The peaceful conduct of free and fair elections and the smooth transition of power, when verdicts have so decreed, are achievements that India can justifiably be proud of. The poor and the unlettered, far less in proportion today than in the 1950s but still substantially high, have tremendous faith in the power of the ballot. Exercising this power with tremendous sagacity, they have time and again punished political parties and politicians if they have doubted their performance or promise. It is not uncommon today to hear the man on the street declare with casual abandon about a political party newly elected to power: “If they don’t perform, we’ll throw them out in the next election.”

Thus, it did not sound like an exaggeration when, in 2012, VS Sampath, the then Chief Election Commissioner, recalled his illustrious predecessor’s words of 1952 and declared, “I can say with no doubt in my mind that the experiment has succeeded, the gamble has paid off, and India stands in the forefront of democracy with the other great nations of the world.”

The most remarkable thing about India’s long experiment with democracy is that instead of causing balkanization or chaos within a united nation, as feared by some, it has strengthened the unity and integrity of the country by helped contain fissiparous tendencies and centrifugal forces. To be sure, there exists even today a violent extremist movement in the geographical heart of India that every so often appears to have the upper hand vis-a-vis the forces of law and order. But over the decades, many other movements, both militant and otherwise, challenging the unity of India, have been subdued and rendered ineffective by a combination of state power and popular opinion. Democratic elections have brought to the fore forces that have addressed the grievances of the disaffected within the framework of the Indian Constitution. Punjab, Tamil Nadu, Bengal, Mizoram and Assam are examples of provinces where civil order had once seemed to have irretrievably broken down. But such disorder was a transient phase in each state and normalcy was restored after popular elections.

Democratic elections have also addressed with varying degrees of success social inequalities based on caste and religion. In this matter, the father of the Indian Constitution, by virtue of being the Chairman of its Drafting Committee, Dr BR Ambedkar, a scholar extraordinary and a representative of the socially ostracized “depressed classes”, himself appears to have been pleasantly proved wrong. Speaking in the Constituent Assembly debate in 1949, he had said:

“On the 26th of January, we are going to enter a life of contradictions. In politics we will have equality and in social and economic life we will have inequality. In politics we will be recognizing the principle of one man one vote and one vote one value. In our social and economic life, we shall, by reason of our social and economic structure, continue to deny the principle of one man one value. How long shall we continue to live this life of contradictions? How long shall we continue to deny equality in our social and economic

life? If we continue to deny it for long, we do so only by putting our political democracy in peril.”

Dr. Ambedkar could not have dreamt at the time that well before the century drew to a close, in Uttar Pradesh, India's most populous and so politically most important province, a member of the once “untouchable” depressed classes, and a woman to boot, would be elected Chief Minister. She is today a politician of national stature. Miss Mayawati was not alone. In neighbouring, Bihar, another politically critical province, a member of the backward Yadav community (socially, one rung higher than Miss Mayawati's community), Laloo Prasad came to power on the strength of his “social engineering”, a political strategy that gave voice to the numerically strong but socially weak “backward” and minority communities. In politics, numbers talk.

Likewise, across the length and breadth of the country, political parties have paid special attention to the religious minorities in order to win their popular support. Right wing politicians love to make allegations of “minority appeasement” and “vote-bank politics.” But it has to be acknowledged that it is because their votes count the India's minorities have had their concerns addressed, in varying degrees, by politicians across the political spectrum.

Most of all, to India's impoverished millions, democracy has been a boon— not a bane, as some would argue. Lee Kuan Yew, the man who built modern Singapore, was one such sceptic. Lee had long believed that India has missed the bus – principally because of its political system. Dismissing Indian democracy as “noisy chaos”, the best thing he could say about India is that it has great potential.

The Chinese model is closer to Lee's vision, but as analysts like the Nobel winning economist Amartya Sen have pointed out, unlike China, where millions have died in famines, India has not experienced a single famine since it became free in 1947. The reason, Professor Sen believes, lies in India's vibrant democracy: “A free press and an active political opposition constitute the best ‘early warning system’ that a country threatened by famine can possess.”

The noise, the chaos and a press apparently hostile to the government of the day are actually the “pressure cooker safety valves” of a democracy at work. Indeed, the poor and the marginalized receive the special attention of both the government and the opposition in India. Inclusive growth and working for the common man are the mantras of all political parties. The means to this end are what they differ on.

Yet another remarkable feature of India's democracy at work is the role played by the youth. Since 1989, when the voting age was reduced to 18, the youth, especially first time voters, have played a pivotal role in deciding the fate of the parties in fray. The numbers are astounding. India is perhaps the most “youthful” country in the world: Nearly two-thirds of its population of 1.25 billion is 35 or less and a half of the population is under 25. In the last parliamentary elections, as many as 150 million were eligible to vote for the first time. Clearly, these “first-timers” made or marred the fortunes of many a candidate – as they have been doing in every election. What is it that these young men and women want? What are the issues that are closest to their hearts? What are the electoral promises that will capture their imagination? These are the questions that managers of every political party grapple with during the run-up to every election.

But all is not well with India's system of democratic elections and there is considerable scope for improvement of matters. Considerations of caste and community (religious, social and linguistic) often count more than anything else. Sections of the “free press” turn partisan at election time by selling editorial space to parties and candidates. And funding of elections is largely dependent on unaccounted for money in a country where corruption is still widespread.

And yet, on balance, India's democratic system is the best for a country as large, multitudinous and diverse as it is. No other system could keep it together and ticking and be equal to the numerous challenges that it faces.

Can the Indian experience be of use to another society such as itself? Historian Ramachandra Guha has noted how Sukumar Sen's pioneering work in managing elections was viewed by the Indian press of his time as setting an example for the rest of Asia. Shankar's Weekly, a leading English publication of that

era, had said when Sen was set to successfully conduct India's second general election in 1957: “.. Largely due to Sukumar Sen it can be said that apart from Panch Shila the most impressive gift we have given to Asia in the first decade of our freedom is the system of elections that has been perfected in this country. His success was recognized internationally when he was asked to organize the first Sudan elections. As the voters get ready to clutch at the voting papers for the second Indian general elections, every political party has reason to remember Sukumar Sen with gratitude for doing a very difficult job very well indeed.”

That was the era when India's focus was on the emerging nations in its extended neighbourhood and Asian relations were at the heart of its external affairs. The specific reference to Asia in the editorial, therefore, would not have seemed out of place to the readers of the popular weekly.

That apart, the Indian Election Commission and its serving and retired functionaries have been, from the time of the first Sudan elections, resources for countries around the world seeking to conduct free and fair elections.

As democracy strikes deep roots in Indonesia, there is much that can be shared for mutual learning by the two great nations of Asia, partners since 1947 when Nehru dispatched the intrepid Biju Patnaik to defy a Dutch embargo and personally fly out Prime Minister Sutan Sjahrir and bring him to New Delhi to address the Asian Relations Conference.

Cultural affinities apart, India and Indonesia are similar in many respects. “Unity in diversity” is the motto of Indonesia which, like India, is a pluralistic society where a whole host of ethnic groups, languages and religions co-exist. Little wonder then that democracy finds favour with the people of Indonesia, too. The path of democracy and its consolidation have differed in Indonesia and India. Indonesia's large population, growing middle class, impressive economic growth and return to democracy since 1998 give it a very important and credible voice in the region and the world at large.

India has watched the elections of 2014 in Indonesia with great interest. The peaceful nature of the elections, the hard campaign and the emergence of a new leader, President Jokowi, on the basis of an outpouring of hope among the people, particularly the young people, speak for themselves. In India, also in 2014, as has been mentioned in the beginning of this essay, the government of Prime Minister Modi came to power in much the same way. Thus has democracy consolidated itself in both the nations. It stands to reason, therefore, that the two large democracies must work more closely together to share ideas and take the process of equal opportunity and development everywhere.

While democracy in each country differs and is localized, the election machineries in both have similar values and principles and work for the same ends. There is, therefore, much that can be shared. For instance, the code of conduct for political parties and control on election expenditures in India have been innovations which have now been accepted by all stakeholders. In Indonesia these are perhaps still in the development phase, but could be an important area for experience sharing.

Similarly, the transition of Indian elections to Electronic Voting Machines (EVM) has been a huge gain for quick counting and declaration of results. Thus, while in India the election process is spread over several weeks, the results come out within hours of the start of counting simultaneously for all constituencies. In Indonesia, on the other hand, elections are held on the same day all over the country, but the results take a much longer time to become known. The process of using EVMs could possibly be introduced in Indonesia and how this idea can be taken forward should remain an important agenda item before the next elections are held.

The role of civil society in supporting electoral conduct, voter turnout and being a watchdog on the democratic process has become important in both India and Indonesia. This is also an area where both countries could profit from a cross-fertilisation of ideas.

Only good can come to both nations if there is regular exchange of ideas and closer cooperation between stakeholders in the conduct of elections and the running of democracy on both sides – lawmakers, bureaucrats, NGOs and the media, among others.

BY THEO L. SAMBUAGA

# PROSPECTS & POTENTIAL

Indonesia and India have a lot in common - culture, society and history. The Indian Epics "Ramayana" and "Mahabharata" have long been part of Indonesian culture and are still popular today. Yawadvipa, or Java, is well known in the "Ramayana." The name 'Indonesia' itself comes from Indus (Latin for India) and Nesos (Greek for island). Sanskrit, referred to as old Javanese, comes from India, too. Old Kingdoms of Indonesia like Yupa Kutai, Srivijaya, Tarumanagara have influence in India as can be seen in some inscriptions found in India.

In terms of population, India's 1.26 billion is far greater than Indonesia's 245 million. While Indians live in a sub-continent, Indonesians are spread out over several thousand small and big islands that make up the largest archipelago in the world. Plurality in culture including religion and ethnic group is inherent to both nations. The people of both nations are driven to strive for a better life and many often seek to move overseas for employment and other opportunities. The close connection between both countries has seen a significant Indian diaspora in Indonesia, considered as one of the largest among non-native communities. Nowadays there are approximately 100,000 Indian-Indonesians settled in Jakarta, Medan, Surabaya, Bandung, Makassar and Manado. Among their fields of business and employment are textiles, sport equipment, pharmaceutical technology and manufacturing. While about 10,000 Indian professionals and skilled labors work in Indonesia. Indians are well integrated in Indonesian society. No barrier stand between them who come from various level and background.

Both countries were also colonized by European settlers -- Indonesia by

the Dutch and India by the British. Indonesia proclaimed its independence in 1945 and subsequently fought the War of Independence until 1949, during which time India - which was free of colonial rule in 1947 - supported the newly formed Indonesian republic. As freedom fighters and leaders of newly independent nations Soekarno and Jawaharlal Nehru well-known for their support and struggle for the independence of Afro-Asian countries in the 50's, fostered their bond and together with Ghana's Nkrumah, Egypt's Nasser and Yugoslavia initiated the birth of the Non-Aligned Movement at the height of the Cold War. However, the India-Indonesia relationship suffered a blow due to global political influence. Indonesia was seen as pro-China during the Sino-Soviet race and Soekarno's radical campaign against the West during the Cold War pushed India to develop closer relations with the former USSR. Furthermore, Indonesia's support for Pakistan during the 1965 India-Pakistan War worsened relations.

In the following decades the Suharto government, which came about after Soekarno was ousted following a complicated domestic politics after a coup-d'etat, which governed Indonesia for three decades and the Indira Gandhi government, which came into power after Nehru's death in 1964, failed to develop relations and they remained stagnant for several years. India was wary of China during the Cold War and considered the West the enemy. Indonesia, on the other hand, was focused on domestic economic development and focused on fostering relations with the West, particularly the United States.

The end of the Cold War in 1991 had a ripple effect around the world. The Soviet Union collapsed, the European Economic Community (as the European Union was known at the time) was restructured and expanded to include former Warsaw Pact states and China began economic reforms that leaned toward capitalism. China, for its part, developed closer ties to the United States and built its military force. India launched its own economic reforms and developed a new policy focused on a renewed interest in Southeast Asia, termed the "Look East Policy," in 1991. Indonesia, which was focused on economic development didn't see much opportunity in this new Indian development and relations between the two nations continued to stagnate. While India continued establishing ties and focused on economic reform, Indonesia, which long enjoyed stable economic growth suffered significantly during the Asian financial crisis and the political upheaval that followed which ultimately led to the end of the Soeharto regime.

The new millennium saw a change in the relationship between the two countries. President Abdurachman Wahid and later his replacement President Megawati Soekarnoputri visited the biggest democracy India in 2000 and 2002 when India's economy was booming. Their visit marked a push for the enhancement of the India-Indonesia relationship. With this visit, Indonesia which always appreciate India's Democracy, got a significant support for its political reform.

The visit of President Abdurachman Wahid, well known as great liberal Islamic scholar and coming from the multi-cultural nation with largest Muslim population, gave more impetus to Indian successful effort in maintaining the cohesiveness of its own multi-cultural society with second biggest Muslim population. While Megawati's visit reminded both Indian and Indonesian about the excellent relations between their great nationalist leaders Nehru and Soekarno and those of the two countries in the early decades. The post-reformation Indonesian leaders' visits and the return visits by Indian Prime Minister Manmohan Singh (who attended the India-ASEAN Summit in Jakarta in 2003 and the 50th Afro-Asian Conference Anniversary in Bandung in 2005) have undoubtedly fostered cooperation.

Indonesia and India have generally been supportive of each other since the 1940s, with a few exceptions that were mostly due to the global political climate. The two countries have cooperated in the Non-Aligned movement, South-South Dialog, United Nations, ASEAN, and ARF, and have contributed to effort to maintain stability and security both regionally and globally. India and Indonesia have also worked closely in international organizations or fora focusing on political and economic issues like APEC, WTO, EAS and G20. It could be argued that with such ties, relations could be significantly closer than they currently are.

Actually, the governments of President Susilo Bambang Yudhoyono and Prime Minister Manmohan Singh worked toward rekindling an age-old friendship during their time in office (2003-2014). After 14

years of India's Look East Policy and 7 years of Indonesian reform, in 2005, India and Indonesia signed a Declaration on Establishing a Strategic Partnership.

After recovering from the 1997-1998 East Asia Economic crisis, Indonesia has sped up economic development. Economic cooperation between the two nations has developed. Total trade rose from \$4 billion in 2005 to \$17.6 billion in 2011 and economists have targeted a goal of \$25 billion in 2015. Unfortunately it seems that the target is not going to be reached. After the rise in 2011 trade declined in 2013 to \$17 billion and, as of December 2014 rose again to \$18 billion, with Indonesia's surplus of \$7.5 billion. India's imports from Indonesia include coal, copper ore & concentrate, rubber, palm oil, coconut and transportation vessels. India's main exports to Indonesia include ships, boats, mechanical appliances, iron and steel, organic chemicals, and meat.

In the area of investment, Indonesia-India FDI Equity inflows exchanges are still much lower than those of other ASEAN countries particularly Singapore and Malaysia. India's FDI to Indonesia in 2010-2014 was \$231 million mostly in the areas of industry, mining, infrastructure and finance. On the other hand Indonesia's investment in India as of the end of 2014 was \$317 million mainly in the areas of technology, telecommunications, transportation and medical technology and equipment.<sup>[1]</sup>

Amid all these positive factors why does the economic cooperation slowly grow? India, for the last two decades and Indonesia, for the last ten years, has enjoyed medium to high economic growth. It is supported by continuing good political and security conditions. No serious obstacles could have hindered the progress of the relations. Moreover the rich cultural and history they have and share has been an everlasting capital. As history has shown, it is the nation's social capital that has always been the crucial factor in the development of a country's relationship with others.

It's now time for us to make the extra effort to strengthen the basis of all relations -- i.e., socio-cultural ties. Governments should encourage and facilitate this but citizens should be proactive. Cultural exchange programs - particularly among the academic and professional fields will develop relationships. Exchange of visits among youth, teacher, journalist, religious leader, reaching out to the remote area will build more understanding and cement ties.

Joint program like workshop, seminar between the country's scholar, non-government organization, political leaders to discuss topics on nurturing and promoting democracy and human rights, empowering civil society, implementing climate change, protecting food, energy and water security will enhance relation and cooperation among peoples and will bring about the more solid basis for strengthened cooperation and relationship.

To nurture and flourish democracy a joint seminar between India-Indonesia political leaders (including local leaders), parliamentarians from both ruling and opposition parties can be held discussing topics like: strengthening parliamentary system and work; bicameral or unicameral system, its best practices, checks and balances within Parliament; between the Lower and the Upper House or among Parliament, Government, and Civil Society, parliament's overseeing and budget function, the accountability of parliament and parliamentarian.

Further discussion can talk about enhancing parliament's supporting element and function like; sustainable budget and capacity building of parliament office. It also can cover to discuss how to increase human resources development, legal writing skill, TMT (telecommunication, media, technology) work and competency, public communication and relations and communications with constituency, and cooperation with press community.

The two countries political leaders can also enhance cooperation through multilateral conferences and events for instances through ICAPP (International Conference of Asia Political Parties) in which both India and Indonesia belong, being founding members, since 2000. Both countries are also among 23 members of the Standing Committee of the organization. ICAPP was formed in 2000 in MANILA now has about 400 political parties (ruling and opposition) member from 50 Asia countries. Its General Assembly held once in two years and has seen 7 GAs; Manila, Bangkok, Beijing, Seoul, Phnom Penh, Baku, Tehran, and Colombo in September 2014.

India and Indonesia can increase participation and their role in the ICAPP. And in addition to the growing bilateral cooperation they have, India and Indonesia can utilize the organization to further enhance their cooperation. ICAPP hold its Standing Committee Meeting twice a year and its coming 24th SC meeting will be held in New Delhi June 2015 and its 25th SC Meeting in Bandung, Indonesia October 2015. ICAPP discusses regional and international issues like; democracy, human rights, climate change, peace, security, to strengthen cooperation among its members and their contribution to enhance cooperation among Asian countries to maintain peace, stability and to pursue prosperity in Asia.

The implementation of these ideas will be supported by all stake holders particularly local communities and the private sector of both countries. Let's begin this by creating a road map, action plan, and time frame in 2015-2020 for the short term period and 2015-2025 for the mid-term period.

With this cooperation we can develop our respective nations and prosperity of our people. Indeed, as we aim to reach a just and prosperous society domestically we need also to build a just, peaceful and prosperous nation that can be represented overseas. In the same spirit, cooperation between India and Indonesia should help each other progress and prosper. This noble goal can be achieved by hard work and can be developed through solid social capital.

[1] Data source; Indonesia and Indonesia Trade Office.



# India and Indonesia: Democratic DNA

BY PALLAVI AIYAR

**H**aving spent seven years as an Indian foreign correspondent based in China, I had become somewhat weary of the manner in which the two Asian behemoths were constantly squashed into hyphenation. Given their starkly different histories, political systems, intellectual traditions and social challenges, India-China comparisons were often a case of weighing an apple against an orange.

When several years later, I moved to Indonesia in 2012, the falseness of the India-China comparison was sharply highlighted, as it quickly dawned on me that India-Indonesia was in fact a far more germane and interesting hyphenation. And yet, it was one that was rarely made.

My most vivid early impression of Indonesia was simply one of familiarity. This was a stark contrast to my first reactions to China. The intellectual traditions of Confucianism and Taoism, a long history of territorially focused empire, and the modern rupture with the past that communism had wrought, combined to make China a creature of a markedly different temperament to India's.

Wandering the streets of Beijing had felt like exploring an alternative dimension. The language was wholly alien in sight and sound. The scale of the imperial palaces and their communist equivalents felt outlandish. The highways seemed impossibly smooth. The winter cold was frighteningly desolate. The sugarless, milk-free "tea," that everyone drank was not a beverage of any familiarity. And despite the fact that the days when everyone dressed in identical Mao suits were long over, there was an underlying uniformity to the physical and intellectual lives of Chinese cities that was disconcerting to an Indian.

The heated political debates that were par for the course in Indian trains were absent. The pageantry of street demonstrations and strikes was missing. Calls to prayer and the ringing of temple bells were rarely part of the aural backdrop. And absolute poverty of the kind where children with distended bellies and flies in their eyes play on open gutters was hearteningly uncommon.

As I concluded in my China memoir, *Smoke and Mirrors*, China and India were like mirror images, their strengths and weaknesses in symmetrical opposition. Excited journalists, and eager businessmen loved to spout Chindia-scented rhetoric replete with catchphrases that stated the obvious, but whose import was less so. China had the hardware, India the

software; India needed China's roads, China could do with India's political inclusiveness. But given how fundamentally different India and China were, these kinds of "lessons learnt" were meaningless.

Indonesia, on the other hand, was neck-to-neck with India on virtually every social indicator and governance parameter from infrastructure, to sanitation. But despite, or perhaps because of, their similarities, New Delhi and Jakarta rarely bothered to cast an assessing eye across the Andaman Sea to take the measure of each other.

In Jakarta, the timbre of the quotidian was distinctly Indian. Regular demonstrations by everyone from workers clamouring for higher minimum wage, to religious hardliners demanding the cancellation of Lady Gaga concerts, caused massive gridlock on the roads; little retail shops selling every imaginable good from talcum powder to chocolate, sheltered in the shade of extravagant malls; the colonial-style mansions and tree-lined boulevards in the central neighborhood of Menteng had parallels to Lutyen's Delhi; the call of muezzins punctuated the day; the warmth of petrichor hung over gardens; and women in burkhas shopped in stores assisted by mini-skirted sales staff. Away from the highways, not only did brightly painted three-wheeler scooters, reminiscent of India's, ply the streets, they were in fact made-in-India by Bajaj (the term "Bajaj" is a synonym for the three-wheeler in Jakarta).

And everywhere, embedded in the language, on street signs, political commentary and bus advertisements, were references to the Hindu epics of the Ramayana and Mahabharata. My local mechanic was called Rama Repairs, and my neighborhood shopping mall, Dharmawangsa Square. Buses were painted with large advertisements for an energy drink called Kuku Bima, which promised the imbiber Bhima-like endurance.

Extensive trade routes between south and southeast Asia had resulted in much of Indonesia, in particular the populous western islands of Java and Sumatra being heavily influenced by Indian-origin, Hindu-Buddhist culture. By the seventh century CE, Hindu-Buddhist kingdoms had ruled over most of Indonesia's western islands.

As I was rapidly realizing, India and Indonesia did not merely share similar sounding names. Our cultures and histories were deeply intertwined. And our civilizations had proved capacious and open to similar, amalgamative influences. Hindu, Buddhist, Animist, Islamic and Christian thought and practices had mingled in complex historical patterns, with pilgrims, traders, warriors and colonizers from Arabia, Persia, China, and Europe leaving their imprints on both countries. India and Indonesia had for the most part resisted fundamentalism. They had instead domesticated outside influences and developed a multi-religious and tolerant ethos.

"Bhineka Tinggal Ika" (multiple but one) the Sanskrit-tinged phrase that is the Indonesian national motto, is in essence identical to the Indian catch phrase of "unity in diversity," and underscores the accomplishment of the two states in having woven together a unified tapestry out of immense plurality.

But their similarities were not merely dusty anachronisms rooted in a bygone era. Nor were they restricted to their multicultural and diverse societies. As Indonesia had begun to wear its new democratic garb with comfort, it was the contemporary political parallels with India that were startling.

Noisy rallies, demanding trade unionists, and a free and assertive press are part of the public landscape in both nations; a far cry indeed, from the annual meetings of China's National People's Congress that are usually orchestrated into rigor mortis.

As a journalist, it was as difficult for me to get my head around the bewildering complexities of Indonesian politics, as it must be for first time foreign correspondents in India. Over 30 parties had contested the polls in Indonesia's general election in 2009. Eventually, a shambolic, six-party coalition headed by President Susilo Bambang Yudhoyono had come to power, but it was not having much luck in doing anything of significance.

Compared to India, Indonesia's was a relatively new democracy. General Suharto's three decade-long dictatorship had only been dismantled in 1998. Yet, Jakarta felt like it had been separated at birth from New Delhi.

I moved to Jakarta in mid-2012, at a time when both Indian Prime Minister Manmohan Singh and President Yudhoyono were in the final lap of their second terms in power. Initially heralded as potentially transformational statesmen, the leaders were nearing the end of their tenure as lame ducks, their credibility wounded by corruption scandals and their capacity to act hamstrung by their coalition partners.

Singh and Yudhoyono had seen their countries crest a wave of economic growth and foreign investment over the first decade of the millennium. Youthful demographics and an expanding middle class consumer base had caused cheering investment bankers to mark them as the economies to watch. But by 2013, these erstwhile darlings of foreign investors had been transformed into the whipping boys of Asian markets. Their once cantering economies slowed, leaving their governments with unappetizing current account deficits and plunging currencies to digest as their last supper.

General elections in both countries were held in mid-2014. And the main electoral issues were largely the same: deep-seated corruption, infrastructural lacunae, yawning inequalities, unpopular economic reform, and religious intolerance.

I met one evening with a diverse delegation of victims of religious discrimination. Comprising representatives of Christians, Shias, Ahmadis and animists, they had gathered in Jakarta from across the country to plead with the central government to uphold its own laws. Their complaints ranged from administrative inconveniences, to intimidation, violence and even murder at the hand of radical Sunni Muslims.

Muhammad Zaini, a 22-year-old, Shia from Madura, in East Java spoke of 600-odd Shias being forced out of their homes from two villages in the area, when a 200-strong mob of Sunni Muslims attacked their homes in August 2012. Several houses were burnt down and Zaini's paternal uncle was killed. The Shias had subsequently moved to a refugee camp in a sports stadium. Local Sunni authorities had issued edicts against allowing them to return.

Reverend Palti Panjaitan, of the HKBP-Filadelfia protestant church, talked about the seven churches in the Bekasi area that had been forcibly closed or demolished by local authorities since 2005. Christian congregations across the country had been having a difficult time in recent years, securing permits for the construction of churches.

Every time the reverend Palti's congregation had tried to hold Sunday mass in Bekasi it had been disrupted by mobs of local Muslims insisting they disperse. "What can we do," said the reverend throwing open his hands in despair. "Instead we come to Jakarta and hold our mass outside the Presidential palace, hoping that SBY (as President Yudhoyono was popularly known) finally pays us some attention." While I was sympathetic with the church's plight, my China-habituated self also couldn't help but marvel at the freedom with which these disgruntled groups could protest and picket in Jakarta's political center.

The similarities with India, where democracy has not ended illiberal or discriminatory behaviour, but has afforded those affected the right to march, were once again apparent. Cold comfort perhaps, but better than the absence of that comfort all together.

Indonesia certainly couldn't afford to be complacent about its achievements in having sustained a multi-cultural society. Sporadic religious riots and intolerant acts were a scourge. And predictably, for a deeply devout country, democracy had played a complicating role in Indonesia's attempts to ensure that minorities were protected from the excesses of the majority.

This was perhaps the central challenge that Indonesia and India shared: ensuring that democracy did not turn into the tyranny of the majority in a pluralistic society. India and Indonesia were fragile, yet inspiring, achievements. They were both polities that had eschewed theocracy as the basis for their nation building, yet allowed religion an active space in public life, unlike the "secular" European model. They were, as a result, trying to develop a third way, for countries where religion remained an important part of the identity of most citizens (unlike in largely agnostic Europe), but where the more exclusionary and intolerant aspects of religion were held in check.

India is a Hindu-majority country, the preamble to whose constitution asserts it is a "secular" state. However, neither India's constitution nor its laws define the relationship between religion and state. Instead, secularism is largely seen as the respect of all religions.

Indonesia is a Muslim-majority country whose constitution eschews the word "secular" all together. The founding doctrine of Pancasila, that the constitution is based on, professes a "belief in the divinity of the one God." But, by leaving out a reference to any specific God (in the face of opposition from Islamists who had wanted a concrete mention of Allah), the Indonesian constitution also protects the right of citizens to freedom of religious belief and practice.

By early 2014 the electoral seasons in India and Indonesia were nigh and I was startled at the similarities between the dramatis personae in the fray. Dynastic heirs, authoritarian strongmen, corporate tycoons and religious hardliners were par for the course in both nations. With their large and poor populace, corruption in the electoral process was a common preoccupation as well.

Our family driver giggled one morning as he recounted how he'd accepted IDR 200,000 (\$20) from a political party to vote for its candidate. But he had no intention of keeping his promise. Without a trace of irony he explained that he was fed up with corruption, and planned to cast his ballot for another contender who had a clean reputation.

I was put in mind of India, where there are also widespread instances of political parties handing out "gifts" to voters ahead of polls. Yet, as in Indonesia, the casting of a ballot is ultimately an exercise in freedom and it is often the political candidate rather than the voter who comes out duped.

The electoral logistics in both countries were also mind-boggling. Transporting voting machines and ballot boxes along the thousands of volcanic islands that stretch over 5,000 kilometres from west to east in Indonesia, was a feat only bested by India's mammoth undertaking. Law and order challenges, particularly in restive areas like Kashmir and the Northeast in India, and Aceh and Papua in Indonesia, further complicated the task.

As both countries went to the polls in mid-2014 it was clear that democracy had infected their combined DNA. India has long stood conventional western reasoning about the despotic tendencies of poor, "oriental" countries on its head. And Indonesia, in the short number of years, since the downfall of Suharto, had embraced the politics of democracy like a duck taking to water.

Several of the key questions facing the future of their robust, yet flawed, democracies were analogous. Electorates in both nations had indicated that they were tired of the corrupt, venal and nepotistic politics of the past. Establishment parties were struggling to outgrow their dynastic origins, and new candidates who came from outside of the traditional political establishments were securing popular bases and offering an alternative politics of dissent and change.

A list of the most fundamental challenges confronting Indonesia today, could just as well be India's list: cleaning up politics and public life, harnessing the nation's demographic dividend to productive use, fixing creaking infrastructure, maintaining nationalist ideals of respecting religious freedoms, and trying to find the right power-sharing equation between the centre and provinces.

To anyone who knows China and India well, it is fairly clear that any hopes for an entity called "Chindia" are chimerical. But a closely intertwined India-Indonesia is historic fact. Long centuries of colonization and post-colonial autarky might have obfuscated this fact, but it remains, waiting to be rediscovered.

# BUILDING DEMOCRATIC RESPONSES IN INDONESIA:

## Strategic Agenda for Cooperation between Indonesia and India

BY I KETUT PUTRA ERAWAN, Institute for Peace and Democracy, Indonesia

### INTRODUCTION: DEMOCRATIC RESPONSES

Both India and Indonesia have been acknowledged as rising countries in the path of democracy. India is the largest populated country and the primary sample of consolidating democratic countries in Asian countries. Indonesia, on the other hand is the country with the biggest Islamic population. Both are members of G20 and their regional political economic leadership and impact are promising. The shift of center of political economic gravity to Asia-Pacific makes these countries geo-politically salient and their responses to the challenges raise expectations<sup>[1]</sup>.

Even though the dynamics and the paths taken by each country are unique, they both are facing quite similar challenges. One is to consolidate democratic institutions into well-functioning democratic governance. The second is in shaping development to be sensitive to the issues of equality. The third is to strengthen the maritime identity as a response to the dynamics of regional geo-politics.

The response to the aforementioned challenges should be made through democratic lenses by enabling the democratic virtues to guide the processes of response. The salience of building democratic response in Indonesia has been stated clearly by Indonesian leaders.

One important democratic response is in upholding the value of equality among human beings or the pursue justice in human relationships. Dr. Hassan Wirajuda stated that:

**IF THE PROBLEM IS BASICALLY AN IMBALANCE IN HUMAN RELATIONSHIPS THEN THE SOLUTION LIES IN THE RECTIFICATION OF THAT IMBALANCE—IN THE RECOGNITION THAT ALL HUMAN BEINGS ARE OF EQUAL WORTH AND HAVE BASICALLY EQUAL RIGHTS BEFORE THE LAW OF GOD AND HUMAN LAW. AS EQUALS, AS CHILDREN OF THE SAME PROVIDENCE, HUMAN GROUPS AND INDIVIDUALS ARE MORE LIKELY TO HAVE COMPASSION FOR ONE ANOTHER, TO CARE FOR ONE ANOTHER. AS EQUALS, EACH IS ACCOUNTABLE FOR WHAT HE DOES TO ANY OTHER AND EVERYONE’S COMMON SENSE OF JUSTICE IS SATISFIED. THIS SOLUTION IS NOT SOMETHING I DISCOVERED RECENTLY. IT IS SOMETHING THAT WE ALL HAVE KNOWN FOR A VERY LONG TIME NOW AND WE HAVE BEEN CALLING IT “DEMOCRACY.”**<sup>[2]</sup>

[1] The issues become salient since democratic and non-democratic responses to the political, development, and geo-political challenges are relatively similar. In terms of democratic response to development, often performance of non-democratic countries look better. Some writers argue development performance and economic progress are affected by economic institutions and economic strategies more than democracy. Despite this, the efforts to expand the reach of democracy should be seriously developed. For comparative data of performances, see Jean Dreze and Amartya Sen, *An Uncertain Glory, India and Its Contradictions*, London, England: Penguin Books Ltd, 2013

[2] Minister of Foreign Affairs of Republic of Indonesia Dr. N. Hassan Wirajuda, “The Democratic Response,” in *The Brown Journal of World Affairs*, Spring 2002, Volume IX, Issue 1, p. 15.

These will be manifested in promoting a culture of dialogue in governing, policy making, and peace building. Wirajuda quoted an example of how culture of dialogue eased horizontal conflicts in many parts of Indonesia.

**AS TO THE HORIZONTAL CONFLICTS IN THE MALUKU ISLANDS, POSO (SULAWESI) AND A FEW AREAS IN KALIMANTAN, SINCERE DIALOGUE BETWEEN THE COMMUNITIES IN CONFLICT—FACILITATED BY THE GOVERNMENT—HAVE LED TO SATISFACTORY CONCLUSIONS. SO FAR, TWO DIALOGUES FOR COMMUNITIES IN POSO AND IN THE MALUKU ISLANDS (HELD IN MALINO, SULAWESI) HAVE BEEN ABLE TO PROVIDE SOME BREAKTHROUGH TOWARD PEACEFUL SOLUTIONS TO THE CONFLICTS**<sup>[3]</sup>.

One form of democratic response is engaging the people in governing, policy making, and sustaining peace. In responding to the need to infuse democratic practices in regional governance like ASEAN, Dr. Susilo Bambang Yudoyono stated that:

**AND YET, AT THE BACK OF ITS COLLECTIVE MIND, ASEAN MUST HAVE KEPT A FIRM HOLD ON THE IDEA THAT IT WISE AND NECESSARY THAT THE PEOPLE PARTICIPATE IN ITS WORK. I BELIEVE THAT IDEA IS WELL IMPLIED IN VARIOUS ASEAN DOCUMENTS, INCLUDING THE STATEMENT OF VISION 2020, WHICH PREFIGURED ASEAN AS ‘COMMUNITY OF CARING SOCIETIES.’**<sup>[4]</sup>

For him, the engagement of the people as the core would bring people understanding and ownership to the processes. These furthermore will bring trust, quality, and sustainability to the processes of governing and policy making.

Comparably, the need to build democratic response has become the very concerned of various among leading experts. Amartya Sen views that democratic responses should related to agency and democratic practices:

**THE SUCCESS OF DEMOCRACY IS NOT MERELY A MATTER OF HAVING THE MOST PERFECT INSTITUTIONAL STRUCTURE THAT WE CAN THINK OF. IT DEPENDS INESCAPABLY ON OUR ACTUAL BEHAVIOR PATTERNS AND THE WORKING OF POLITICAL AND SOCIAL INTERACTIONS. THERE IS NO CHANCE OF RESTING MATTER IN THE ‘SAFE’ HANDS OF PURELY INSTITUTIONAL VIRTUOSITY. THE WORKING OF DEMOCRATIC INSTITUTIONS, LIKE OTHER INSTITUTIONS, DEPENDS ON THE ACTIVITIES OF HUMAN AGENTS IN UTILIZING OPPORTUNITIES FOR REASONABLE REALIZATION**<sup>[5]</sup>.

Reflecting from the aforementioned elaboration, democratic response refers to the acts of state leaders in dealing with challenges by grounding democratic norms, utilizing democratic institutions, and solidifying democratic practices.<sup>[6]</sup>

As elaborated above, grounding democratic values should mean making sure the responses based on the values of freedom, participation, accountability, and equality. It is possible if, the citizens knowledge, consciousness, and capacities on their political and economic rights are being understood and enhanced. Following Sen’s view, those democratic values should be embedded as intrinsic virtues of the people/

[3] Ibid, p. 19.

[4] President Republic of Indonesia Dr. Susilo Bambang Yudoyono, *On Building the ASEAN Community: the Democratic Aspect, on the Occasion of the 38th Anniversary of the Association of the Southeast Asian Nations*, Jakarta, 8 August 2005.

[5] Amartya Sen, *The Idea of Justice*, London: Penguin Books, 2009

[6] Ibid.

citizens. From the point of view of intrinsic virtue of democracy, the responses should make the political and economic rights of citizens became the primary priorities.

Enabling democratic institutions to function means building responses that enhances institutional incentive structures by making rules, regulations, pattern of interactions and ways of organizations of various to achieve its own and collective objectives. In this case democratic responses that enhance representative institutions should mean acts of dealing with challenges to serve the need of the people or territory represented. The choice of responses are motivated by the need to be elected and the drive to represent certain groups of people or territory. Democracy has instrumental roles to structure institutions to achieve goals of representativeness, to build virtue of accountability, and to enable participation.

As earlier stated, most Indonesian leaders emphasize the third meaning of democratic response as acts of dealing with challenges by engaging the people/society or nurturing the culture of dialogues. Through engagement of people and habit of dialogue in governing, policy making, and peace sustainability, the public will learn, reason, and change. These are preconditions for the shape of democratic practices.

This paper will utilize a democratic response framework to analyze and assess the experiences of Indonesia. It will elaborate the core practices, challenges, and responses in the area of electoral governance, development, and foreign affairs. Based on the above, several suggestions would be made to enhance democratic responses. Along those suggestions, this paper will propose possible strategic agenda of cooperation between Indonesia and India.

#### AGENDA 1: CONSOLIDATING ELECTORAL GOVERNANCE

One is to consolidate democracy institutions into well-functioning democratic governance. The response to the aforementioned challenges should be made democratically. It means the response should be made through democratic lenses by enabling the democratic virtues to guide the processes of responding.

Indonesia has experienced democratic elections several times. The rule has been promulgated and became the foundation of electoral management processes. Electoral management bodies were created and are functioning to manage one of the most complex electoral system and most challenging logistics. The electoral management processes engage various stakeholders, including participation of communities to conduct the elections both legislative and presidential. Mass media have been participating for guaranteeing the fair and free elections. New media have participating in making sure the process of elections accords to the principles of electoral governance.

Learning from the 2014 general election process in Indonesia, there are some challenges still lingering in the processes. One is the discrepancy in voters' registration due to the deficiency in the single identity system. There is no biometric system to be used to guarantee the accountability of the voter registration system. Second the process of casting a ballot is still conducted manually, making the processes of vote counting less efficient, taking several months to finalize, and expand the possibility of mis-counting. Third, the trust building to the very process is still lacking. It can be seen by the significant amount of challenges to the legality of the processes. Even though various adjudication mechanisms have been designed and used, the high number of challenges to the outcome and processes of election indicate the pervasiveness of the problem.

First agenda of cooperation between Indonesia and India can be started in sharing experiences on how to consolidate the electoral governance. Consolidation here refers to the processes of making various elements of election institutions working together to achieve the objective of free and fair elections. From the above elaboration, it seems that the focus of cooperation can be focused in introducing technologies to the electoral processes, either by using single-electronic ID based on biometric system for voter registration and also implementing the electronic voting in the future. Investing in the new knowledge and technologies will be valuable for Indonesia in the future to respond to the challenges of geographic situation and logistical issues during elections. The remaining issue is how to build trust in these new equipment and processes?

Trust and support to the effort to consolidate electoral institutions can be developed if various stakeholders have been involved openly in the building of the new electoral technology. Through dialogue and debate, citizens understanding can be built and trust can be nurtured. Public reasoning enables the engagement be transformed into collective ownership of the processes. Through democratic engagement, new preferences of using technology can be shaped.

The agenda of cooperation can be started by conducting a dialogue to share experiences between India and Indonesia on the use of technology for elections and on building trust on it. It could be continued to skill and knowledge building in election innovations. Those could also be continued by developing a support system to enable the processes of electoral governance.

#### AGENDA 2: EQUALIZING DEVELOPMENT

Both India and Indonesia faced the problems of how to equalize the development outcomes especially to the most vulnerable and most needy citizens. Both countries emphasize the need to reform the public services mechanism to enable the delivery of better education, health, and basic infrastructure.

The challenges of equalizing development manifest in the form of inter-regional disparities, across social classes, and between the modern-traditional sectors of economies<sup>[7]</sup>. The new leadership of Indonesia tends to respond to these discrepancies by reallocating the public services to the most needy areas, most vulnerable segments of societies, and most vulnerable sectors of economies.

To respond to the most needy areas, new infrastructure will be developed in the eastern part of Indonesia. The available funding will be used to create infrastructure to enhance connectivity and to boost new economic activities in eastern Indonesia. These development programs need significant amounts of funding, abundant local support for sustainability, and long-term commitments. Some scholars question whether these aforementioned visions will reduce the state capabilities to handle more pressing and immediate issues, such as unemployment. According to Gustave Papanek, the number of unemployed will increase to about 10 million in the next five-years<sup>[8]</sup>. It will be concentrated in the area of Central and East Java. The high unemployment will increase crime, stall progress, and create instability. The new government faces a dilemma between prioritizing its response to unemployment which is politically appealing and committing to equalize development which is socially noble.

To respond to the need of the economically vulnerable, various programs are created. The new government provides support for public education, public health, and public housing. Furthermore, the government gives direct grants to the poor to ease the burden of the gasoline costs increase. These development programs need significant amounts of funding, coordination to reduce overlap and redundancy, and commitment in implementation. The challenges are not only on the unavailability of state funds, but also the bureaucracy's coordinating efforts and commitments are still problematic. As can be seen in previous Indonesian experience, the outcomes of the program of poverty reduction will vary. Some areas will be progressive, and most others will still struggle. The new government faces dilemma of prioritizing its support to boost further support to innovate regions which are politically appealing or committing to equalize development by supporting challenging areas which is morally touching.

To respond to the least competitive economic sectors, the new leadership in Indonesia promised to provide support to the sustainability of more traditional economy such as traditional markets. The available funding will be used to create build, manage, and enhance the development of facilities for traditional markets. In certain areas in Indonesia, the Jakarta government plans to revoke the permit of modern markets (shopping malls and supermarkets). The objective of this strategy is to protect economic sectors that are vulnerable.

[7] Jean Dreze and Amartya Sen, *An Uncertain Glory, India and Its Contradictions*, London, England, Penguin Books Ltd, 2013.

[8] Jakarta Post, December 2014.

### AGENDA 3: MARITIME COOPERATION<sup>[9]</sup>

Both Indonesia and India indicate the geostrategic roles of maritime countries for both as identity, arena, as well as, agenda for political economy and international vision. India has been, for several decades, strategically responding to the change in its geo-political context through new maritime focus, in the form of the “Look East policy.” Recently, Indonesia with its new leadership has put an archipelagic identity back and launched a new political economy orientation and foreign policy visioning in the form of Indonesia as a maritime axis/fulcrum. The instruments to materialize the aforementioned vision are using three strategies, such as building political sovereignty in the sea, developing a maritime based economy, and supporting territorial connectivity through infrastructural development.

Based on various other countries experiences, the shift to maritime political economy and foreign policy focus are not only conceptually complex, economically costly, but it is also challenging from a practical standpoint. Conceptually, the immediate challenges in Indonesia are in rejuvenating the concept of archipelagic state and in translating it into becoming a common understanding, public reasoning, and then people’s ownership. Financially, the logistical developments needed – such as, building ports, facilities, ships, support systems, and others-- will be tremendously challenging for the huge geographical realities of Indonesia. Encouraging people to change their mode of economic/production from land based to maritime based economy will take years.

How can Indonesia respond to the aforementioned challenges? What democratic responses can be made? What international cooperation can be developed enhancing democratic response capacities of India and Indonesia?

## What kind of cooperation can be built on democratic response in the area of maritime cooperation?

**IN SHARING** experiences in developing a White paper, strategic guidance, or policy paper. Conceptually, the immediate challenges in Indonesia are in rejuvenating the concept of archipelagic state and in translating it into becoming common understanding, public reasoning, and then people’s ownership.

**IN SHARING** experiences of how to develop International Cooperation and support for maritime infrastructure and defence modernization. Financially, the logistical developments needed – such as building ports, facilities, ships, support systems, and others-- will be tremendously challenging for huge geographical realities of Indonesia.

**IN SHARING** experiences of building the trust and support of the citizenry. Since the program would also make people alter their mode of economic activities (both production, consumption, as well as trade and consumption) from land based to maritime based economy.

All these agenda of cooperation should be build on deeper level engagement to enable both the democratic institutions to be supportive and democratic practices aligned with the agenda. Enabling democratic institutions to function means building responses that enhances institutional incentive structures by making rules, regulations, pattern of interactions and ways of organizations able to engage wider spectrum of population. Engaging elements of intellectuals, media, civil society and other popular groups through information and dialogue would help support, and sustain, the agenda.

### CONCLUSION

Even though the dynamics and the paths taken by each country are unique, they both are facing quite similar challenges: to consolidate democratic institutions into well-functioning democratic governance, in shaping development to be sensitive with the issues of equality, and in developing capacities to respond to the dynamics of regional geo-politics.

Learning from the three arena of reforms, electoral governance, development and foreign affairs. Democratic response can take a form of the strategies to deal with challenges by grounding democratic norms, utilizing democratic institutions, and solidifying democratic practices. In grounding democratic values, the responses should be based on the values of freedom, participation, accountability, and equality. It is possible if the citizens knowledge, consciousness, and capacities on their political and economic rights are being understood and enhanced.

In enabling democratic institutions to function, building democratic responses should be focused on enhancing the institutional incentive structures of democratic institutions by making rules, regulations, pattern of interactions and ways of organizations of various to achieve its own and collective objectives. Democratic response can also be built from developing strategies to handle challenges by engaging the people/society or nurturing the culture of dialogues in governance, policy making, and peace sustaining, through which the people will learn, reason, and change.

Indonesia and India could develop agenda of cooperation along the aforementioned agenda. They should practically develop programs of sharing experiences, build skills, and develop knowledges collectively on area most strategic today and the future covering issues of electoral governance, equality of development, and maritime cooperation.

[9] Adelle Neary, “Jokowi Spells Out Vision for Indonesia’s ‘Global Maritime Nexus,’” in CSIS Article, Volume V, Issue 24. Vibhansu Shekar and Joseph Cinyong Liow, “Indonesia as a Maritime Power: Jokowi’s Vision, Strategies, and Obstacles Ahead, Brookings Article, November 2014



# India-Indonesia: New Patterns of Engagement in Sustaining Development

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## TRADITIONAL, CULTURAL AND HISTORICAL CONNECTIONS BETWEEN INDIA AND INDONESIA

### *Cultural influences*

The cultural and historical bonds between India and Indonesia go back almost two thousand years. According to historical evidence, trade relations have existed between the two countries since at least the 6th century BC. The geographical proximity of the two nations together with similar religious, cultural and linguistic influences provide them very strong historical linkages. Around the 6th Century AD, the countries of Southeast Asia and India were involved in maritime trade which led to immense interchange of influences between the two cultures. Coins, pottery, toys and trinkets found in the coastal areas of Indonesia, Malaysia and Thailand belonging to contemporary Indian kings and kingdoms, and vice versa, prove the existence of trade between eastern India and the countries of South-East Asia. Moreover, similarity of traditions, temples, stupas and other contemporary architecture go to prove the influences that these countries had on each other [Tripathi, 2011].

The mention of the island of Java (“Yawadwipa”) in the ancient Hindu epic Ramayana written in the 300BC-200AD [Murthy, 2003], goes to show the ancient ties between the countries of South and South-East Asia. The *Ramayana* and *Mahabharata*, in fact, play an important role in Indonesian culture even today. Indian influences in Indonesia extend further into the linguistics arena as Indonesians were introduced to and adopted the Sanskrit, Pallava and Brahmi scripts and language. The eastern Indian state of Orissa still celebrates the festival of *Bali Yatra* during the *Kartika Purnima* (full moon) in October-November in which ritualistic boats are floated by the local communities in order to symbolically pray for the traders and sailors traveling from India to Indonesia, Malaysia, Thailand and other south East Asian countries. It is interesting to note that similar festivals, floating boats to pray for the safe voyage of traders/sailors, are celebrated in Indonesia, Thailand and Malaysia in December each year [Tripathi, 2011].

### *Religious Influences*

Religious influences of the two nations are also quite similar with both having strong Hindu, Buddhist and Islamic influences. India and Indonesia both suffered under colonial rule when India was a British and Indonesia a Dutch

colony. As such, both cultures have had to rediscover their pre-colonial histories and recover from the culturally devastating effects of imperial rule.

Nearer in time, India and Egypt were the first sovereign nations to formally acknowledge Indonesia’s sovereignty while it was involved in a struggle for Independence during the years 1945-49. India was one of the first nations to foster diplomatic relations with the independent Republic of Indonesia in 1951, signing their first trade agreement in 1953. In 1955, the first leaders of independent Indian and Indonesian governments, Prime Minister Jawaharlal Nehru and President Sukarno, joined hands with Prime Minister U Nu of Burma, President Kwame Nkrumah of Ghana, President Josip Broz Tito of Yugoslavia and President Gamal Abdel Nasser of Egypt to form the Non-Alignment Movement. Through ancient history, except for a few rare and very brief incidents of tension, there were stable and friendly ties between the two nations characterized by mutual respect for each other [IPCS Special Report, India-Indonesia Relations, 2007].

The cultures of both countries are an amalgamation of local cultures and foreign influences. Moreover, the foreign influences in both cases are largely similar and both nations were a part of the same maritime trade routes. This further fostered similar cultural influences among the local populations of both countries.

### *The modern environmental movements*

Even though the modern Indian conservation movement may be said to have taken place in the early 1970s with the Chipko movement, India has traditionally been environment friendly. Ancient Hindu scriptures elevate nature and animals to the status of Gods; preservation as well as prevention of unnecessary destruction of natural fauna and flora have been part of Indian beliefs and culture. Damage to natural resources has historically been unacceptable. Even today, tribal and indigenous communities are known to be fiercely protective of their local biodiversity and their ecological spheres to the point to protecting them with their lives. A case in point is the poignant story of the Bishnois of Rajasthan. In 1730, the local king mandate the felling of khejri trees for producing lime to be used for constructing a new palace. A total of 363 Bishnois gave up their lives while preventing the felling of trees, as a result of which the local king had to withdraw his instructions and passed orders that no further trees be cut. Almost 250 years later the women of Garhwal launched the chipko movement hugging trees to prevent their felling in a historical effort, which had a lasting effect in prevention of deforestation across India.

Indonesia started on the path of its conservation movement around the 1960s. Reforestation and restoration activities are of great relevance to Indonesia. The launch of the Grekan Rehabilitasi Hutan dan Lahan (Gerhan) which started off as a project for the plantation of 1 million trees, and subsequently increased the target to 1 billion trees, is one of the important reforestation programs in the country. Currently 23.5 million hectares of land are protected [Purwanto, 2014]. In order to protect the forests, the government, in 1999, introduced a Forestry law according to which mining is not to be permitted in about 10% of higher quality “conservation forest”. Additionally (opencast) mining is banned in about 17% of Indonesian land which constitutes “protected forests” [IEA, 2008]. Unfortunately, Indonesia’s natural resources and extraordinarily rich ecosystems (almost 3,305 known species of amphibians, birds, mammals, and reptiles as well as at least 29,375 endemic species of vascular plants) face continual challenges both from damaging anthropogenic activities as well as natural phenomena – given Indonesia’s location which is in the highly seismic Pacific Ring of Fire and which has been the site of 90 percent of the world’s earthquakes [World Bank in Indonesia]. A total of 67 significant earthquakes were recorded in the country in the first quarter of 2011 alone. An estimated 600,000 people are affected by natural disasters in the islands every year [UN Indonesia].

### *Diplomatic and economic relations in recent years*

India and Indonesia have come a long way since 1953, when the first formalized trading agreement

between the two nations was established. Bilateral trade between the two countries has only seen an upward trend since this first agreement. In the financial year 2005, bilateral trade crossed the targeted \$10bn by \$2bn and increased to \$20bn in the year 2012. Some of the historic bilateral agreements signed between the two countries include the Agreement on Avoidance of Double Taxation, 1986; Agreement for Promotion and Protection of Investment, 1999 (in effect from 2004); Cooperation in Disaster Management and Combating Narcotics (2013); Cooperation in Health (2013); and Cooperation in Combating Corruption (2013). The implementation of an FTA between India and Indonesia in 2010 resulted in each country cutting import duties on various imports from the other. [ASEAN Briefing 2013; PM Dr. Manmohan Singh, 2013] During his visit to Indonesia in 2013, the leaders of both countries laid emphasis on developing a five-pronged strategy for further increasing and strengthening Indian-Indonesian ties. These cover strategic partnership issues, cooperation on defence and security matters, an all pervasive economic partnership as well as cultural and people to people links. Cooperation is also intended for responding to common challenges [MEA, GoI, 2013].

Even today, India and Indonesia are characterized by a very similar growth and development pattern; given the geographical, socio-economic, ecological and cultural similarities between the two countries, similar challenges and opportunities will be faced by both countries on the path to a sustainable future. Both countries are populated democracies and emerging economies with similar levels of human development, per capita incomes, population densities and growing youth populations. India with 430 million of its population as youth (ages 15-34) is predicted to grow to about 500 million youth and 64% working population (ages 15-59) by 2020 making it the world's youngest country [UN-HABITAT and IRIS Knowledge Foundation, 2013]. The two countries are also similar in their demographic dividends with India holding a median population of 25.2 years and with 62.6% as the country's working population [UN-HABITAT and IRIS Knowledge Foundation, 2013] and Indonesia with a working population (15-64) of 65.9% and a median age of 29.2 years (2014 estimates) [CIA World Factbook, 2014].

## CURRENT STATUS OF RENEWABLE ENERGY TECHNOLOGIES IN INDIA AND INDONESIA

### Indonesia

Indonesia is a resource rich country and though it is currently exploiting its fossil fuel resources by producing and exporting oil, coal and natural gas, it has high potential to develop solar, wind, biomass and geothermal energy. The overall contribution of renewable energy sources to the overall energy usage of Indonesia was about 13.3% in 2012 [Reegle, REN21, 2012]. The government has committed to reduce fossil fuel emissions by 26%, increase the share of RET to 17%, cut emissions from the energy sector by 17% by 2025, and reduce energy intensity by 1% pa by 2030 [IEA 2008]. Biofuels, modern biomass, nuclear, hydro, solar, wind, geothermal, and liquid coal will comprise the renewable energy technologies which will be used to reach the 17% target by that year [IESR 2014].

A large percentage of population in Indonesia has no access to electricity. Around 70 000 villages, including about 45% people below the poverty line, are not electrified. In order to increase grassroots level development in the country, the Indonesian Government, in 2007, introduced the concept of ESSVs- Energy Self-Sufficient Villages which can potentially drastically reduce the need for fossil fuels. An ESSV is defined as "a village capable of meeting its own energy needs and, in the process, of creating job opportunities, reducing poverty and inducing productive activities" [IEA, 2008]. A total of 630 such ESSVs, with investments ranging from \$47, 000-USD141, 000 each, were successfully established by 2010 [Abdullah, 2011; EPRI, IEA 2008].

Indonesia is highly susceptible to natural disasters; the 2009 UN Global Assessment on Disaster Risk Reduction placed the number of affected at 600,000 per year throughout the country. Both geological and hydro-meteorological disasters such as volcanoes, earthquakes, tsunamis, flooding, landslides etc. are common occurrences with the number of significant earthquakes reaching 67 in the first quarter of 2011 [UN Indonesia].

Climate change is a grave threat to the nation given its island character and coastal settlements and its existing susceptibility to natural disasters. As such, the Government of Indonesia regards adaptation specifically in the form of disaster management as top priority. In order to work towards the mitigation of climate change, the government has begun to increasingly fund work on pollution and emissions reduction, afforestation programs such as the Indonesian-Norwegian REDD+ program, development of low-carbon pathways, rehabilitation of damaged ecosystems and efficient management of peat lands. Moreover, the government has targeted emissions reductions of 26% by 2020; in the new National Action Plan to Reduce GHG Emissions (RAN-GRK), a commitment of additional 15% emissions reduction contingent upon support from the international community has been targeted [UN Indonesia]. In order to meet the 26% target, the Government has also committed to increasing its energy capacity by 10,000MW, chiefly using renewable energy technologies [CIF, 2010].

Indonesia has a very large biomass energy potential estimated at 50,000 MW. However the current installed biomass capacity stands at 445MW. Indonesia is a large producer of Biofuels (11th in the world in 2008) and the country was the largest producer of palm oil and the second largest exporter of palm oil in 2010. The country is now looking for alternative feedstock such as jatropha etc. However, most of the biofuels currently produced use palm oil as feedstock and are not consumed domestically [Reegle, REN21, 2013].

With 1.3 GW installed capacity, Indonesia has the third largest installed geothermal capacity in the world. Indonesia added 110MW in 2012, third highest in the world and there is scope for further expansion of this source of energy. Geothermal Capacity target for Indonesia have been set at 12.6 GW by 2025, representing a marked increase from the current 1.3 GW [REN21, 2013].

The Government of Indonesia, in 2009, set a target of 66.2% electrification. In order to achieve this target, investments up to 65 million USD were made, most of which were used to set up solar PV systems across the islands of Indonesia. About 94,000 households, including those from 18 of the farthest islands of the country, were provided electricity under this scheme. The current installed capacity of solar PV in the country is about 12.1 MW. The scope for solar PV and solar thermal technologies in Indonesia is, however, much larger given the tropical location of the country which means that it receives solar insolation ranging from 4.5 to 5.1 kWh/m<sup>2</sup> across the country.

Since its 35,000MW of estimated 75,670 MW hydro capacity lies in the Papua province, which is located quite far from all the energy demand centers of Indonesia, the country has not developed a large share of its hydropower capacity. Only 6% of the country's estimated potential- 4,264 MW has been installed.

During the visit of the Prime Minister of India to Indonesia in 2013, both governments, in order to create energy security for both the fast growing nations, agreed to cooperate in the promotion of clean and renewable energy technologies as well as in technologies to enhance energy efficiency of existing uses [MEA, 2013].

### India

India has, traditionally and culturally, an environment friendly disposition on the part of its population with emphasis on conservation and limited use of resources. However, in the past few decades, the economy of India has grown exponentially thus bringing extremely high energy and material demands, which are still growing at a rapid rate.

Due to limitations of domestic fossil fuel resources, India has been gradually increasing its renewable energy capacity in order to support its energy intensive growth. Moreover, it is to be noted that a large percentage of the Indian population- 833 million which constitutes about 68% of the total population- lives in rural areas and over 300 million people still lack access to electricity. As such, usage of primary and renewable sources of energy in such areas is growing and conventional energy demands are concentrated in urban and industrial areas in the country [Census, 2011]. India aims at bringing 100% electricity access

by 2017 [REN21, 2013].

By 2012, India had about 66GW of installed Renewable Energy capacity, including large hydro capacity, representing 31% of total installed capacity. Hydro capacity was increased by 750MW (including 157MW of small-hydro), to end the year at 43GW, representing about 65% of the total renewable energy capacity and about 20% of the total installed power capacity of the country. India receives solar insolation of 4-7 kWh per sq. m per day bringing the total energy received on its land area up to 5,000 trillion kWh per year. Indian solar PV capacity increased more than 5 fold, and reached 1.2GW, in 2012; solar thermal capacity was expanded with the addition of 0.6GWth in 2011-12. The capacity of wind energy was enhanced by 2.3GW in 2012, thus bringing the total installed wind energy capacity to 18.4 GW.

The 12<sup>th</sup> Five Year Plan of the Indian government aims at installing RE capacity of 53GW by 2017, and the country has set various policies in place in order to meet these targets. India has seen activity in this sector at all levels of governance, and policies have been designed from top to bottom to ensure greater energy security and energy access. Some programs which have been started since 2012 at the national level are the Remote Village Electrification Programme. (The establishment of systems in 905 villages exceeded targeted electrification of 500 villages under this scheme in February 2012). Also in hand is the National Cookstove Program. At the state level, Tamil Nadu and Andhra Pradesh have declared the setup of 1GW solar capacity each, Uttarakhand has increased rebates on solar water heaters, and Chhattisgarh has launched a program to replace traditional biomass cookstoves with solar systems. Further, at the local level various towns and cities across the country such as Rajkot, Jind and Agartala have installed RE systems to achieve their targeted emission mitigation levels [REN21, 2013].

#### *Future Perspectives*

Mahatma Gandhi was a person ahead of his time. He foresaw the benefits of closer integration of the economies and societies of the countries of Asia, as many of them were awakening from colonial rule as well as the damage and destruction of the Second World War. In 1947 he, therefore, organized the Asian Relations Conference in New Delhi. The conference itself was attended by leaders from all across Asia, but there was at that stage no “look east” priority as part of India’s foreign policy, and in the case of other Asian nations the turmoil of putting together a domestic edifice for development and dealing with the tumultuous aftermath of independence foreclosed the possibility of stronger linkages between countries like India and Indonesia. But these are two nations with huge potential for establishing complementarities in development, particular those that may address the objectives of sustainability.

Several thinkers and leaders have put forward the concept of greater integration between economies and therefore the destinies of the countries of Asia. It is unlikely that Asian nations with their large disparities of culture, history, race and religion can be expected to reach anything similar to the structure of the European Union. The geography of the Asian continent also differs from the geographical contiguity exhibited by the nations of Europe which are largely part of a land mass which has only been divided by political boundaries (which too have been shifting over time), and not by physical barriers like the Himalaya-Hindu Kush mountain range or the sea. But it must be remembered that it was the European Coal and Steel Community with membership of only six nations which evolved over time to become the European Union (EU) of today with 28 member countries and a level of integration totally unprecedented in any part of the world. The EU involves a large number of people drawn from nations that have waged against each other prolonged and frequent wars over hundreds of years. But, what Asia needs urgently is to chart out a path of development, which is distinctly different from that established by the nations of the west. Asian countries, and particularly India and Indonesia can work together towards a path and pattern of development which defines the future of sustainability not just for themselves and the countries of Asia, but for the world as a whole. When Gandhiji was asked whether he would not want India to reach the same level of prosperity as Britain, his answer was that it took Britain to use half the resources of this planet, and hence “how many planets would a country like India require to reach the

same level of prosperity?”

Humanity faces a set of serious challenges in this century for which solutions are required to be devised and implemented with a sense of urgency. The challenge of climate change, the threat of loss of biodiversity and massive deforestation in several countries are all interlinked problems which require a concerted and large scale response. India and Indonesia, with their common characteristics and features as well as shared experiences through history can work effectively together to structure a low carbon, environmentally sensitive pattern of development which can expand into other areas of cooperation that would be desirable for both countries and for the world as a whole. Such a journey should begin as early as possible involving research organizations and academia on both sides, government and civil society and business organizations drawn from both nations.

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# In Search for the Model of Indonesia – India Cooperation in Sustaining Development

BY SHINTA KAMDANI

Similarities shared by population, ethnic diversity, languages and multiculturalism, bind together by more diversity in religion, norms and beliefs, are what distinguished and also unites India and Indonesia both. As the world's second and fourth most populated countries, India and Indonesia faces enormous challenges in resources deficit. As time is moving only forward, the common traits these two countries have, remains as their pivotal points. They must constantly in search for renewable, non-degradable and ultimately sustainable developments to support their very existence.

For Indonesia alone, the initial step for this process is stating sustainability itself. Asking questions of why it is essential to preserve the natural resources. Then, it needs to identify the vision and existing regulations and rules of sustainability and its achievements to date. Furthermore, it is to identify Indonesia's International reputation of where it positions itself in the world. In doing so, it is highlighting realistic facts in achievements and/or under achievements of the country's performance. Then, designing performance roadmap in improvements and developments, where International cooperation can play a role.

Engagement with India in this area is that of total commitment to once again analyze the existing activities while simultaneously identifying alarming issues and preventive actions in conjunction to relationships in private sector and government interventions. Global business community plays a part in promoting sustainable development agenda. Core programs are strengthening of financial support, research and development links, and promotion of greater business networks.

Indonesia and India hope to build structures for engagements in sustainable development through their similarities and differences. The urgency of sustainability of resources is surfacing timelessly which is the very essence that the countries does not have control of. These identity remains, while the resources dissipate. It is a constant race of preservation in relationship of the nations. Avoiding outpacing our natural resources by failing to develop sustainability may result not just scarcity but life expectancy that can ultimately cease to exist.

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Sustainable development essentially focuses on renewable energy resources, agriculture or forestry. Indonesia happens to be a natural – resources abundant country as the world's third highest rice producers with

36900000 metric ton output annually. It is also world's number five coal's producer in 2012, number nine gas producer in year 2011, and again, it earns the position of world's number nine in forested area totaling 884,950 sq. km. At a glance it makes sense to assume the supply and demand are going head to head and considered in a 'safe' zone for Indonesians to live prosperously and without worry. But as natural resources are not infinite, rest assured the battle of conservation is not just today's hot topic but in fact should be foreseen.

Adjacent to world's global economy spreading its ripple effect towards developing countries, Indonesia is therefore obligated to keep up with the trends so not be engulfed in economic monetary crisis that had created so much devastation in 1998. The correlation of declining economy and financial catastrophe that went spiraling down, and how it drains the natural resources and grinding the environment, was profoundly visible and took almost immediate effects for the country. Experienced taught that steady decline in household income deteriorates the quality of living that contributes to non-sustainable awareness altogether.

The arrival of democracy marks an economic development which often relies on resource-based industry to support its growth. Indonesia ranked number four in the world's population with 2014's estimate of 253,899,536. The urbanization to provide accessibility to the labor market and job fields had been successful in the past decades. Statistics show that 60% of the population is under the age of 39 years -- which is considered productive age -- with half of the population shifting to metropolitan areas in search of higher income and seeking a more comfortable life. Improvement in social status which resulted in fast-paced consumption of natural resources is eminent. The Indonesian government must prepare anticipations and gear up with agenda on sustainability.

The journey of going uphill towards economic stability means equally necessary to return the country's resources to its rightful capacity in order to achieve sustainable earning for the future. Bringing sustainable development to produce a sanctuary for natural resources is now the priority agenda for Indonesia. In order to bring into realization the concept of sustainable development, the Indonesian government sets a number of paradigm shifts to take place; recognizing the matrix of inter-linkages between economic, environmental and social questions, paradigm shift from a short to a long term development view, paradigm shift from resource exploitation to resource enrichment, paradigm shift from a short-term to a long-term development view, paradigm shift to a participatory approach, and paradigm shift from on-renewable resource based output/energy and export of unprocessed raw materials to renewable resource based development path. All in all, it is formulating common vision of sustainable development goals that integrate social, economic and environmental goal.

Indonesia's government had made efforts to cultivate forestry which catches carbon-dioxide emission and releases oxygen into the atmosphere. The REDD+ (Reducing Emissions from Deforestation and Forest Degradation) has been integrated to be an important agenda in many discussions linked to policy process in relation to climate change in both national and global level. The assumption of recovering degraded forestry into its ideal condition and normalizing the climate change, is however inaccurate. The Intergovernmental Panel on Climate Change (IPCC) under The United Nations estimated that deforestation had significantly contributed a total 17% of the entire glass house gas emission.

REDD+ policy become immensely important for Indonesia, specifically in utilizing global funding. However, inconsistencies contrary to this central policy are still being projected in either central nor district government. For example, the level of national security on renewable energy will be reduced due to the coal exports that far exceeding the requirements to accommodate electric generator and national industry. Overall, the implementation of REDD+ program requires in depth study in order to be right on target.

The Indonesian government also issues non-subsidized public services, namely diesel fuel. One way of promoting sustainable development is by setting a limit of availability of the supplies, by given in a specific time allotment and on specific location. Thus reducing fuel consumption and sustaining the



nation's fuel reserve. However, difficulties in accessing availability whilst simultaneously pursuing rapid growth of economic demands, quickly sets off demonstrative alarm for drivers and passengers alike who uses diesel-fueled public transportations. Although resisting the regulation, so far the local government had managed to contain the situation conductively.

Education being one of the two most major aspects in developing sustainability of human capital for Indonesia, the challenges the government faces also collides with common norms and ethnic practices as well as geographical condition. Infrastructure is underway but still unclear as to where the level of urgency lies.

One way of socializing paradigm shift is by implementation of technical and vocational training aim to upgrade human specialists to increase competitiveness and employment at individual and corporate level. The ideal goal is to increase the likelihood of employment and ultimately improvement in economic efficiency of the labor force.

Non-profit organizations, the private sector and public sector have put together educational packages to bring forth sustainability. Funding for K-12 program has been implemented since the era of President Soeharto (the building of SD Inpres or Elementary School of President Instruction). However the remote access of these schools juxtaposed with political unrest, wiped the existence and continuity of the program itself. Recent government had reinstated this program and parallel to the new President's program, aim to provide free-tuition schooling.

Aside from improving education for human sustainability, government is also exercising quality of human existentialism. A very recent case of child abuse erupted in prestigious International school brought to the official, had initiated massive protests to pressed on the government to issue law against child abuse and against sexual harassment altogether. The common norm society practices allows young children to receive punishment when misbehaving. However, to some, referring to the issued new law, many juveniles get away without punishment. The absolute underlining case is economic demand of acquiring sustenance. Children under the age of 12, often toddlers are scattering on the streets and becoming full-time beggars hopping from one traffic light to the next. Despite the bill on children protection and promotion of quality human capital for the country's sustainable development, poverty -- particularly in urban areas-- is still present. Numerous NGOs are cooperating with local government to scope them out of the road and place them into full time schooling and implementing skills training such as craftsmanship, in order to equip them for the future. But these efforts constantly face setbacks due to economic problems

Culture and religion are also at play here. Islam permits men to have multiple wives. The ideal norm at glance perhaps seems like improving the quality of life for many women in poverty. It is still considered taboo to some to think that it may promote sustainability for household welfare. In fact, this practice actually often resulted in divorced thus contributed to the rising number of single mother struggling to raise children of their own relating to child support. The Ministry of Religion had passed the marriage bill in 2004 that prohibit this practice enforcing the issue of child support and economical factors for their spouses. It remains controversial to this day as the Majelis Ulama Indonesia (Indonesia Ulema Council) being top Muslim's clerical body is against this bill and claimed their statement as religiously legal as endorsed by the Al Qur'an.

The Health sector is the other major aspect of sustainable development. One prominent issue is the spread of HIV/AIDS which until today still receiving insufficient attention and resources. Social stigma being one and access to locations for medical supplies is still a constant challenge. A dilemma on trying to keep up with economic necessity blends with more modern urban lifestyle reduces the quality of time spent with family member. Work competition in corporation in metropolitan area luring the intensity of sexual needs and adaptations and unfortunately into the spreading of the deadly disease.

The government had passed a new health regulation of issuing BPJS (Badan Penyelenggara Jaminan Sosial) which is Indonesia's brand new government regulated citizens health care, and works

with major hospitals to ensure HIV-positive individuals are being covered financially and receive equal medical treatment in major hospitals both in rural and urban areas. Logistics for medical supplies are being enhanced by coordinating with private organizations to ensure those affected who live in remote area can have easy access to their medications. However, this alone cannot stop the growing number of patients which continues to rise with alarming rate. Prostitution in most metropolitan area remain high. Illegal drugs are being sold in large numbers.

The maritime sector worldwide together with WWF, posts a strong public message to stop buying shark fins in order to protect these endangered species. However once again in India and Indonesia where religion plays significant role on moral and mindset on people, raising income for fishermen and their family welfare, (since shark fin is extremely rare hence extremely high market selling price) are considered prioritized. Indonesia as the world's largest archipelago faces numerous challenges in preventing the black market of selling shark fins through the vast waters.

In countries where cultures being placed upfront, namely in Indonesia and India, UNESCO finally patented the traditional musical instrumental 'Angklung.' In the past, 'Batik' which has become Indonesia's best national cultural export had been declared to Indonesia's heritage despite Malaysia's government intervention. Having been announced worldwide in copyright, the level of familiarity and recognition is still fairly low. The historical traditional music of 'dangdut' which has become a long-time battle between Indonesia and India who each claimed that it came from their country, finally settled down peacefully.

Business contingency plays a key role in providing industries for employments, hence accelerating economic movements for the country. Private sectors and the community now join together, shifting their responsibility by aiming not for profitability alone, but for conservation of the resources. The rapid growth of population means more rapid consumption of earth's finite supplies. Significant steps must be taken in the attempt to promote sustainability at individual, private and government level. This apparent global issue, required networks of socializations and adaptations worldwide. Paying close attention to India and Indonesia, as the world's highest populated countries and highest growth in economy.

There are around 80,000 – 100,000 Indonesians of Indian origin mostly concentrated in Greater Jakarta, Medan, Surabaya and Bandung. They are mainly engaged in trade dealing in textiles and sports goods. Their citizens are mainly accommodating well enough and comfortably with their own trade and exchange. The two countries possess many commonalities in their varieties of languages, culture, religion and ethnic groups. But the underlining problem the two of them also shares problems in sustainable development in the area of renewable energy, education, health and human capital in order to support their rapid economic growth and population surplus. Their community may be regarded well either in Indonesia or in India and live prosperously. To deepen the connection, the two countries created G2G projects in sustainability, and further intensified existing ones. There are vast areas to cover with limitless possibilities and each has its own potential ramification for development.

Currently, active members in building sustainable development for the two countries are concentrated through private sectors and non-government organizations. IBCSD (Indonesia Business Council of Sustainable Development) and ICSD (India Council of Sustainable Development) constantly raise awareness on sustainability with specific emphasis on removing poverty and ensuring equitable growth of income and wealth in both countries. So far, both India and Indonesia have been exploring and implementing their sustainability program independently.

Center on Globalization and Sustainable Development, Earth Institute, Columbia University is collaborating with state governments in both India and Indonesia centralizing in climate-risk related issues. Their aim is to develop national and regional strategies to support stronger health systems, education programs, and climate resilience in India while implementing science and technology capacity for adaptation against climate risk in Indonesia.

Parallel to development of sustainability on economic growth in India and Indonesia, it cannot be



avoided that financial foundation is mandatory. In 2013, Transparency International placed India at 94th and Indonesia 114th worst out of 177 countries for institutional corruption. Indonesia's Corruption Eradication Commission (KPK) had arrested judges, senior police officials and politicians. In India, high ranking bureaucrats had been sentenced. Diminishing corruption entirely is what is Indonesians and Indians aim for. However, zero corruption does not automatically succumb to natural conservation and environmental reserves to sustain economic growth. The need for sustainability remains inevitable and shall not be taken for granted.

Excerpt from the United Nations Rio+20 conference, acknowledged the need for significant mobilization of resources from a variety of sources and the effective use of financing, in order to give strong support to developing countries in their efforts to promote sustainable development, including through actions undertaken in accordance with the outcome of conference for achieving sustainable development goals. Assessment in financing needs will be evaluated and sources will be identified. The UN pointed out that each country (including India and Indonesia) is primarily responsible for its own economic and social development.

For India and Indonesia, bilateral cooperation can finally established now in many sectors to achieve one common goal that is sustainability development. With many similarities between the two countries underlying their very own identity that often draws setbacks against many government agenda, the prospects of cooperation is limitless.

One particular undergoing project in the effort to improve health quality hence increasing human capital sustainability is the Quit Tobacco International project initiated by the UN. The two countries selected as project promotion due to the highest number of deaths caused by tobacco accounted for. Insignificant as it is, it could be the start up of solid bilateral together.

In addition, the development of renewable energy using coal power had infused controversy when funding was released by World Bank. A clean energy project proposed by India has had a signed deal with China. The next plan was to develop additional energy project especially for Indonesia as the consumption need is growing and desperate for sustainability. As this project takes shape, the Indonesian government together with private sector can open up yet another work field for taking away unemployment. Ideally, it should be built in rural areas so that immigration to metropolitan and/or urban areas can be reduced and ultimately increase welfare and human capital towards full economic development.

# An Aspiring Middle Class and India-Indonesia Relations

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It is not a coincidence that India's renewed engagement with Asia to its East, following the launch of its "Look East Policy" in 1992, began against the background of the policy of economic liberalization at home and increased engagement with the world economy. An immediate consequence of India's increased openness to external trade, that began in the mid-1980s and was accelerated after 1991, was the sharp increase in India's trade with East and South-East Asian countries. The increased two-way trade was followed by increased flows of foreign direct investment between India and South-east Asia, especially Indonesia. The improved government-to-government (G2G) relations and the growing business-to-business (B2B) relations contributed to closer people-to-people (P2P) relations as Southeast Asia became a popular destination for Indians, not just for business and trade but also tourism and education.

What was even more significant for the bilateral relationship than the quantitative increase in the level of economic engagement between India and its Southeast Asian neighbours, was a new appreciation within the Indian middle class, especially its policy-making elite, of the tremendous economic progress made by Southeast Asian countries, especially Indonesia, Malaysia, Thailand and Singapore. As India's own economic growth began to accelerate and a new middle class came into being, especially in peninsular India. These newly enriched social groups, especially from India's new urban centers like Bangalore, Hyderabad and Chennai, began travelling East, discovering the modern airports, the shopping malls, and the holiday resorts of Southeast Asia. They discovered an Asia that, in many ways, resembled home, in terms of culture, food, dress and attitude but was so much more modern and developed, that too just a few hours away from home. Direct air connectivity between many cities on both sides of the Bay of Bengal contributed to this bonding.

## From Past to Future

For an earlier generation of Indians, the links with Asia to the East was laden with memories of ancient civilizational links and the more recent political links forged in the aftermath of Asia's decolonization. The links with the

past between India and Indonesia were best captured by the Indonesian scholar O Abdul Rachman, who told a conference on India-Indonesia relations in Delhi in 1976: "From their birth places in India, the great religions of Hinduism and Buddhism found their way to Indonesia, where they mingled with the indigenous belief systems to become an enduring and integral component of Indonesian culture. Islam also arrived in Indonesia by way of the Indian sub-continent." The Indonesian scholar Soedjate Djiwandono quoted President Sukarno as saying, "In the veins of every one of my people flows the blood of the Indian ancestors and the culture we possess is steeped through and through with Indian influences." Indian scholars too, acknowledged Southeast Asian influence on art, cuisine and architecture, especially along the Coromandel Coast and in southern India.

However, by the 1990s few observers of the bilateral relationship placed much emphasis on such civilizational links. South-east Asia had marched forward, leaving India behind. The geopolitics of the Cold War also increased the distance between the two sides of the Bay of Bengal. The shared memory of post-colonial partnerships, like the Asian Relations Conference and the Non-Aligned Movement, did not have much resonance with the young and the new power elite in both countries. Rather, the focus shifted to trade, investment and people-to-people links.

It took the end of the Cold War, the launch of India's new economic policies and the emergence of a new professional middle class that was impressed by the progress registered by South-east Asian economies for a new engagement between India and Indonesia. Post-liberalization India built a new relationship with post-Cold War Southeast Asia. No longer was this relationship based on the historical memory of shared civilizational inheritance or the political legacy of the anti-colonial struggles. It was increasingly shaped by new people-to-people and business-to-business relations, and the joyful experience of a new middle class going for shopping and holiday to the malls and beaches of a rising Southeast Asia.

## Business and the Middle Class

The shift in Indian economic policy in the early 1990s was also a manifestation of the changing nature of Indian society with a new professional middle class and a new entrepreneurial class knocking on the doors of global opportunity. Greater familiarity with the economic success of Asian economies in the neighborhood only added to these social pressures in favour of economic liberalization.

While several prominent Indian business leaders established their base in Indonesia, with Aditya Birla being one of the more prominent early entrants, India's political leaders, who were seeking political support at home for their policies of trade and economic liberalization, drew public attention to the South-east Asian development experience as a way of legitimizing their own policy choices. By the turn of the century, a large number of Indian companies established their base in Singapore, Malaysia and Indonesia, further contributing to increased people-to-people links.

Going beyond the social and political implications of the emergence of a new middle class, business discovered the new economics of India's middle class market. Studies on the size and growth of this middle class market attracted worldwide attention, drawing in Asian firms to India. These studies, conducted by economic research institutes in India and elsewhere, including the World Bank, showed that India's middle class would steadily increase and widen the home market for consumer durables. The rise of middle class incomes, along with changing lifestyles meant the market for a wide range of low-cost consumer goods that firms in Southeast Asia could easily supply grew steadily, making India an attractive destination for such exports.

An important development at the turn of the century that contributed to the increased self-confidence of the Indian middle class, especially in peninsular India, was its success in the field of information technology. That thousands of Indian professionals, educated and trained in India, were now finding a global market for their professional skills in software development, data processing and other applications of information technology and the computer sciences imparted tremendous confidence

to the middle class that sought further liberalization of government regulations and policy, aimed at widening the space for individual enterprise. The regions of India that benefited most from these new sources of economic growth were southern and western India. Several Indian IT and software services companies opened shop in Southeast Asia, contributing to an enhancement of India's global profile. For decades, if not centuries, India was viewed in Southeast Asia as the land of traders and laborers. In the post-Independence period India's trade relations with the region took a knock, because of India's own insular economic policies, so the only face of India that many Southeast Asians saw was the face of low-cost labor. The arrival of the skilled IT professional changed India's image, globally and within Asia.

### Middle Class and the Indian Diaspora

Another factor that has contributed to the rising profile of the middle class in shaping India's bilateral relations has been the role of the so-called Indian 'diaspora' – the people of Indian origin (PIOs) and the non-resident Indians (NRIs) living around the world. While the social composition of the diaspora varies from the very affluent business families of North America to the poor working class of the Gulf, in Southeast Asia the Indian diaspora is characterized by considerable social differentiation, with many still economically less privileged and a few very wealthy and successful professionals and business leaders.

Indian middle class professionals became an important source of foreign exchange remittances, contributing up to \$50 billion per year in inward remittances into India. Indeed, these remittances have become the ballast of India's foreign exchange reserves. The growing importance of such services exports has shaped India's demands at the World Trade Organisation for global rules of the game governing the "movement of natural persons", Mode 4 professionals in WTO terminology. While western industrial nations seek free markets for trade in goods and financial services, India seeks freer markets for the movement of professionals, an important national economic asset and foreign exchange earner.

In short, there are three distinct aspects to the role of the Indian middle class in shaping India-Indonesia relations in the contemporary world. First, the emergence of the middle class as a consumer class in India seeking access to global goods and services and their exposure to Southeast Asia; Second, the emergence of peninsular India as the driver of economic growth and its growing business links with Southeast Asia; finally, the growing people-to-people links between India and Southeast Asia, cemented specially by the growing prosperity of the Indian diaspora.

### The Role of Connectivity

Of all the countries in the region Singapore was the first to understand the importance of connectivity in forging closer B2B and P2P links. Singapore Airlines took the initiative to link Changi airport with a large number of urban centers in peninsular India and offer attractive fares both to tourists and transit passengers, knowing the growing importance of the US West Coast – the home of Silicon Valley and the IT industry – to peninsular India. The path opened by Singapore was soon followed by other Southeast Asian airlines. Cheap flights added to the attractiveness of Southeast Asian destinations for both middle class families and students and professionals traveling across the Pacific to the US.

Understanding the importance of connectivity, India too has pursued policies aimed at reducing the cost and ease of travel to destinations in South-east Asia. Low cost budget airlines and a visa-on-arrival policy have made travel to the region cheaper for the Indian middle class.

The next stage in improving India-Indonesia connectivity would have to be the development of road, rail and sea connectivity. For this, India needs to invest in rail and road connectivity through its North-east into Myanmar and Thailand, but also in maritime connectivity from the Coromandel Coast.

### The Asian Middle Class

It is now evident that what is common to the Asian growth experience is the emergence of a new middle class – empowered by education, skills and purchasing power. Every single high growth economy in

Asia has a literacy rate of 80 per cent or above. The Asian growth miracle was built on the foundation of investment in human capital. This investment in human capital was accompanied by urbanization and the two processes together created a new urban middle class. Right across Asia and the Indian sub-continent we see a clear correlation between investment in education, the rise of literacy and skills, the growth of urban centres and the emergence of a new consuming middle class, demanding new employment opportunities, access to quality goods and services and the growing assertion of their political rights.

Thus, it is not a coincidence that with higher economic growth and the rise of a new middle class democratic aspirations have also grown. In many parts of East and Southeast Asia democracy may have initially been a foreign import, but it soon acquired domestic roots. Indeed, even when western powers sought to impose democracy, democratic institutions and practices took root only when the local soil was fertile. Such fertility was defined by urbanization and the rise of an educated and politically conscious middle class.

The Indian and Indonesian experience was, of course, different. While Indonesia's growth process was more impressive during the Cold War period, its first tryst with democracy was short-lived. Democracy had not struck domestic roots in Indonesia while it did so in India, though the latter's growth process was less impressive. However, in more recent years Indonesia's political evolution has been robust and democratic institutions have firmly established themselves.

The results of the recent elections in both India and Indonesia stand testimony to the power of an aspirational middle class that feels empowered by the institutions of democracy. Both Prime Minister Narendra Modi of India and Indonesia's President-elect Joko Widodo, "Jokowi", have come to symbolize the hopes of an aspirational middle class that demands not just better standards of material life but also social and political empowerment.

The challenge for the political leadership in both countries will have to be to meet these aspirations without weakening their commitment to democratic norms and institutions. This means a considerable part of their political attention would be devoted to domestic policies aimed at sustaining economic growth, keeping inflation low, creating new employment opportunities and providing the wherewithal for modern urban life. This would be true for most of Asia's rising economies across what has been called the "arc of peace and prosperity," from India to Japan and encompassing all of Southeast Asia and the South Pacific.

However, Asia's leaders must recognize that political stability and economic growth at home can only be secured if there is regional peace and stability. As Asia rises it has even greater stake in continent wide peace and stability. In Southeast Asia, therefore, India and Indonesia have a responsibility to ensure regional peace and stability. Their individual growth and prosperity, and the welfare of their peoples, depends on this. This defines the 'geo-economics' of Asian growth.

India and Indonesia cannot leave the responsibility of ensuring regional stability and security only to the region's major powers, namely, the United States and China. They should work with other countries, including Japan, Vietnam, Malaysia and Australia, to build regional security structures that ensure regional stability so that their economic growth prospects are assured.

Finally, both India and Indonesia have to show the way forward to their neighbours and other Asian powers as to how multi-religious, multi-cultural and multi-ethnic societies can be politically managed to ensure social and political stability at home and preserve the growth processes that their aspirational middle class demand. The intimate links between internal political stability and regional stability are most manifest in the case of India and Indonesia.

For all these reasons, it is obvious that Indian and Indonesian scholars, policymakers, business leaders and opinionmakers must interact much more. The two maritime neighbours must come together to become the fulcrum of regional stability in Southeast Asia. This is what the growth aspirations of their rising middle class demands.

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# The Rise of the Consumer Class in Indonesia

BY YANTO SOEGIARTO, *Managing Editor, GlobeAsia*

**T**he number of wealthier Indonesians keeps rising. For the past years, the Indonesian economy has been growing fast and stable above 6%. That contributed to the rise of the middle class in line with increasing number of lucrative businesses especially in the consumer, retail, property, and many other sectors.

Banks are busy providing services to the people. Supermarkets are mushrooming all over Indonesia, high-rise apartments were being built to meet growing demand for apartment living, number of motor vehicles keeps increasing by the millions and number of internet and smartphone users rise incredibly beyond market predictions. Millions of Indonesians are now traveling to both domestic and international destinations. All these are indicators of the demand, the consumer boom and illustrating increasing purchasing power in Indonesia.

## Banking boom

Indonesia's largest bank, PT Bank Rakyat Indonesia Tbk (BRI) has reached out to people even to the remote areas to provide banking services which includes lending, providing business opportunities, training in electronic banking and entrepreneurship. In the coming years, no doubt exposure to banking and businesses will bring the people's purchasing power to a higher level. The rural community too will soon have better standard of living.

Foreign banks in the last few years have been flocking to Indonesia to capitalize on the growing middle class, the emergence of a class of high-net-worth-individuals (HNWIs), and to acquire a piece of the growing retail banking market. Banks from across the Asia Pacific including DBS, Standard Chartered, to multinational American banks, including Citibank, have all made their imprints in the Indonesian retail banking market.

There are more demand for credit but limited supply and this was why banks are tempted to lend. Besides in terms of profitability, the banks have larger percentage of return on equity. BRI, for example, has 34% return on equity which is the highest while PT Bank Central Asia (BCA), the largest by market value, contrasts with that of Western banks such as Deutsche Bank AG, Barclays Plc and UBS AG in terms of earnings.

Bank Mandiri is Indonesia's largest lender by assets. Its micro-lending, consumer and small-business units accounted for about 30% of its total loans. BCA which is one of Indonesia's most popular banks, has increased its consumer loans by almost 50%.

Meanwhile, based on a research conducted by a London-based institution, Wealth Insight, the number of billionaires in Indonesia ranks first in terms of growth percentage among 10 other countries, including China and India.

In a 2013 Global Wealth Databook report, Credit Suisse revealed that 2,18 million Indonesians have wealth of more than \$100,000 while around 123,000 Indonesians have wealth of more than \$1 million. The same report also revealed that 22 Indonesians have wealth of more than \$1 billion.

Many research and analysis point to the same direction that more and more people have money. Seen from a Depositors Guarantee Authority (LPS) the number of deposits increased by 14% in 2014 compared to the previous year.

This is also why the banks are jockeying to provide premium services for the newly rich. Bank Mandiri has its priority banking product called Mandiri Prioritas which caters to preferred depositors. From its 38,000 clients, Prioritas succeeded in netting more than Rp 132 trillion in 2014, and ever increasing. Other banks such as BRI, CIMB, Permata and BNI have also priority banking products that provide extra facilities such as business counseling, market updates, door prizes and free trips to various luxurious places.

According to consumer banking department at BRI, the number of account holders has reached to 52 million people spread all over Indonesia which is the largest number of all banks in the country. That is just one bank. Altogether, the banks in Indonesia have more than 146 million accounts. This trend shows that millions more Indonesians are now using banking services.

Looking forward, a McKinsey report showed that in 2030, Indonesia's consumer class is expected to spend \$565 billion on savings and investment which represents a more than six fold increase from \$85 billion in 2011. The nation's consumer class could swell to 135 million by 2030 from 45 million in 2010. That increase of 90 million would be more than for any other country in the world. McKinsey predicts that Indonesia, now the world's 16<sup>th</sup>-largest economy by gross domestic product, will become the seventh biggest by 2030.

## Shopping Trends

There is a boom in shopping. Spending attitude changes. Malls, minimarts and hypermarkets are fast replacing wet markets and traditional outlets, and they are as advanced and sophisticated as any in the region.

According to Nielsen research, mall growth has been dramatic. There are now more than 130 malls. Some say that Jakarta is the mall capital of the world. The Association of Indonesian Retailers discovered middle-class consumers visit modern trade outlets more than twice a month.

Spending pattern of Indonesian may be different than in other countries. Indonesians are willing to pay more for quality and convenience or even luxury. At the same time, online shopping using the internet is developing incredibly fast.

Global brands rallied set foot in Indonesia which proved to be the biggest market in Southeast Asia. Ace Hardware, IKEA Apple, Carrefour, Debenhams and Sogo are all here.

More than ever, Indonesian consumers are heading online to get their retail and travel needs and every day new companies are created to ride the waves in this burgeoning market. In a joint report, Indonesian tech commentator DailySocial and online payment gateway Veritrans noted an increase in the number of consumers turning to the internet for their needs, particularly shopping.

The Indonesian E-Commerce Association noted that the market situation has propelled the creation of a new generation of start-ups. The industry's big players have set up shop here. E-payments, e-reservations, e-transfers and e-billing can now be done with a few clicks from a smartphone, and it seems the sky is the limit. There is a sense of hustle and bustle in the sector as new outfits are created at lightning speed and trends push existing companies to make themselves over to stay competitive.

New names are emerging as a result. Online shopping portals like Lazada and Zalora are reshaping shopping and business trends, while sites like Traveloka.com, Tiket.com and Rajakamar.com allow holiday plans to be made and confirmed easily.

Another knock-on effect of the e-commerce age has been the proliferation of new businesses



including applications creators, digital marketing firms, logistics companies and other internet-related ventures.

Foreign investors and local conglomerates are fighting for a slice of Indonesia's robust consumer spending pie.

Big global retailers have arrived in Indonesia and they are ready to compete with local rivals to offer their best to Indonesian consumers. Courts Asia, the operator of big-box retailer Courts Megastore, opened its first store in Bekasi. The Singapore-listed company had been planning the 12,000 square meters store which is its biggest in Southeast Asia.

IKEA Indonesia attracts people from as far as Bandung to get hold some of the company's neutrally designed wares, while social media was virtually awash with reposted images of the company's signature Swedish meatballs.

The IKEA store at Alam Sutera, which covers 35,000-square-meter of retail area, offers 7,000 home furnishing products, including some geared for the Indonesian market featuring rattan and textiles.

Lotte Shopping, South Korea's largest department store operator, plans to open four new shopping malls in Indonesia by 2018 after it opened its retail complex in the Ciputra World Jakarta superblock complex in Mega Kuningan, one of the busiest district area in Jakarta. Through Lotte, popular fashion brands such as Japanese clothier Uniqlo and H&M entered Indonesian market.

### Vertical Living

In the property sector, new investors have been arriving since the past year to seek new opportunities. The market for properties in the apartment and commercial sectors will grow by 20% in 2015 as rising optimism over the new government's economic plans, especially in infrastructure, drive enthusiasm. In Jakarta and the big cities, new business districts are emerging to provide new opportunities for developers.

Although speculators are influencing the market, small investors have made money from their property purchases. Most popular are apartments and commercial space. A new apartment project at the end of the Bintaro-Serpong toll road has been sold out long before the project was constructed. Now the owners enjoy gains for having invested early. The enthusiasm is high enough that new players without a background in property have joined the property game, while more experienced developers are expanding. The prime driver of all this activity, of course, is the rising number of middle-class Indonesians who see the economy continuing to improve and with it their purchasing power.

Indonesia's cities are also developing new dynamics, as existing centers can no longer sustain growth and additional centers of activity emerge. The West Jakarta area for example, has become a dynamic new business center due to the completion of the Jakarta Outer Ring Road. That has led many buyers to see more benefits in the area such as easy access to the city center and airport.

Optimism about the economy is one factor driving sales, while many from the middle to high income groups are keen to add new apartment units to their investment portfolios. Others see good quality apartments as a solution to Jakarta's worsening traffic conditions.

Property players estimate overall growth of between 10% and 20% this year, with growth strongest for the apartment and commercial segments, with landed houses taking a back seat due to higher interest rates and the tighter regulations on loans.

So, while energy prices are falling, property prices will rise by around 10% and higher in high-demand sectors. Indonesia Property Watch's (IPW) latest review of the market has found that while demand for lower-cost housing is slowing due to high price sensitivity, demand in the higher levels of the market remains stable. State-owned Pembangunan Perumahan (PP) is targeting Rp2.5 trillion in apartment sales this year, an 80% increase over last year's target.

An apartment project being built by PP in Serpong targets higher-income buyers while other projects include Palladian Park in Jakarta, Grand Kamala in Bekasi, and Grand Sungkono Lagoon, Pavilion

Permata Towers 1 and 2 in Surabaya, which will also see the development of the Sungkono Business Park. Developments are also planned for Bogor in West Java and the Central Java capital of Semarang.

In Greater Jakarta, areas ripe for development now spread wide across the metropolis. Cengkareng, Kemayoran and Tangerang municipality in Banten are new growth areas. They will become new urban epicenters.

Infrastructure improvements, especially the completion of the Jakarta Outer Ring Road (JORR), have been critical in driving interest. Tangerang has become the favorite place for developers due to its strategic position.

Colliers International agrees that Tangerang now outranks other areas. Bumi Serpong Damai and surrounding areas, being developed by the Sinar Mas Group, is seeing dramatic development of education facilities. Kompas Gramedia's Multimedia Nusantara University (UMN) is located in the area along with Atmadjaja Catholic University and the Swiss-German University.

Colliers also notes that in addition to apartments, about 1.2 million square meters of new office space is coming on the market between now and 2018 on Jl. TB Simatupang in South Jakarta. That constitutes about 51% of total new supply in Jakarta, effectively shifting the axis of Jakarta business southward.

Besides the TB Simatupang area, Kemayoran in Central Jakarta is also becoming a new central business district. Ciputra Group, after successfully launching Ciputra World in inner-city Kuningan, is now heading to Kemayoran to kick off Citra Towers. The Rp2-trillion project is a joint venture between Ciputra and PT Pembina Sukses Utama.

Lippo Group, the biggest player in the industry, is also working on new projects, including a Rp250-trillion mixed used property development in Cikarang, West Java to add to its prestigious Kemang Village in South Jakarta and St. Moritz in West Jakarta.

Indonesia's second city, Surabaya, faces similar problems to the capital as people look for alternatives to spending hours stuck in traffic jams. Apartment towers are burgeoning on its horizon. Good profit margins in apartments have also attracted local players like Puncak Group and Pakuwon Jati to push ahead with projects.

A giant player in Surabaya, the Pakuwon Group - now well known for some of its projects in Jakarta such as Gandaria City - has built a further 5,000 apartment units at its five projects: Water Place, Educuity Condominium Regency, Grande Waterplace, De Residences and East Coast Apartments. Many Indonesians now opt for high-rise apartment living.

### Motorcycle Republic

Indonesians now take the road in huge numbers. The average male 18 year old and above now own a motorcycle easily obtained through credit channels. Financing companies offer easy terms such as low down payments and affordable installments. This has caused people often dub Indonesia as the "motorcycle republic." Efforts are being taken by the city administration to get these motorcycles off the main roads of the city. But for that adequate public transportation has yet to be readied.

To meet the ever-increasing demand, PT Astra Honda Motors, the maker of Honda motorcycles is expanding its plants to produce 5 million motorcycles this year. The Astra Group is also increasing its four-wheeled vehicle production to 780,000 units from 700,000 a year earlier. That would pose a question whether the existing roads and infrastructure will be able to accommodate such additional numbers. But Astra maintains that it would be difficult to curb production given the huge market potentials. Besides the expectation is high that more roads and infrastructure will be built by the new government.

In the rural areas too, most people own motorcycles and many more have purchasing power to buy cars. In the instance of booming West and East Java agriculture land, people are now getting wealthier from successful farming and harvests. This can be seen by the increasing number of motor vehicle dealerships in the regions. In Makassar, South Sulawesi, for example, the Mitsubishi brand is dominant.

At the upper level, wealthier Indonesians buy late model and expensive cars. All kinds of cars whether

it is Honda, Toyota, Mercedes Benz, BMW, Audi Lexus, Jaguar, Porsches and Bentleys are seen on the roads of Jakarta. At the premium level, many people also own Lamborghinis and Ferraris. There are even Lamborghini and Ferrari clubs in Indonesia.

### Digital Life

The consumer boom in Indonesia can also be seen from the number of mobile phone subscribers. Telkomsel, owned by Indonesia's Telekomunikasi Indonesia and Singapore's SingTel, had 131.5 million subscribers at the end of 2013. Indosat had the second-largest subscriber base with 53.8 million while XL Axiata had 51 million subscribers. Altogether, the number of subscribers can be said as huge as the population.

Not just that, now more Indonesians clamor for the best services with their smartphones. They want high-speed internet to serve their needs. Across the archipelago people now adopt the digital lifestyle. Operators are rallying to provide improved data services for communication, work, play and business. Speed, efficiency and practicality are the main reasons why more and more Indonesians are using both mobile and fixed-line internet, and 4G LTE seamless data services seem to be the latest solution to serve that purpose.

Now, all the main operators are underway to develop 4G LTE services. Telkomsel has disclosed that it is expanding its broadband infrastructure with its Digital Network 2015 program, which covers all of Indonesia's regencies.

Lippo Group's Internux became the first Indonesian internet provider to offer 4G LTE technology with its 4G LTE brand Bolt brand.

Biznet, another broadband provider, launched its latest product, metroNet, which is aimed at providing a fixed broadband connection service for small and medium enterprises (SMEs). It is focusing its services on fixed-broadband connections for internet, data centers and cable TV, especially in metropolitan areas.

Sinar Mas group-controlled mobile operator Smartfren Telecom plans to invest Rp10 trillion over the next three years to install infrastructure for 4G mobile services, in the latest move to snare a slice of Indonesia's rapidly growing smartphone market.

Indonesia aims to have broadband reach 30% of the urban population by the end of 2019 and 71% of the total number of households. In rural areas, broadband penetration is expected reach 49% of households.

Based on an Indonesian Bureau of Statistics report, the demand for smartphones from China is increasing every year. Indonesia imports at least 60 million handsets every year worth around \$300 million. The bulk comes from China which is valued at \$ 192 million. Following China are imports from Vietnam, Taiwan, and South Korea.

### Have Money Will Travel

Now Indonesians do not find air travel or tourism a luxury formerly affordable only by the rich only. The number of domestic air travelers in the first quarter of 2014 has reached 13.5 million people. Whether it is a farmer family from Tarakan go to Jakarta to visit relatives, from Bandung to Bali, or from Balikpapan to Surabaya, all flights are always seen fully booked while airports all over Indonesia are congested, illustrating the travel boom has taken place.

Since the establishment of the new Tourism and Creative Economy Ministry, the number of domestic tourists have increased with the development of new tourism sites. For example, the province of East Nusa Tenggara, home of the Komodo dragon and Labuan Bajo is now easily accessible with direct flights from Bali. The number of tourists visiting NTT has increased to more than 80,000 visitors compared to mere 40,000 in 2012.

Meanwhile, the number of Indonesian traveling overseas has increased to more than 8,7 million

people. Favorite destinations are Singapore, Thailand, Malaysia, China, Japan, South Korea, Australia and New Zealand while those visiting European and Holy Land destinations have also increased. With the increasing number of travel agents in the country and many choices in low cost carriers, more people are hunting for discount tickets and tour packages for overseas holiday travel.

Indonesia has emerged as the fifth-largest domestic aviation market globally and ranks first in Southeast Asia. The archipelago is made up of 17,508 islands and is home to half of ASEAN's population, accounting for over one third of the region's GDP.

### Creating Opportunities

There might have been comprehensive trade agreements, business forums, or exchanges of visits between Indonesia and India. Much talk have been initiated in the larger ASEAN context and representatives of business groups of both nations have discussed opportunities in doing business.

But to bear fruit, initiatives must be made beyond heavy industries or mining. Both countries are now experiencing consumer boom. Why don't both countries create opportunities that relate to the consumer boom?

In the financial services sector, there are still opportunities. Both countries have huge populations that still need to be exposed to banking. Consumer banking is one area which both countries can explore. Why isn't there an Indian bank operating in Indonesia? Perhaps Indonesian banks can also find opportunities in India. It is a policy now in Indonesia that state-owned companies should go international.

The needs of the people in Indonesia and India are more or less common. Whether it is common household goods, consumer products, toiletries, mobile phones, computers, gadgets, or electronics, joint ventures can be made in these areas.

In Information Technology, India has expertise and capabilities to make applications that can serve huge populations. Why not link Bangalore and Bandung or Batam and establish joint technology centers? In Batam now, Indonesia is making its own Indonesian-brand smartphones. Many areas can be developed in hardware and software. Perhaps a joint India-Indonesia smartphone brand can be in the making.

In the creative industry, maybe a joint Indonesia-India film-making project can be explored. Unseen, there is a great demand in Indonesia for Indian films. Maybe a colossal joint-production Mahabharata film can be produced.

In the tourism sector, for sure cooperation will work. Huge groups of Indian tourist will find Bali and ideal destination. Meanwhile, why not offer Taj Mahal to Indonesians? Travel associations of both countries should promote each other.

People to people and culture to culture approaches must be promoted. Indonesians do not know much about India. Maybe so also with Indians about Indonesia. We are two countries sharing the same interest, idealism and closely tied cultural heritage. Therefore, together we must create opportunities for the benefit of both peoples.

# The Rise of the Middle Class and How Indonesia Can Link with India Further

BY FARAH QUINN

**I**t's a proud period to be living in Indonesia today. Young people have so many opportunities that they take for granted -- freedom of expression and the freedom of choice and to vote. Living in one of the world's biggest countries with an old civilization, the world's largest Muslim population and a resurgent youthful demography in a democratic political system makes Indonesians very proud.

From about 15 years ago Indonesia has changed in many ways. We do not look back often enough to those times partly because we are having such a good time now. The youth of Indonesia, about 70 million, has many challenges no doubt, but at the same time, have become a part of a consumer class of 100 million, a middle class which has so many attributes that makes life in Indonesia, especially in the urban areas, very attractive.

Indonesia is the largest economy and biggest country in the ASEAN and will have an important role in the development of the region. There is a new government and a charismatic President. Lot of reforms have taken place since the end of the Old Order and Indonesia now enjoys sustained and impressive growth rates. Due to this the size of the middle class is estimated to cross 100 million in the next 20 years while the consumer class is estimated to grow by 5 million every year: the same as the size of the population of Singapore! Significant attributes in this is that the youth segment of the population is large, growth is quick and there is a fast rate of urbanization. In a recent conference, "The Rise of the Consumer Class: Indonesia 2015" organized by the Jakarta Globe, it was estimated that the consumer class in Indonesia is about 70 million and become sophisticated and is likely to be one of the important factors of development in this century. The conference addressed the trend stating that, "From modern retail stores to a flux of new financial service products to the rise of the new urban centers, the middle class will redefine the nation and business landscapes." Then growth of urban cities has been an important attribute in countries with rapid economic growth including in India. It is estimated that about 45% of Indonesia's people live in cities with a population of more than 200,000 each and by 2030 this could reach 55%.

I remember spending my childhood in Bengkulu (around 1982- 1992), Bengkulu is a small province in the Southern part of Sumatra. We had only a couple of individually owned supermarkets that we could choose from at that time.

My mother did all the shopping for fresh ingredients in the traditional market because the supermarkets were selling dry goods only. Retail clothing shops were also very limited and all individually owned. The last

time I visited Bengkulu was about 2 years ago. Things had changed completely. I noticed there were malls, many choices of supermarkets, and I saw convenience stores such as Circle-K and 7-11 every few hundred meters.

Many surveys have shown that Indonesia has a growing urban population and an attraction to foreign investors as well as increased economic activities through Indonesians themselves. All these point to the emergence of greater consumer patterns, increased life expectancy, higher education and literacy standards and greater employment opportunities.

During my travel around Indonesia and in the region I meet people who think of Indonesia as a current miracle where everything happens. People arriving in Jakarta for the first time are prepared for a traffic jam but often left unaware of skyscrapers, malls and cinemas. The same is perceptible as people start visiting other growing areas like Surabaya, Medan, Semarang, Bali and others. The rise of the middle class of Indonesia is striking as growing urbanization is seen to provide what the middle class needs.

In the last 15 years or so the growth of television, radio and print media has been explosive. Gone are the days where you had a single news channel, although I remember those days clearly. As a child, I would get very excited to be waiting for some of my favorite cartoon programs that would be airing on TV. I would do anything my mother would tell me just so I could have the permission to watch them. My first encounter with TV commercials was when the first privately owned TV station was introduced in the region. It's difficult to comprehend just how revolutionary this was for us even as we were living in it at the time.

Today you can choose from a large variety of channels just like in any developed country, selections include news, movies, local entertainment, sports, foreign interests and many more. The numbers of foreign shows dubbed in Bahasa Indonesia is also increasing. The amount of advertisements that TV stations attract is immense and I often marvel at the kind of products that are advertised not to mention the increasing slickness of their presentations. It is quite noteworthy that so many TV programs and channels are sustained because of high viewership, leading to potential development of consumption by the growing consumer class. This power and interest of the consumer class is what sustains the high growth of TV channels in Indonesia. In turn this lead to the introduction of new products and new advertisements as well.

Similarly, the growth of newspapers and magazines in the last 15 years has been phenomenal. There is much greater political content in this segment showing the political development of our country emphasizing the openness and liberal values that have emerged as democracy has consolidated itself. The nature of the magazines and the variety they bring also sustains the idea of Indonesia as a country with a great and growing middle class. Many foreign magazines adapted to Indonesia and have their own success rates.

One of the greatest changes over the last 15 years has been the high rate of internet penetration. Indonesians are fortunate to have such a high degree of Wi-Fi connectivity and social media presence which gives the young people a great voice of expression. Very few countries with the kind of population density as in Indonesia have this kind of connectivity which brings itself a manifestation of consuming middle class as well as its sustainability. A number of people with high twitter following or Face Book likes is among the highest in Indonesia.

Digital connectivity provides demand, supply, innovation and institutional growth, which, if rightly grasped, can create a huge economic buzz. If Indonesia does not pay enough attention to these, then its potential will not be realized as quickly as it could. The evolution of digital economy is changing society in Indonesia and will touch all aspects of our lives by creating new economic factors and opportunities. Indonesia has a young social media friendly population, effective institutions and appropriate investments in the digital economy have to be made to keep space. Indonesia has to transform from a large market of Face Book users to a digital economy. With an increased awareness

of e-commerce Indonesia can provide a large segment of the next billion internet users as well as a significant amount of internet consumers.

Tourism is another area where there has been considerable changes over the last 15 years in Indonesia. For one there is the emergence of Bali as an important tourist market in the world, especially since the release of the hit movie “Eat, Pray, Love”, and the influx of Hollywood celebrities visiting the island. In addition, to date there has been a surge of tourism growth across many places in Indonesia and the emergence of international hotel chains, high grade restaurants and the influx of larger numbers of tourists who earlier looked at our neighboring countries alone. The emergence of Indonesia as a great tourist hub is one of the salient features of its growth as a consumer market. The advent of tourism has brought in many foreign brands and companies in to Indonesia and contributed to its greater linkage with the region as well as the world.

Online trends also contribute to the growth of tourism and sites like Travelogue.com, tiket.com and rajamakar.com allow holiday plans to be made and confirmed easily. A large amount of information on Indonesia is available through foreign websites as well. It is important to remember that the business of travel and tourism is a catalyst as it encourages people to undertake online purchases. Once a person has bought a ticket or did hotel booking online, they move to online shopping as well. I’d love to see more e-commerce. Shopping on line in the comfort of your own home and with the convenience of being able to shop when you want to shop is definitely the wave of the future. We do need help more with safety and guarantees though as I see our local postal service could be improved to make people feel more confident about shopping online. In the mean time independent local shipping companies like Tiki and JNL are making it easier for e-commerce start-ups to gain traction in the market.

Along with this the number of airlines flying to Indonesia and the growth of Indonesia’s airlines themselves has shown a rising trend of flights within Indonesia, to the ASEAN region countries and beyond. The fact that so many flights cater to Indonesia is another reflection of its growing importance as a huge market and having a huge consuming class.

The growth of a myriad F&B destinations such as high-end dining and trendy cafes and bars has been exponential in Indonesia in the last decade. Never have people had so many quality choices for eating out as they do today. I for one am still amazed at how fast this local market is developing and how competitive the quality is compared to what can be found in the region.

The growth of fashion including Muslim fashion is also growing rapidly. Stylish options are now widely available for women wearing headscarves as well as those who do not. Also men in Indonesia are now very stylish and every high end western designer is available for those who can afford it.

Thus, there is no doubt that Indonesia has a large consumer class that is fueling its domestic demand. This in turn brings foreign investment, increases domestic investment and allows us to build our country to cater to the needs of our own people.

The Indonesian market has attracted global retailers as well as Indonesian laws seem to be more welcoming than in India. These retailers compete with local companies, offer their best to consumers and include places like Carrefour, Matahari, Courts Asia, IKEA and H&M among recent entrants.

The new government of president Jokowi is focusing on this aspect of fulfilling the growing expectations of the growing Indonesian population and this is where the political dimension of the rise of domestic consumption and the middle class becomes more and more relevant.

Indonesia’s rising middle class is a great asset both politically and economically because it has the potential to sustain Indonesia’s return to democracy as well as its strong economic growth prospects.

Recent research from a bank group indicates that the consumer class in Indonesia is very attractive even at time of slow global growth. Consumption by private people in Indonesia remains an important strength of the economy and private consumption growth by about 5.5% p.a. is expected to be higher than the GDP growth rates. Similarly, with a high number of youth population the growth rate is more than that in China or India.

Once I recognized these facts, I begin to contemplate the countries we are surrounded by and I see that we are open to many cultural influences adapted to our own ways. This is where I think Indonesia’s linkages with India have been strong. In our culture Wayang and many traditional dances and are akin to the heroic stories of the Indian epics like Mahabharata and Ramayana and have been well embedded and adapted to Indonesian style and local color. We no more think of these legends as being only Indian. This I believe is a strong bond between India and Indonesia. Today in the period when the middle class is rising in Indonesia I see similar experiences in India be it political, economic, fashion, food, tourism or the expectation of the youth.

# So what can India and Indonesia with rising middle classes do together to make our world a better one?



We could rekindle our civilizational links. With the success of the Mahabharata TV serial, the Indian TV channels is phenomenal and is leading to spin offs. Focusing on the consumer class, the channel with broadcasting the serial has got many attendant programs and marketing. Similarly, Bollywood has a phenomenal success rate in Indonesia and along with new TV serials is attracting a greater number of audiences. The launch of dedicated Bollywood movie channels has also tapped into this market segment. But is it not the time to have Bollywood movies shoot in Indonesia, which will increase their attraction to the growing Indonesian market? A joint India-Indonesia production will increase the market for movies in both the countries. There are many multinationals who market the same product in both India and Indonesia. But Indian brands are not well known in Indonesia nor are Indonesian brands known in India. Greater attention by both sides to directly market their products in each other’s country is another area that I think can work. An increase in tourism is extremely important. Many Indonesians travel out as Indians do but I believe the number of Indonesians traveling to India is not as high as it could be. We must remedy this. The digital revolution in many ways originated in India. Indonesia is largely a consumer of digital media and economy. India seems to have built strong digital e-commerce and services for global chains as well. Since India and Indonesia have large markets, I am sure we can do better by having cross-links in our e-commerce and its development.



# Digital Synergies in India and Indonesia

BY JAY CHAUHAN

## Executive Summary

Flowing from the Mahabharata and Ramayana and in some small measure the sport of Cricket, strong cultural similarities between India and Indonesia have contributed to bilateral trade ties in the past and are currently extending to the digital communications sphere. This article will explore digital trends spanning both countries in terms of mobile penetration, social media, messaging applications, ecommerce growth and digital media consumption. We will delve further into the impact of digital growth on local and global businesses, trade practices and lessons both countries should imbibe to improve their digital ecosystem.

## Mobile Penetration in India and Indonesia

Mobile penetration in India and Indonesia is seeing exponential growth. From financial services to online shopping to e-Governance, smartphone devices are becoming a mainstay in the lives of people.

According to GSMA Intelligence, India is the fourth largest smartphone market and the smartphone penetration will cross 45 percent by 2020. Its rapid technological advancement, growing population and increased smartphone penetration is enhancing the country's digital growth. From being restricted to the affluent a decade ago, the digital connect has moved to link people from every strata of society into the digital grid using mobile Internet. The primary reason for higher mobile adoption in India is due to the lack of deeper broadband penetration, prompting consumers, especially in rural India, to bypass desktops / laptops and adopt mobile Internet.

Currently, only 300 million Indians use the Internet and 50 percent of them use Internet mainly for social media. The pace with which adoption of social media sites has accelerated in the past couple of years is staggering, implying a need to globally connect with people, for both business and personal reasons. Out of about 900 million mobile subscribers, only 10 percent access social media on mobile; however, the trend is poised to change with the introduction of low cost smartphones in the market. Even though the mobile Internet traffic is higher than desktop, the number of mobile Internet users is on the lower scale. The primary reason being the low average Internet speed of 2 Mbps as compared to the global average of 4.5 Mbps. An average mobile Internet consumer spends 3 hours out of 5 hours accessing Internet on mobile, and a major portion of this time is spent on social media activities.

Further, out of the total Indian mobile population, 840 million people have prepaid connections as it is easier and affordable to purchase than a postpaid connection. Even though the smartphone penetration is low when compared to India's vast population, certain positive trends are seen. First, 90 percent of smartphone users in India research products online before purchasing. This is an indication for ecommerce companies to work on building a positive online presence. Second, the availability of low priced smartphones will increase market penetration and bring about the end of feature phones. Third, consumers are increasingly using their smartphones not only to research but purchase products online too, especially because leading ecommerce startups like Flipkart and SnapDeal offer great user experiences on their mobile applications. According to We Are Social data, among Indian smartphone users, 11 percent spend time on social media applications, 16 percent on streaming video content on mobile, 11 percent on gaming applications, 5 percent on location based applications and 7 percent on banking or finance applications.

Comparatively, Indonesia is the fourth largest mobile market in the world with 278 million subscribers and smartphone penetration is estimated to reach 53 percent by 2015. Mobile and Internet have transformed households and the nature of conducting business. A strong measure of mobile and Internet penetration is the nature of mobile Internet usage in conducting financial transactions. Even when family members move to other cities, they continue to remain financially dependent on one another. A need to transfer money is high, with people relying on friends and relatives to share monetary sources, which plays an essential role to understand how consumers are adopting mobile-based financial services. According to the Ericsson Consumer Lab Mobile Commerce in Emerging Asia 2014 report, 54 percent of Indonesian consumers have sent or received money through mobile Internet. From the perspective of financial services, 61 percent of Indonesian mobile users have access to online bank accounts and 45 percent have access to a credit or debit card. Further, 23 percent of population is interested in mobile money transfer services, 1 percent has actually used them and 35 percent of the population is aware of its existence.

Raising awareness about mobile and related Internet services is essential for market vendors. Recommendations from friends or colleagues, social media and TV are common sources of information. Vendors realise the benefits relevant mobile applications can have on the lives of its users as it helps in customer retention, loyalty building, reduces costs and prevents crises. Mobile applications impact corporate and businesses drastically; for instance, the Starbucks mobile app was able to increase customer consumption from once a week to thrice a week or more.

India and Indonesia has significant mobile penetration propelled by two features: social media connectivity and consumer transactions like ecommerce purchases and financial transactions. Mobile Internet connectivity enables both the rural and urban crowd to merge into the digital world.

## Chat Applications

The rapid growth of mobile data subscriptions propelled the adoption of social media applications in both India and Indonesia. As per Global Web Index study, the instant messaging application market in India saw a 113 percent growth in 2013. The instant messaging market is controlled by WhatsApp (52 percent), Facebook Messenger (42 percent), Skype (37 percent), WeChat (26 percent) and Viber (18 percent).

The surge in social media instant messaging application usage complements the mobile market penetration and threatens desktop format of social networks. These applications replace traditional SMS and voice calling, effectively making them OTT (Over the Top) applications. Increase in mobile data subscriptions, influx of low cost smartphones and ability to hold longer conversations without additional data cost are the three pillars standing in support of social media applications. Thanks to the ubiquitous SMS, messaging is an ingrained habit among Indian users. As per data revealed by IN Mobi, 44 percent of Indian mobile users prefer chat applications against 19 percent of users accessing social networks. The primary consumer market consists of users below 35 years of age, attracted to social applications due to



their low cost and privacy offering environment. 95 percent of mobile users use social apps multiple times in 24 hours. Discovering social applications depends primarily on recommendations and ‘app store’ browsing. The growth of social applications use is influenced by various reasons. The top three reasons are the ability to communicate with family, share photos and videos and stay in touch with friends. Focus is given on core usability rather than fancy add-ons like varied emoticons and playing games.

Similarly, the Indonesian consumers express genuine enthusiasm in embracing instant messaging applications. Ever since LINE and WeChat launched, they received 10 million users from Indonesia and a fifty percent user base increase since 2013. With chat applications expanding into complete platforms themselves, such as taxi integration from WeChat and games from LINE, the subscriber base of these social applications is set to soar. Indonesians prefer social applications over streaming music or using gaming applications. Similar to the Indian social applications consumer base, instant messaging is ingrained in the habits of Indonesian consumers. As per data revealed by IN Mobi, 39 percent of Indonesian mobile users prefer chat applications against 19 percent of users accessing social networks. Again, the major market share consists of users below 35 years of age, for the same reasons as Indian users. 97 percent of mobile users use social applications multiple times in a day. The major channels of application discovery are word of mouth, app store browsing and mobile advertisements. Again, the top three reasons for using social applications are communicating with friends, family and ability to share videos and images. Usability rates higher on preference scale than fancy add-ons.

Apart from the similarity in social applications usage, vendors and marketers have profitably turned the applications into a medium to boost ecommerce business. Research shows that 30 percent and 21 percent of applications users make in-app purchases in Indonesia and India respectively. The price range of these in-app purchases varies between 18241 IDR – 31207 IDR and 71 INR – 129 INR. Money is typically spent on upgrading apps for premium features and purchasing digital goods via applications. Since messaging is turning out to be a profitable audience platform of the future, social application marketers and publishers should leverage mobile messaging by designing dynamic application experiences to target the right audience for generating brand awareness and contribute towards the whole ecommerce ecosystem.

### Ecommerce

Internet connectivity and mobile penetration has led to the rise of a booming ecommerce market in both the countries. Ecommerce spend and purchases are increasingly contributing to the economic growth of the countries.

The Indian ecommerce segment generated sales worth 16 billion USD in 2014. According to ASSOCHAM and PricewaterhouseCoopers data, it will reach 100 billion USD by 2019. Investments worth 627 million USD by Japan’s Soft Bank in SnapDeal, 2 billion USD investments by Amazon and a 210 million USD stake in Ola were some of the head turners the past year. From 8 million shoppers in 2012 to 35 million in 2015, the Indian ecommerce market share is increasing drastically and expects to reach 100 million online shoppers by 2016.

India is now at 300 million Internet users. Unlike other countries where the Internet revolution took place on desktops, the Internet revolution in India is happening on mobiles, highlighting the need for mobile-centric products and strategies to reach out to the mobile market in a constructive and non-invasive way. Electronics, home furnishing, baby care and cosmetics are popular online shopping categories. The high purchasing power of the middle class and the easy accessibility to Internet is propelling the ecommerce industry forward. Nasir Jamal, the Secretary General of e-Commerce Association of India, comments: “The ecommerce industry is in a growth stage. A lot is expected in the coming days. We will see more consolidations. Public issues will also happen. The industry is keenly awaiting the GST to get cleared. It will help in seamless movement of goods among states. It will give ecommerce industry wider operations and a major push.”

The ecommerce growth in Indonesia follows a similar vein of progress. Could Indonesia be the new frontier market for ecommerce? An ecommerce report by SingPost identifies Indonesian consumer as most discerning with online brand engagements. The increase in the purchasing power of middle-class Indonesians and affordable mobile data rates will clock 102.8 million Internet users by 2016.

The Indonesian ecommerce landscape is primarily dependent on social media traction. Indonesia is the official Twitter capital of the world, has 69 million active Facebook users, 30 million LINE users and 27 percent of ecommerce transactions in 2014 happened via social media. This translates to strong consumer-driven business opportunities, signaling the growth of local startups like Onigi and LakuBgt. A higher percentage of Indonesian buyers prefer to purchase from messaging applications like LINE, Instagram and Blackberry Messenger and prefer local shopping sites like Zalora and Lazada. According to McKinsey and Co., Indonesians are typically late technology adopters and their preference for classified sites or social media channels is due to the propensity for communicating with sellers in real-time before transacting a purchase. In the Indonesian ecommerce shopping archipelago, women have higher purchasing and decision-making power and prefer to shop online for apparel, travel items, mobile devices, laptops and accessories.

The rural and urban ecommerce spending parity is surprising. Out of the 1.8 billion USD spent on ecommerce in 2014, 70 percent of the orders came from rural areas, most those which are still untouched by marketers. Driving into the ecommerce boom, Rakuten Belanja Online, a subsidiary of Japan’s Rakuten, entered the Indonesian ecommerce segment for local business and appeals to the risk-averse Indonesians. Even though mobile payments are a significant part of Indonesia’s ecommerce boom, consumers still remain hesitant about revealing credit and debit card details online. It is a challenge for ecommerce vendors to build the trust factor. Data from Vela Indonesia shows that bank transactions are preferred medium for online payments, followed by Cash-On-Delivery and credit cards. There are e-payment channels like Doku and Indomog but their adoption rate isn’t as expected. Thus, merchants willing to establish ecommerce venture in Indonesia needs to deal with product localization and payment options to reap benefit of one of Asia’s top ecommerce destinations.

### News and Content Consumption

The social, economic and political perspective of a community is influenced by the nature of its information consumption. Another component of the digital ecosystem growth in India and Indonesia is online news and content consumption. The growth in Internet connections and mobile data connectivity simplifies the way with which Internet users’ access and consume varied information.

The appetite for digital content spans online news, business information, informative blogs, video content, Infographics, digital comics and other formats. With Indians slowly but surely getting used to paying for content, Indian consumers’ expense on paid content consumption varies between 50 INR and 150 INR per month. Innovative content models are now emerging in India with various ‘online-only’ comedy formats such as AIB and TVF, as well as news aggregator startups such as News in Shorts attracting venture funding. Investments are needed for enriching online media development and consumption it is a strong measure of how consumers interact with brands and market trends, which directly impacts the consumers’ spending choices. The free flow on information online is also synonymous with a thriving democracy with each individual having a voice to freely participate in heated Twitter debates over elections, party manifestos or share immediate news on Facebook or Instagram. The volume and velocity of content online whether from publishers such as NDTV, news aggregators or curated or even social is now becoming a fairly decent barometer of general public opinion and sentiment – this especially so with sophisticated social media analytics platforms now available. In certain cases 2-3 Bollywood celebrities reach (as is known in the audience measurement world) more individuals via Twitter than many English TV news outlets put together!

Moving on, the content consumption in the Southeast Asian countries shifted radically in the last

decade. Consumers are deciding the nature of content they wish to consume in the online media. In Indonesia, 68 percent of Internet users spend time watching TV online while 81 percent of consumers watch online videos weekly. A consumer survey conducted by Nielsen reveals the awareness of consumers in their understanding that either they need to pay to watch online content or be exposed to advertisement material. 44 percent of Indonesians prefer an ad-based model because it gives free access to online content as compared to pay-per-view models with no advertising.

As discussed previously, everything in the digital community world ultimately becomes a medium to generate business revenue. Indonesians prefer to watch digital video content. Before deciding a purchase, they conduct a video product search to either view its online advertising or watch product reviews, if any, and then purchase. 62 percent of online purchases in Indonesia are a result of this activity. The Cross-Platform Leader in Southeast Asia for Nielsen, Nancy Jaffe, says that “the expanding popularity of digital video consumption and early indicators around the effectiveness of online video advertising has brought about a paradigm shift which is irreversibly reshaping the media landscape”. A major reason in the growth of digital content viewership is the increase in the affordability of people in purchasing various devices, and this applies to both India and Indonesia.

### India and Indonesia – The Road Ahead

With recent political changes and new governments in place, India and Indonesia are standing at a significant juncture. There is a strong demand for digital growth and even though significant digital penetration is visible, there remains a big scope for complete digitization in both India and Indonesia. Some barriers and uncharted territories exist to stop both the countries to reach their full digital potential. A smartphone is unavoidable equipment, demand for mobile applications is soaring, and businesses are using mobile applications to integrate themselves vertically & horizontally as well as customer demands. Actions from concerned stakeholders like entrepreneurs, businesses and policy makers can make a strong impact to meet the need for a broader digital inclusion.

For India, barriers are the lack of adequate digital infrastructure, transparent regulatory framework and a conducive business environment. Significant investments are required to meet the gap in digital infrastructure. There is a lack of sufficient spectrum, inadequate network coverage, and small investments in telecom towers and fiber especially in the rural areas. The population is huge and growing, and rural markets are yet to be targeted and optimized. A certain lack of awareness amongst many sections of society also prevents them from adopting Internet actively and engage in ecommerce transactions. There is a need for awareness and for marketers to reach uncharted rural areas, offering assistance to adopt technology in their lives. While there are large and respected IT companies such as TCS, Infosys, HCL and others as well as a nascent but fast growing startup culture in India, it would do well to focus some of its bilateral ties with Indonesia towards exchange programmes that aim to enhance the digital skills of Indonesian youth at the University level starting from basic digital marketing all the way through to Big Data, Analytics and Cloud computing.

For Indonesia, stakeholders should initiate awareness drives to instill a sense of trust and security among Indonesian digital media users towards ecommerce platforms. Awareness is necessary towards adopting online banking and empowering people. The Indonesian digital market is highly dependent upon social media traction. As such, businesses need to scale up their revenue models and not depend on social media solely. Initiatives by the Indonesian government to increase skilled manpower to develop, build and innovate with digital businesses are critical as well as fostering a startup culture to encourage innovation for generations to come.

## India as An Old Friend

BY J. NUGROHO

### Pre-Independence

When Sukarno and Hatta proclaimed Indonesia's independence in 1945, not many in the international community took it seriously. It was taken for granted by the world's major powers of the day the Dutch East Indies would be returned to its original colonial ruler.

The nascent Indonesian republic was beleaguered almost from the start, with its lack of revenues, the absence of professional armed forces and the subsequent attempts by the Dutch to return to power. However, it was unmistakably affirmed to the world that the Indonesian republic was a force to be reckoned with, when it took the form of an armed resistance by the people of the city of Surabaya towards the end of 1945.

In trying to fend off the British forces which acted as part of the Allies' South East Asia Command (SEAC) the Surabayans were tempting fate. In Surabaya 1945: Sacred Territory, Dr Francis Palmos comments, "they were pitted against the experienced armies of the world's most successful Imperial powers."

The Surabaya battle of 1945, according to Dr Palmos, was the most decisive military victory against a foreign force in the whole of Indonesian annals. What is not commonly known to many Indonesians, Indians played a unique part in this watershed event of the early days of independent Indonesia.

The 6,000 strong SEAC forces that landed in Surabaya were notably British Indian soldiers, namely the 49th Infantry Brigade of the 23rd Indian Division of the British Army. These were soon reinforced with the additional 24,000 troops from the 5th Indian Division as the conflict escalated.

Though Indian troops were used by the British to facilitate the return of the Dutch to power in Indonesia, it did not strike quite the right note with the most prominent Indian nationalist leaders Jawaharlal Nehru and Muhammad Ali Jinnah<sup>[1]</sup>, both of whom stated that "there was a rising clamor in India for the withdrawal of British troops from Java."

Back in Surabaya, another Indian, T.D. Kundan, a Sindhi merchant who was also head of the local Indian association, toiled in the background. He was sufficiently trusted by the Indonesians that the East Java Governor Suryo asked him to act as both interpreter and translator in dealing with the British<sup>[2]</sup>.

### Finding the Right Axis

As part of SEAC, the Indian engagement in modern times with Southeast Asia and Indonesia in particular, dates back to its pre-independence period. Given Nehru's rapport with Indonesia's first president

Sukarno, it was almost expected that the two nations, once both independent, would forge close relations.

The successful state visit by Indian Prime Minister Jawaharlal Nehru to Jakarta in 1950, where he was greeted on arrival by both Sukarno and Hatta, was testimony to the warm friendship between Indian and Indonesian leaderships of the day. President Sukarno received a great honour by being invited as the first chief guest when India became a Republic in January 1950. The 1955 Bandung Conference was further proof of the ability by both nations to work together.

### Look East to Act East

The 1990s blew a wind of change for both India and Indonesia. Prime Minister Narasimha Rao launched his "Look East" policy in 1992 as a new pivot of India's engagement with the rest of Asia.

In 1998 Indonesia experienced another regime change as Suharto was forced to resign by popular pressure. Generally, the post-Suharto era has seen an improvement in relations between India and Indonesia, as well as India's increased economic engagement with ASEAN countries.

President Megawati Soekarnoputri's tenure saw a nostalgic attempt to revive the old alliances under her father's rule, with India, China and Russia. During her 2002 state visit to India, she reminisced how the two nations were very close during her father's time.

The following decade under President Susilo Bambang Yudhoyono represented another period of increased engagement between the two countries. In 2011, New Delhi invited the Indonesian president as India's Republic Day guest of honor. This was the second time since 1950 that Indonesia had been so honored.

Fortunately, India's greater engagement with the other ASEAN countries was very much alive. Trade relations continued to grow. At the 2014 ASEAN Summit in Myanmar, Prime Minister Narendra Modi alluded clearly about India's resolve not just to look East but to "Act" East as well.

### China and South China Sea

In accordance with President Joko Widodo's new doctrine of Indonesia as the regional maritime axis, the Ministry of Foreign Affairs must necessarily redouble its efforts to safeguard the country's interests in a changing world order.

Closer to home, the South China Sea theater will be central to the question of Indonesian maritime sovereignty.

Harping on a very old tune, the Indonesian government continues to see its role as the perennial mediator for both China and other ASEAN countries as opposed to an involved actor. President Joko Widodo alluded to the tensions in the South China Sea in his address to the 2014 ASEAN Summit. Still clinging to the role of an observer, the president merely cautioned that international laws and codes of conduct must be upheld by the parties involved in the disputes.

The Indonesian reluctance to admit officially the existence of a Chinese claim to the Natuna Sea may prove to be disadvantageous in the long run. The 2013 fishing incident already shows there are many incursions into the country's Economic Exclusive Zones (EEZ) by Chinese vessels on a regular basis.

The bold pursuit by the Chinese Maritime Law Enforcement vessel further enforces the argument that China does not consider the activities of its vessels in the area a violation of Indonesia's territory.

Although Chinese assertiveness against Indonesian interests in the South China Sea is still incipient, the Indonesian government should consider a strategy to guard against possible escalation.

The most logical course of action is diplomatic as well as strategic circumspection. During the APEC Summit in Beijing in 2014, Jokowi claimed he had secured US\$ 18.7 billion in infrastructure investment pledges by Chinese corporations. Additionally, Indonesia has also acceded to joining the China-backed Asian Infrastructure Investment bank (AIIB).

Despite the obvious need of major funding sources for the country's ambitious infrastructure plans, it may be prudent for the government to avoid an arrangement that is tilted heavily in favor of Chinese

[1] Dr Francis Palmos, *Surabaya 1945: Sacred Territory* (forthcoming 2015)

[2] Ruslan Abdulgani, *One Hundred Days in Surabaya That Shook Indonesia* (1995)

investment. It is paramount that Indonesia diversify its funding sources. More importantly, it should not limit its strategic partnership with one major regional power only.

What Indonesia needs in its bid to balance against China are regional partners with a negative track record in expansionist foreign policy. In this respect, India fits the bill quite well. Its position as a major regional force is undisputed.

From a strategic point of view, it makes sense for Indonesia to be close to India. This should not, however, preclude our own engagement with China or any major power.

In cultivating India as a strategic partner, the government can only win both on the domestic and international fronts. Overtly courting the US would only fuel strong anti-American sentiments among the nationalists at home, not to mention displeasing Beijing. And to ignore the consequences of unnerving Beijing, as the Philippines recently discovered, would be foolish.

By the same token, to be seen as pro-Beijing may also be detrimental to President Joko Widodo's domestic image. As was clear in the smear campaign against him during the presidential campaign, the president must be aware that Sinophobia is still a potent issue in Indonesian politics.

It would not serve Indonesia's long term strategic interests, either, to snub the US in favor of China. The US Secretary of State John Kerry's tacit support for the Philippines and Vietnam in their skirmishes with China in the South China Sea would suggest that it is unwise to close a possible future avenue of support for Indonesia.

### The ASEAN Factor

In theory, any policy on the South China Sea is quite inseparable from ASEAN. However, the Vietnamese and Filipino recent experiences with China have regrettably exposed the limitations of what the association can do vis-à-vis Beijing.

The problem lies in the lack of a united front by ASEAN in addressing the growing tensions in the South China Sea, a weakness which has so far benefited China. Beijing's own strong bilateral ties with individual ASEAN members such as Thailand, Malaysia and Singapore have also provided a stumbling block for any unity on the issue.

Nevertheless, ASEAN is a crucial factor in Indonesia's own desire to establish its own maritime axis, which is impossible without the good will and cooperation of our neighbouring countries, most of which are ASEAN members.

As a founding member and the most populous ASEAN nation, Indonesia is strategically placed to provide leadership in the forum. The association has the potential to become a powerful proxy through which smaller Southeast Asian nations can make their own voice heard globally, provided there is strong enough leadership.

The empowerment of ASEAN will also make forums such as the East Asia Summit (EAS) and the ASEAN Regional Forum (ARF) more credible. The strength of ASEAN ultimately depends on its collectivity rather than individuality. In the current global setting where China is fast becoming a new hegemony, ASEAN unity has become more crucial than ever.

China's signature modus operandi, thus far, has been to use regional forums as a gateway to enhance its own bilateral relations with member states while at the same time using its presence to dissuade forum unity.

We have indeed seen this happen in ASEAN as China's bilateral diplomacy with individual member states have prevented a united front on the South China Sea disputes. At the 2014 South Asian Association for Regional Cooperation (SAARC) summit in Kathmandu, we also saw the same tactic deployed by Beijing.

By currying favour with individual South Asian states such as Nepal, Sri Lanka and the Maldives through pledges of investment and other monetary benefits, China will try to safeguard against SAARC unity which may threaten its own interests.

### Indian Ocean Community

In an editorial for the *Diplomat Magazine*<sup>[3]</sup>, Sourabh Jyoti Sharma argued that ASEAN must formulate a common policy on the Indian Ocean Region (IOR) as part of its future maritime strategy. By the same token, Indonesia can be said to have neglected our own diplomatic efforts towards this region.

Despite Indonesia's membership with the Indian Ocean Rim Association (IORA) since its inception in 1995, the forum is yet to play an integral part in the country's diplomatic endeavour.

President Joko Widodo's maritime axis will only increase the strategic value of the Indian Ocean as a gateway for maritime connectivity, trade and military routes.

Both IORA and its initiatives could potentially become a strategic balancing force in the years ahead, if Indonesia is to pursue a diversification in its foreign policy. The Indian Ocean Community has both India and Australia, both of which are more than happy to forge closer ties with Indonesia.

The combined endeavors of India, Indonesia and Australia have the definite potential to bring equilibrium to the larger Indo-Pacific arena.

Unfortunately, the IORA-IORARC is currently underdeveloped and underused as a regional forum. India started a concerted effort to empower the association by donating \$1 million to its Special Fund in 2011 during its chairmanship.

The IORA chair now belongs to Australia until 2015. By a happy coincidence, the chair will be taken up by Indonesia the following year. The chair will provide the Indonesian government the opportunity to integrate its own maritime doctrine within the larger Indo-Pacific network.

The fact that IORA is underdeveloped also means there is plenty of room for bold and far-reaching initiatives by member states.

### Balancing Act

Due to Indonesia's own limited resources, it is highly unrealistic to expect ourselves to devote our diplomatic efforts to too many countries at the same time. It is therefore imperative that we choose the right strategic partners that will help ensure maximum benefits to ourselves while allowing us to raise our own international profile at the same time.

Indonesia, as all other nations on earth, cannot afford to ignore China altogether. It is palpably true that Indonesia needs Chinese investment and good will to forge ahead with its development plans.

The key here is balance, in the sense that Indonesia's relations with other countries should provide opportunities and yet leave us not overly beholden to one power above the others. Indonesia will no doubt benefit from closer bilateral relations with China, especially when we take care to nurture our own relations with other regional powers, notably India and Australia.

India is arguably an acceptable ally domestically. India's well-preserved image as a nation of peace in the last few decades, as well as resurging nostalgia about the Sukarno early years, mean that most Indonesians would not see an alliance with India as something suspicious.

The leadership of Joko Widodo has been hailed as a renaissance of Indonesian destiny at home. It has been a while since names like Nehru and Kundan featured strongly in our memory. Yet, our discourse with India is age-old.

The births of our ancient kingdoms like Sriwijaya and Majapahit could not have taken place without Hindustani influences. In 1945, as we struggled for independence from colonialism, we found Indians present and doing their part. Perhaps they should be there, too, for our foray into the 21<sup>st</sup> century.

[3] *The Indian Ocean in ASEAN's Future Maritime Discourse* by Sourabh Jyoti Sharma, *Diplomat Magazine*, 11th June,



# Indian Ocean Region: Challenges to Regional Cooperation

BY SHANKARI SUNDARARAMAN



## Introduction

In March 2009, Robert Kaplan in his article titled “Centre Stage for the Twenty-First Century: Power Plays in the Indian Ocean,” published in the journal *Foreign Affairs*, described the Indian Ocean as the center-stage for the challenges of the twenty-first century where the maritime dimension would be the key element of future geo-political trends<sup>[1]</sup>. Prior to this, an article in the news magazine *The Economist* identified the region as the ‘most dangerous seas in the world’ because of the issues of piracy particularly along the eastern coast of Africa<sup>[2]</sup>. The article went on to describe the security and safety of the Indian Ocean was being compromised by the activity of pirates who were ahead of the security forces on controlling the waters particularly along the coast of Africa. These two articles clearly highlight the deteriorating security situation in the Indian Ocean region. More recently in a key note lecture to the IORA, Anthony Bergin, in March 2014 identified that the level of regional cooperation in the Indian Ocean remains under-developed and that if this regional grouping is to have any effective position on the issues that dominate the region, there is an urgent need to address the areas of convergence and divergence that limit a more intensive regional approach to the issues that are critical in the Indian Ocean<sup>[3]</sup>.

The current paper highlights the significance of the Indian Ocean as a region. It also focuses on the challenges that are critical in this region, with a focus on why there has been an under-developed approach to the region. The paper also looks particularly at the commonalities that bind India, Indonesia and Australia together in looking for a more unified approach to the Indian Ocean.

## Indian Ocean: Emerging Significance as a Regional Entity:

The significance of the Indian Ocean region is manifold. Since the end of the cold war as a result of the changing regional and global dynamics that are impacting this region, several concerns have emerged that are important to focus on. First, over the past two decades, the changes that are affecting this regional dimension are at a structural level where the dynamics of power politics is clearly visible with the emergence of China as a regional level player and the continued presence of the United States in the region continues to challenge the dynamics within this space. While these changes have been identified as structural responses by scholars like C. Raja Mohan, there is also a significant shift in the way other powers have become critical in the region<sup>[4]</sup>.

Second on the commercial front the IOR is the region through which most of the global trade passes – with the presence of strategic points through the Straits of Hormuz, Malacca, Sunda and the Bab el-Mandab, almost all the movement from the west to east travel through these locations. As strategic link between Southeast Asia and the Pacific, the linking together of the maritime extents of the Indian Ocean and the Pacific Ocean is today being viewed as the maritime extent of the Indo-Pacific, a terminology that has been in vogue since 2007 when the Japanese Prime Minister Shinzo Abe, coined the concept to broadly link these two regions as a singular maritime extent. The reference made to the confluence of the two seas that were coming together indicates the primary focus on the awareness of the regions emergence<sup>[5]</sup>. His emphasis on the importance of linking the Pacific and the Indian Ocean as a dynamic maritime extent even draws from the works of K.M. Pannikar who emphasized the need to look upon the seas as a single maritime unit<sup>[6]</sup>. In addition to this the reference to a broader Asia, where the regions of the Pacific and the Indian Ocean were linked together indicates a change in the geo-spatial thinking that has once brought this region into the centre stage of global attention.

Third, is that the region is one that is highly diverse and this complexity is visible in the composition of the regional states that form the IOR. While there are 48 independent states, that are both island and littoral states, they constitute diverse continental regions, 18 of which are in Africa, 7 in South Asia, 6 in Southeast Asia and 5 island states and Australia<sup>[7]</sup>. In terms of the population, the region is home to nearly 2.5 billion, nearly 36 percent of the global population<sup>[8]</sup>. The region is also diverse in terms of the political evolution of the states in the region and there are varying levels of socio-economic indicators and diversity of both race and religion. This diversity among the regional players is also evident in the degree of disparities that are prevalent – some of the critical challenges in the region relate to the issues of poverty, hunger, food security and diseases. Among the IOR countries, 7 are on the low category in the Human Development Index and 26 rank in the medium scale<sup>[9]</sup>. These disparities make it more difficult to find areas of convergence, where issues within the region can be addressed in a concerted manner. In fact for most of the 20th century the region did not receive the attention and focus that it merits, but has been an underexplored region. There has been some notice given to the region’s Diego Garcia during the cold war years, but this waned after the collapse of the Soviet Union. Today with the growing emphasis on geo-politics of the Persian Gulf and its importance as a region that is critical in the production of energy resources the focus on the geo-strategic importance of the IOR is once again in the centre stage<sup>[10]</sup>. Problems in the region remain conflated by the lack of cohesive institutional mechanisms – in fact the IORA remains largely informal in its structure and content, making any credible progress towards regional identity building even more difficult and loosely coordinated<sup>[11]</sup>.

Fourth, much of the world’s energy trade originates in the Indian Ocean region. The Middle East is considered to be the foremost exporter of crude oil in the region which makes this vulnerable to the demand for energy. As growing concerns rise over issues relating to energy security, it is also important to ensure that the sea lanes of communications (SLOC’s), remain secure and safe for the movement of

[1] Robert Kaplan, Centre Stage for the Twenty-first Century: Power Plays in the Indian Ocean, *Foreign Affairs*, vol. 88, no. 2, March/April 2009, pp. 16-32.

[2] The Indian Ocean: The Most Dangerous Seas in the World, *The Economist*, 17 July 2008, at the website <http://www.economist.com/node/11751360>

[3] Anthony Bergin, Indian Ocean Region: Picking Up the Pattern of Connectivity, 17 March 2014 at the website <http://www.aspistrategist.org.au/indian-ocean-regionalism-picking-up-the-pattern-of-connectivity/>

[4] C Raja Mohan, Contemporary Strategic Environment of the Indian Ocean Region: An Overview in ASEAN and the Indian Ocean, RSIS Policy Papers, November 2011 at the website [RSIS\\_PolicyPaperASEAN\\_A4\\_211011.pdf](http://www.rsis.org.sg/RSIS_PolicyPaperASEAN_A4_211011.pdf), pp. 19-23.

[5] Speech by Prime Minister of Japan Shinzo Abe at the Indian parliament on 22 August 2007 at the website <http://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>

[6] Ibid., K.M. Pannikar in his work on India and the Indian Ocean refers to the fact that the knowledge on sea power is a credible advantage which India did not recognize for a long time. He states that the naval power is the most significant in control over the seas and in becoming a global power. K.M. Pannikar *India and the Indian Ocean*, (Allen and Unwin, London)1945, p. 9-14.

[7] Sam Bateman and Jane Chan Introduction, in ASEAN and the Indian Ocean, RSIS Policy Papers, November 2011 at the website [RSIS\\_PolicyPaperASEAN\\_A4\\_211011.pdf](http://www.rsis.org.sg/RSIS_PolicyPaperASEAN_A4_211011.pdf), pp. 7-14.

[8] David Michel and Russell Sticklor, Indian Ocean Rising: Maritime and Security Policy Challenges, in David Michel and Russell Sticklor (eds.), *Indian Ocean Rising: Maritime and Security Policy Challenges*, Stimson Center, July 2012, p. 10

[9] Ibid.,

[10] Ibid., p. 11.

[11] Ibid.,



goods in the IOR. Actually it is this geo-politics of oil and energy that is affecting the strategic dynamics of the Indian Ocean region, which explains the increasing interest of extra-regional powers in the IOR. In the BP (British Petroleum) Statistical Review of World Energy 2010 states that the littoral states of the Indian Ocean have nearly 62 percent of the world's proven oil reserves and about 48 percent of the proven gas reserves. Similarly in the western extent of the Indian Ocean, the Africa continent provides rich resources such as platinum, manganese, nickel and cobalt<sup>[12]</sup>. Added to this is also the potential for oil exploration along the eastern coast of Africa, stretching from the Somalia to Mozambique, which is seen as a region of huge oil reserves that have remained untapped till now<sup>[13]</sup>. However given that this is the region most threatened by issues of piracy and hijacking, the regions potential has still remained under-explored. If there is a more concerted effort to address the security in the region with joint patrols and united action against the Pirate Attack Groups (PAG's) this region could be studied further<sup>[14]</sup>.

### Role of the IOR-ARC/IOIRA

One of the important factors that must to be noted is that the regional organization of the IOR-ARC, which was initiated in 1995 and came into effect in 1997, has been ineffective as a credible pillar of the region. The main objectives of this initiative were, first to promote sustainable growth among the member states and to ensure that development of the region was enhanced. Second, it was to focus on the promotion of economic cooperation among the member countries and third, to promote the opportunities for achieving a free trade of goods, services and investments<sup>[15]</sup>. In the 2011 at the Council of Ministers meeting at Bangalore the grouping identified six key areas on which it was to focus. These were maritime safety and security, trade and investment facilitation, fisheries management, disaster risk management, academic, science and technology cooperation and tourism and cultural exchanges<sup>[16]</sup>. To this the COM also added the area of gender empowerment as this was one of the region's comparative weaknesses<sup>[17]</sup>. The potential of the IOR-ARC (now known as IOIRA or the Indian Ocean Rim Association) has not been realized because of the serious lack of institutional systems on which it was initially premised. Infact in the context of these changes the role of countries like India, Indonesia and Australia become very important, because even while regional changes are taking place these countries are trying to look at the possibility of a trilateral mechanism that would address the fluidity of the structural changes shaping the region. This is evident in the emergence of the Trilateral Dialogue on the Indian Ocean (TDIO) which has attempted to reinvigorate the IOIRA and bring it back into the main focus of the initiatives that address the IOR. This shared effort by the three identifies three basic tenets that are common in their agenda to address the IOR. First the three share a common geographical identity where they have clearly marked priorities. The region of the eastern Indian Ocean and the western Pacific Ocean are the territories that are most significant from the point of view of the wider Indo-Pacific region. Shubha Singh has called this the trilateral synergy that links India with Indonesia and Australia to try and revive the regional mechanisms for the Indian Ocean<sup>[18]</sup>. From 2011 till 2017, these three countries will be the Chair and co-Chairs of the

IOIRA, and using this period they have initiated the move towards a TDIO. In its September 2014 meet the group decided to push forward their bilateral ties with one another, as well as move towards securing their interests in the Indian Ocean region<sup>[19]</sup>. It is imperative for these three countries to redefine the dimensions of the regional mechanisms of the IOIRA during this period from 2011 to 2017 – as the chairs and co-chairs of the organization, they are in a position o clearly steer the grouping towards achieving certain initiatives that focus on the role of the emergence of major powers in the region and how this affects the interests and convergence of security agendas of the concerned member states of the IOIRA. Given these changes the response of countries like India, Indonesia and Australia to identify and move towards a more concrete form of dialogue on issues relating to the Indian Ocean is a credible one that should look at the options of addressing various challenges in this region.

### Extra-Regional Powers and Challenges in the IOR:

The IOR has been of significant importance for almost four centuries since the advent of the colonial powers into the region. Throughout the colonial period this region was a critical passage for the trade routes into China as the Malacca straits offered the best route for the movement of trade and people through to the Orient at this time. Prior to the British conquest of Burma (Myanmar), the sea route that resulted from the opening up of the Suez Canal reduced the distance between Europe and Asia. In fact from the 19 century Britain remained the foremost power in the Indian Ocean region which was only challenged by the Japanese invasion of Southeast Asia during the second world war. Almost since this time the Indian Ocean region has seen the involvement of external powers in the region. In the aftermath of the Second World War the Indian Ocean saw the withdrawal of the British from the region which created a vacuum leading to the opening of a space for the United States. During the Cold war the US and the USSR were able to offset each other leading to bipolarity and this was visible within the region of the Indian Ocean as well. This dynamic has evolved considerably today where there is a certain degree of structural shift in the power alignments in the Indian Ocean region. These power shifts relate to the manner in which countries are aligning and shifting their positions vis-à-vis others in shaping the regional matrix in the Indian Ocean.

First view is that there will be an inevitable decline of the United States in the region which will lead to a more active space for both India and China to emerge as contenders in the Indian Ocean. Robert Kaplan states that the 'elegant decline' of the United States will create a space for other rival powers in the Indian Ocean region<sup>[20]</sup>. Second scenario is that the United States will remain critical to the region for a long time to come and that the decline of the US is still premature notion. Given the extent of the US involvement in the Asian region there is not a likelihood of the US losing its role in the Indian Ocean, but rather a case where it will remain more focused on achieving its foreign policy and security goals<sup>[21]</sup>. In October 2007, the US naval and maritime strategy clearly indicates that the United States would seek to sustain a forward presence in the Indian Ocean and in the regions of the Pacific that are adjacent to it. This comes from the understanding "the Indian Ocean and its adjacent regions will be the central theatre of conflict and competition" and also identifies the entry chokepoints into the West Asian region as a critical area for the US concerns<sup>[22]</sup>.

[12] Sam Bateman and Jane Chan Introduction, in ASEAN and the Indian Ocean, RSIS Policy Papers, November 2011 at the website [RSIS\\_PolicyPaperASEAN\\_A4\\_211011.pdf](http://rsis.org.sg/pubs/papers/RSIS_PolicyPaperASEAN_A4_211011.pdf), pp. 7-14.

[13] David Michel and Russell Sticklor, Indian Ocean Rising: Maritime and Security Policy Challenges, in David Michel and Russell Sticklor (eds.), Indian Ocean Rising: Maritime and Security Policy Challenges, Stimson Center, July 2012, p. 13.

[14] Ibid., p. 12-13

[15] For details of the organization and its mechanisms see the website of the IOIRA at <http://ioira.net/about-us/background.aspx>

[16] Leighton G Luke, The Indian Ocean Rim Association (IOIRA): Replace, Reduce or Refine? Future Directions International Strategic Analysis Paper, March 2014 at the website [http://www.futuredirections.org.au/files/sap/FDL\\_Strategic\\_Analysis\\_Paper\\_-\\_The\\_Indian\\_Ocean\\_Rim\\_Association\\_IOIRA\\_-\\_Replace\\_Reduce\\_or\\_Refine.pdf](http://www.futuredirections.org.au/files/sap/FDL_Strategic_Analysis_Paper_-_The_Indian_Ocean_Rim_Association_IOIRA_-_Replace_Reduce_or_Refine.pdf)

[17] Ibid.,

[18] Shubha Singh, It's Significant for the Indian Ocean Neighbourhood to Come Together, 7 November 2013, at the website <http://www.mydigitalfc.com/opinion/it%E2%80%99s-significant-indian-ocean-neighbourhood-come-together-432>

[19] Anthony Bergin, Trilateral Dialogue on the Indian Ocean: Round Two at the website <http://www.aspistrategist.org.au/trilateral-dialogue-on-the-indian-ocean-round-two/>

[20] Robert Kaplan, Centre Stage for the Twenty-first Century: Power Plays in the Indian Ocean, Foreign Affairs, vol. 88, no. 2, March/April 2009, pp. 16-32.

[21] Robert D. Kaplan, Monsoon: The Indian Ocean and the Future of American Power, Random House Trade, September 2011, pp. 6-10.

[22] Ibid., p. 9

The third view is that the regional balance in the Indian Ocean will involve the emergence of a strategic triangle in which the United States, China and India will accommodate with each other to provide an overarching security mantle for the Indian Ocean region<sup>[23]</sup>. This arrangement for the Indian Ocean seeks to highlight that the three main players will act together with the support of other countries to address the issues within the region. While the United States in the last five years has reinforced its position in the region, for both China and India, the region remains of critical importance. Chinese reliance on the crude exports from the Persian Gulf is vital for its economic growth. It has one of the largest energy demands in the Asian region followed by India. Protection of both the SLOC's along the Indian Ocean and its own emphasis on the South China Sea will be areas of credible interest for China's naval (PLAN) projection<sup>[24]</sup>.

India's role also remains critical in this context. Like China, India is also largely reliant on energy demands to fuel its growing economy. In recent times India has looked at this region as a critical part of its own regional core, to the extent that it has unleashed debates about whether the Indian Ocean is India's Ocean. However, given the demands of the security challenges that the region poses, India is likely to keep a high relevance on this region and its naval deployment will be credible in the regions beyond its own Exclusive Economic Zones (EEZ)<sup>[25]</sup>. The role of middle powers like Indonesia, Australia, Korea and Japan will support the role of the main three in the region. The fourth view that will remain most likely the case is that both the regional and extra-regional powers will remain engaged in the Indian Ocean. None of the powers will become the centre around which others will align but will be more loosely coordinated and knit together to address the issues. This kind of a scenario highlights that the regional leadership in the context of the Indian Ocean remains very fluid and is not one that has a well organized structure<sup>[26]</sup>.

In terms of addressing the challenges in the Indian Ocean, one of the issues is how the global powers view each other and the dynamics caused by their presence in the region. The very notion that the IOR is considered to be part of the global commons by countries like the US, cause some challenges – the US view on its power projection is clearly far more critical than any country currently. However, the notion of the global commons does not sit well with countries like China which has been increasing its own role in the region to counter the US influence. This is visible in the case of the South China Sea where the US has identified that the freedom of navigation must be respected by all countries. Any attempt to address the issue through the use of the UN Convention of Law of the Seas (UNCLOS) remains ineffective since the United States is not a signatory to it. This is also the case in the Indian Ocean region, where the US and China may emerge as contenders in the long run.

Another area that has to be addressed effectively is the question of piracy in the waters. Given the expanse of the open waters and coastlines, any attempt to survey and secure the region is confounded by several difficulties. The region is also home to states that have politically collapsed such as Somalia, where much of the piracy centers around. While these issues are not military related they need to incorporate both state agencies such as the navies as well as non-state private actors to ensure a coordinated efforts to address piracy<sup>[27]</sup>.

The protection of the SLOC's is critical in this region given that the bulk of the world's trade passes through the vital straits of this region. Increasingly there should be efforts to bring countries together to address the protection of SLOC's through the use of individual naval capabilities. This is a critical factor where the navies will coordinate to exchange information and assist one another to safeguard areas that fall under the category of non-traditional threats. This was already visible in the context of the humanitarian assistance that the navies offered in the aftermath of the 2004 tsunami.

#### Conclusion:

It is clear that much of the challenges and threats to the region come from non-tradition sources and are asymmetrical in nature. Given that the challenge of piracy remains one of the most significant, which is clearly a non-state challenge, needs the coordinated and sustained efforts of the multilateral players to address this menace.

In terms of regional cooperation the Indian Ocean region is home to several multilateral initiatives that are important. Groupings like the SAARC, OIS, ASEAN etc are regional groupings that address the issues within their own spheres. The IOR-ARC which has been renamed as the IORA, is the only regional grouping that brings together countries of the Indian Ocean rim. Even in terms of the IORA itself, the grouping consists of 20 members who are so distinct from one another that it has not allowed for a regional identity to emerge because it lacks commonalities. One of the most critical issues is that the IORA does not address security concerns and focuses on regional development and economic integration among the members. Currently the only multilateral grouping that is seeking to address issues of security in the Indian Ocean is the Indian Ocean Naval Symposium (IONS). While this has not been very effective it at least seeks to address a broad range of issues and also includes members from outside the IOR – which will also bring in some of the extra-regional players. With the primary objective of ensuring mutually beneficial maritime security for all members of the IONS, it aims to address critical security issues<sup>[28]</sup>.

Areas of cooperation that need to be credibly strengthened include information sharing in issues of maritime domain awareness (MDA). One of the centres that has functioned in this regards is the Regional Cooperative Agreement Against Piracy in Asia (ReCAAP) and its Information Sharing Centre which is based in Singapore. This has been very effective and can be broadened to include other states of the IOR as well<sup>[29]</sup>. Other initiatives such as CSI and PSI (Container Security Initiative and Proliferation Security Initiative) will also be important areas on which the IONS will have to focus in the coming years.

The emergence of the Indian Ocean region within the centre-stage of global concerns is a critical shift that has occurred in the last few years. The growing security threats and concerns in the region have brought the attention of all the major players once again to this region with a focus on the shifting power dynamics and the increasing threats from non-state actors. This will necessitate a new approach to the region, where one has to move beyond the divergences of diversity and look for convergences of commonality. There is a critical role for India to play and it is imperative to take forward initiatives such as the TDIO and IONS to look at implementing reliable mechanisms of this troubled region.

[23] C Raja Mohan, Contemporary Strategic Environment of the Indian Ocean Region: An Overview in ASEAN and the Indian Ocean, RSIS Policy Papers, November 2011 at the website [RSIS\\_PolicyPaperASEAN\\_A4\\_211011.pdf](http://www.rsis.edu.sg/RSIS_PolicyPaperASEAN_A4_211011.pdf), pp. 19-23.

[24] David Michel and Russell Sticklor, Indian Ocean Rising: Maritime and Security Policy Challenges, in David Michel and Russell Sticklor (eds.), Indian Ocean Rising: Maritime and Security Policy Challenges, Stimson Center, July 2012, p. 14.

[25] Ibid.,

[26] C Raja Mohan, Contemporary Strategic Environment of the Indian Ocean Region: An Overview in ASEAN and the Indian Ocean, RSIS Policy Papers, November 2011 at the website [RSIS\\_PolicyPaperASEAN\\_A4\\_211011.pdf](http://www.rsis.edu.sg/RSIS_PolicyPaperASEAN_A4_211011.pdf), pp. 19-23.

[27] For details see, C. Uday Bhaskar and Geoffrey Kemp, Maritime Security Challenges in the Indian Ocean: A Workshop Report, 23-24 February, 2011, New Delhi, at the website <http://www.cftni.org/2011.7.18fullworkshopsummary.pdf>

[28] IONS Charter of Business at the website [http://ions.gov.in/sites/default/files/IONS\\_Charter\\_Version\\_28\\_March\\_2014\\_0.pdf](http://ions.gov.in/sites/default/files/IONS_Charter_Version_28_March_2014_0.pdf)

[29] For details see Gurpreet S Khurana, Asymmetric Maritime Threats in the Indian Ocean Region, in Pradeep Kaushiva and Abhijit Singh (eds.) Indian Ocean Challenges: A Quest for Cooperative Solutions (NMF/Knowledge World, New Delhi, 2013), pp. 35-52.

# Indonesia-India Strategic Partnership: Enhancing Security Cooperation and Addressing Traditional and Non- Traditional Security Threats

BY AMBASSADOR NGURAH SWAJAYA

## Solid Strategic Partnership

The long-standing bilateral cooperation between Indonesia and India originated from the historical civilization interactions for more than two millennia. This historical ties and cooperation has been elevated to the Strategic Partnership level since 2005 by the signing of the Joint Declaration on the Establishment of the Strategic Partnership by the leaders of the two countries and elaborated further in the Plan of Action for the Implementation of the New Strategic Partnership as adopted in 2007. This partnership has been consolidated further in 2011 by undertaking deeper and broader cooperation on a number of key priority sectors.

As the world's largest and the third largest pluralistic democracies, members of the G-20 economies, littoral neighbors separated only around 80 miles and sharing common maritime borders and interests, the partnership status has strategic significance for mutual benefits and for greater geo-strategic setting. Within the ASEAN context and the mechanisms it has initiated and in the United Nations frameworks, both countries have also been cooperating closely to attain their common goals, particularly on issues of common concerns.

From the anti-colonial solidarity in the 1950's, to the co-sponsoring the 1955 Bandung Conference and to their crucial roles as the key pillars in the Non-Aligned Movement, Indonesia and India have also contributed significantly in the creation of new regional and global paradigms and movements. They have been in the forefront, in their respective unique roles and contributions, to promote democracy, peace and stability in the regional and global levels. They play active roles in addressing traditional and non-traditional security challenges in the region and beyond.

After the signing of the Defense Cooperation Agreement in 2001 and the signing of Joint Statement : Vision for the India-Indonesia New Strategic Partnership Over Coming Decade in January 2011, concrete cooperation on defense and security have been gradually advancing. Bilateral cooperation covering many areas in defense and security fields, such as the joint or coordinated naval patrols, joint army exercise on counter terrorism, defense technology cooperation, co-production of military equipment and

ammunitions as well as strengthening defense dialogue mechanisms, are starting to intensify.

Maritime security cooperation is another important key areas to be further deepened and broadened in the bilateral security cooperation. It is very essential for their mutual interests and critical to this most dynamic and populated region. Cooperation in ensuring security and safety of navigation in the South China Sea and the Indian Ocean, including India's participation in the Strait of Malacca, in close cooperation with the littoral states, have strategic implications for regional and global peace.

Addressing non-traditional security threats is also enhanced both in bilateral and regional contexts. For the past years, bilateral cooperation has not only covered areas of their immediate common interests, but also in the bigger and more strategic areas essential in contributing to a more conducive environment in the new regional geo-political and security dynamics. These includes, combating money laundering, human and drug trafficking, gun running and cyber crimes.

Terrorism remains posing common threats to their security, civilization and democratic values. They have been countering terrorist threats and directly confronting ferocious terrorist attacks in the past years. Countering one of the heinous crimes requiring not only strengthened capacity at the national levels, but also stronger collective trans-boundary cooperation. Therefore, it is very vital for Indonesia and India to further expand and intensify cooperation on counter terrorism covering many areas beyond intelligence sharing, capacity building and exchange experiences in combating terrorism.

The meeting between President Joko Widodo and Prime Minister Narendra Modi in the margins of the ASEAN and its related Summit in Myanmar in November 2014, has cemented further the solid foundation of the strategic partnership to a higher plane. As both are the newly democratically elected leaders of Asia's economic heavy weights, they share common views that the potential cooperation between the two nations remains huge to be further developed. Various areas of cooperation they both wish to further strengthened are in economic, defense and security sectors. Thus, the first meeting between the two leaders has reinvigorated the commitments to implement and to chart further the strategic partnership.

The launching of Indonesia's "Maritime Axis" by President Joko Widodo offers significant opportunities to Indonesia-India partnership, particularly in the field of maritime related issues. The opportunities should not be limited to infrastructure development, particularly in the development and upgrading of 24 Sea Ports in Indonesia's sea toll concept and in building maritime connectivity, but also in the field of maritime safety and security. They should find innovative ways and means to enable them to strategically interface the Indonesia's Maritime Axis and the India's Look East Policy not only for mutual benefits, but also for regional peace and stability. It is also equally important to be further explored within the Expanded ASEAN Maritime Forum and the Indian Ocean Rim Association (IORA).

The agreement to organize an annual bilateral summit in the margins of regional or multilateral meetings has bolstered their commitment to a more intensive and robust strategic partnership cooperation. Despite many efforts undertaken in the past years since the elevation of the partnership to the strategic level, the existing cooperation, including in the defense and security sectors, are still below potential.

## Regional Geo-Political Dynamics

The regional geo-strategic environment in the past decade has been very dynamic. It has been characterized by a dynamic and high economic growth of the countries in the region and by the changing regional political and security landscape, including the tensions due to territorial disputes. In the next five years, the regional dynamic may not be similar to those in the past decade. The rise of China that has been claimed as peaceful by Beijing, the US Pivot/Rebalancing to Asia and India's Look East Policy have set a new dynamism in the region. Furthermore, in the margins of his visit to

Indonesia attending the APEC Summit in 2013, President Xi Jinping had launched a new Maritime Silk Road Initiative to revive the historical link of China and the countries in the region and to build new maritime infrastructure and connectivity to enable a closer economic link in the future.

Similarly for Indonesia, as an attempt to respond to regional geo-political and security dynamics and to reaffirm Indonesia's strategic position in the archipelagic concept, especially to make Indonesia a prosperous and dignified maritime power, President Joko Widodo introduced his Maritime Axis. In the international meetings he attended after his inauguration, President Joko Widodo outlined his Maritime Axis to the 9th East Asia Summit (EAS) in Nay Pyi Taw, Myanmar November 2014. Few days earlier, President Joko Widodo also introduced the elements of his Maritime Axis to the APEC Business Summit in Beijing, by emphasizing on seeking their support to Indonesia's infrastructure development projects, particularly on maritime sectors.

Indonesia's Maritime Axis is centered around five priority areas which President Joko Widodo wanted to promote within the EAS context. They cover areas as follows, reviving Indonesia's maritime culture; safeguarding and managing maritime resources, maritime connectivity infrastructure development; cooperation with all partners in maritime diplomacy in areas, such as eliminating source of maritime conflicts, peaceful settlement of disputes, combating illegal fishing, piracy at sea and marine pollution; and developing Indonesia's maritime defense as an integral part of its obligation to defend its territorial integrity and to ensure the regional navigation safety and maritime security.

Maritime Axis, therefore, does not only about better connection of Indonesia's Sea Ports, including with those in the region. It also includes securing the chocking points in the Straits of Malacca and in the three Sea Lanes of Communications (SLOC) designated by Indonesia in the context of the United Nations Convention on the Law of the Sea. Promoting a peaceful settlement of disputes in the South China Sea by, among others, developing a more conducive environment through the implementation of the DOC and the development of the COC is also an integral part of its strategy. Greater involvement in ensuring freedom of navigation and promoting maritime security and combating non-traditional challenges in the South China Sea and the Indian Ocean is also critical.

Thus, Indonesia is clearly seeking to play a bigger role as a regional maritime power that should enable her to secure its territorial integrity and to effectively contribute to the bigger maritime security issues. As an archipelagic state covering more than 17,000 islands and three sea lanes of communication connecting the two continents and oceans that have been very vital in ensuring maritime navigation safety and security and the world's busiest trade artery, Indonesia seeks to strengthen its capacity on this issue. In this context, Indonesia is in the process of upgrading and modernizing its military and attaining the target to achieve its minimum essential force requirement.

The initiatives launched by Indonesia and China will have strategic implications in shaping the regional dynamics in the next five years. They will also influence the implementation of India's Look East Policy and the US Pivot/Rebalancing. For instance, Beijing support to the maritime connectivity infrastructure projects in some countries in Southeast and South Asia have been seen as China's attempt to gain its strategic regional interest. The operation of the new China's aircraft carriers, Liaoning, its behavior in handling the territorial disputes have contributed to the growing suspicions and distrusts in the past years.

The redeployment of the US Navy to the Asia Pacific region and the deployment of the US Marines in Darwin in the framework of the US Pivot as well as India's Naval Cooperation with Viet Nam within the Look East Policy, are also seen as direct responses to this. Japan's vision to assist the development of infrastructure in maritime connectivity linking the mainland and archipelagic ASEAN, as well as the development of the north-south and east west corridors connecting mainland ASEAN countries, including development of sea port in Myanmar, are the Japanese attempts to secure its geo-strategic interests.

All of those regional developments will contribute to the regional geo-strategy in the next five years.

Ideas to enhance ASEAN's roles to promote dynamic equilibrium to the discussion on the development of an Indo-Pacific wide Treaty, similar to the ASEAN's TAC, has been proposed by Indonesia to respond to this dynamic. Furthermore, strategic partnership between Indonesia and India is essential in their common efforts to maintain regional peace and stability. The agreement to expand further defense and security cooperation, including on maritime related issues in the past years provides a solid basis to enable both countries to attain their common objectives, including in addressing this new regional geo-strategic dynamics.

#### Cooperating in Traditional and Non-traditional Security Threats

In the past decade, the region has been experiencing relatively high economic growth, despite the slow post crisis recovery in other regions. Both Indonesia and India are among the limited few countries that have been able to maintain their positive growth in the middle of 2008-2009 financial crisis. They have been able to lead quicker recovery that has allowed the region enjoying relatively higher economic growth, as compared to other regions.

Despite all of those positive economic trends, however, the rapid geo-political and security transformations in the region have brought along new challenges requiring collective efforts to address them. The regional dynamics have not only due to the economic, political and security dynamisms, but it has also been influenced by the rise of China, the US Pivot or Rebalancing to Asia, India's Look East Policy, Indivisible Security Concept of the Russian Federation, the reemergence of Japan and their respective ramifications to the region.

The rise of narrow nationalistic sentiments and the handling of territorial disputes in the region could potentially resulted in miscalculations that could endanger the regional peace and stability. Increasing competition over the scarcer natural resources is also another factor that could lead to raising tensions. As the host of the world's most powerful economies and military as well as one of the most diverse in political and ideological context, Asian region has been very unique. In this context, maintaining regional peace and stability and promoting peoples' prosperity have been one of the main priorities for Indonesia - India strategic partnership, including their respective conducts of their foreign policy and diplomacy focus.

In addition to traditional security challenges, both countries individually and collectively are also confronting non-traditional security threats that are crucial not only for both immediate interests, but also for regional peace and stability. Counter terrorism, combating drugs trafficking, gun smuggling, human trafficking, sea piracy, illegal fishing and cyber crimes are just some of the most urgent issues requiring collective efforts. The other non-traditional and trans-boundary issues requiring closer cooperation includes in areas, such as addressing trans-boundary and contagious diseases, mitigation and adaptation to the impacts of climate change, conservation of marine ecosystem and promoting energy and food security.

As the two countries are sharing the same region and its dynamics, there is an essential need to promote collective efforts to pursue their common interests, not only in ensuring a more secured and stable regional environment, but also in promoting conducive environment so as to enable them to continue promoting economic growth and prosperity. Both countries are also sharing maritime boundaries and oceans that are critical in ensuring safety and security of the regional and international trade arteries. The strong commitment of both leaders to pursue deeper and broader cooperation within the strategic partnership framework is, therefore, timely and urgent.

In addition to bilateral cooperation, both countries have played important roles in their collective pursuit of creating a more conducive environment for peace and stability through ASEAN its initiated mechanisms. Close cooperation has been undertaken in the ASEAN Regional Forum (ARF), East Asia Summit (EAS) and the ASEAN Defense Ministerial Meeting Plus (ADMM Plus). Both countries are



also enhancing their coordination and cooperation to address issues of their common interests in the United Nations frameworks and continue to work closely in the Non-Aligned Movement and other international organizations where they both are parties.

### Going Forward

The exchanges of leaders visits and the honor extended to the then President Yodhoyono of Indonesia to attend as the chief guest of the 2011 Republic Day celebration in New Delhi, has a significant impact in bringing the partnership to the next level. Five designated areas of priorities of the strategic partnership cooperation covering diplomacy, security, economic, people to people contacts and regionalism should be implemented effectively. The agreement to organize an annual summit in the margins of the regional and international meetings should be utilized to gauge the status of their implementation and to identify new and emerging challenges requiring effective and collective response by the two countries.

As the region is transforming further, ASEAN is at the door step of the establishment of the ASEAN Community by the end of 2015, and the regional and world situation are still confronted with many challenges, Indonesia and India should look into a more vigorous efforts to cooperate on issues beyond their immediate national interests. While the Eminent Person Group is to be sanctioned to look into concrete and doable recommendations to enhance the strategic partnership cooperation for the next decade, the defense and security cooperation that have been conducted by the two in the past years should provide a solid beginning for further expansion.

Cooperation on a more strategic defense and security issues, such as joint exercise involving all branches of military and the joint development and co-production of military equipment and ammunitions should be further intensified. Although the strategies in responding to the new regional geo-strategic dynamics, including the rise of China, are not necessarily symmetrical, however, both countries have taken a common stance and collective efforts to confront the regional dynamics in a consistent and proactive manner, among others, through promoting further an enhanced dialogue and consultations in the ASEAN context. They both are committed to the Treaty of Amity and Cooperation in the Southeast Asia (TAC) and to the East Asia Summit (EAS) Declaration of Mutually Beneficial Cooperation (Bali Principles), emphasizing, among others, to the peaceful settlement of every dispute through diplomacy and negotiations.

India's active participation and contribution in the ARF have brought the two countries' strategies closer and mutually complemented in addressing the regional security challenges. The ADMM Plus involving Defense Ministers of ASEAN and eight of its Dialogue Partners to cooperate on five priority issues is another essential steps for both countries to embark on a deeper and broader cooperation on defense and security related issues. The maritime dialogues initiated by ASEAN that have been expanded to include India and other countries members of the EAS, should also bring a more intensive and concrete cooperation on maritime issues, particularly those related to maritime security and safety of navigation in the South China Sea and in the Indian Ocean.

The trilateral meeting involving Indonesia, India and Australia that has been conducted through consultation meetings on maritime cooperation in the Indian Ocean is another essential step for Indonesia and India to cooperate closer in the Indian Ocean. The Indonesian chairmanship in the IORA in 2016 will provide another impetus for both Indonesia and India to cooperate closer in areas of common concern, particularly on maritime issues in the Indian Ocean.

Modernization of Indonesian military equipment through the long-term procurement and production that could enable Indonesia to meet its minimum essential force blueprint for achieving an independent defense industry by 2024, and its commitment to play a more active role within its Maritime Axis, provides an opportunity to cooperate closer, particularly in co-production of military equipment capacity.

Joint exercises, coordinated patrols and cooperation on search and rescue are other potential areas of cooperation to ensure safety of navigation and maritime security. Combating trans-national crimes on areas such as terrorism, drug smuggling, human trafficking, gun running, cyber crimes should be enhanced further both through bilateral, regional and multilateral schemes.

As both Indonesia and India are in the middle of new regional dynamics and both countries have many common priorities and goals to attain, the implementation on five designated focus of strategic partnership cooperation should be expedited further. As the largest democracies and among the largest regional economies, both countries' role in ensuring favorable regional security environment is crucial. The work of the Eminent Persons to be established soon should not only be tasked to come up with visionary recommendations on how the strategic partnership could be enhanced further in the new regional dynamics, but also to identify constraints hampering the advancement of defense and security cooperation and provide recommendations on how to address them.



# India and Indonesia: Security Cooperation and NTS in the Next Decade

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India and Indonesia became “strategic partners” in 2005. By its very nature, strategic partnership between any two countries is something that implies a diplomatic elevation of the bilateral relations. It is something special. But then, India, in recent years has entered into strategic partnership with so many countries that some leading Indian strategic analysts have done a study that grades even such partnerships. Called “India’s Strategic Partners: A Comparative Assessment,” the study, undertaken by the Delhi-based Foundation for National Security Research, has ranked India’s top strategic partners with a corresponding score out of 90 points based on “a strong and mutually beneficial relationship in all the three sectors of political-diplomatic, defense and economic cooperation”. The study recommends that even if the relationship is weak in one of the three areas, there should be hope that in the next five to 10 years, the deficiency in that sector will be made up and a meaningful relationship built.

According to this study on comparative importance of India’s strategic partners, Russia comes out on top with 62, followed by the United States (58), France (51), UK (41), Germany (37), and Japan (34). From the point of view of this essay, the study has one major lesson. That is that in the vital Indo-Pacific region, the region that is going to determine the contours of the 21st century-world, apart from Japan, no other strategic partner of India – ranging from Australia to South Korea to China to Indonesia to Malaysia to Singapore to Vietnam – has ranked high in the overall hierarchy.

From the point of view of India-Indonesia relations, this lesson poses both challenges as well as opportunities. After all, apart from China, Indonesia is the only immediate neighbor that has a strategic partnership with India. It is not often known that Indira-point (in Andaman and Nicobar islands), the southernmost point of India is just 92 nautical miles away from the island of Pu Breush, located in northwest Sumatra of Indonesia. Besides, both happen to be vibrant democracies, reveling in their respective pluralities, multi-culturalism and diversity. Both also happen to be fast-developing countries, working together in the league of G-20 nations. Last but not the least, both are leading global powers as members of the Asean Regional Forum (ARF), East Asia Summit (EAS), Indian Ocean Rim Association for Regional Cooperation (IORARC) and non-aligned movement (NAM).

Undenably, potential for the strategic partnership between India and Indonesia is immense. That much remains to be done to achieve this potential

was admitted by none other than the Prime Minister Manmohan Singh and President Susilo Bambang Yudhoyono in their last summit-level meeting in 2013 at Jakarta. They decided to “upgrade” and “strengthen” the ties by adopting a five-pronged initiative in areas of “Strategic Engagement”, “Defense and Security Cooperation”, “Comprehensive Economic Partnership”, “Cultural and People-to-People Links” and “Cooperation in Responding to Common Challenges”. This essay aims at focusing on “defense and Security Cooperation.”

II Defense and security cooperation is an important component of any country’s foreign policy towards a friend and ally. And it is all the more so when the two are strategic partners. That is why one often hears the importance of what is called “defense diplomacy” (the term is used interchangeably with “military diplomacy”). There was a time when “gunboat diplomacy” – conspicuous displays of military power and the implied threat of warfare thereof – was an important instrument of pursuit of foreign policy objectives of major powers. It meant that the military had the capability and wherewithal to act and that the country having this capability and wherewithal could coerce another country to fall in line with its objectives.

In contrast, defense diplomacy – the term is better than military diplomacy in the sense that while defense diplomacy implies the use or involvement of the entire defense establishment, military diplomacy could be restricted to the service personnel only – means peaceful use of arms, expertise and armed forces to achieve national and foreign objectives abroad in operations other than war. The Indian ministry of defense defines defense diplomacy as “exchange of high level defense related visits, dialogue on security challenges and port calls; and defense cooperation as those activities covered by training exchanges, combined exercises; sourcing, development, production and marketing of defense equipment and other forms of cooperation”. As KA Muthanna has explained in his book, *Enabling Military-to-Military Cooperation as a Foreign Policy Tool: Options for India*, defence diplomacy could be unilateral or by mutual consent between two or more countries. Unilateral initiatives could include policing of the high seas by navies. Cooperation, on the other hand, cannot be unilateral as it implies cooperative or consensual actions between two or more nations. While the aims and objectives of nations participating in defense diplomacy or cooperation could differ the crux is that they work together to develop an environment of peace and trust.

Broadly, defence diplomacy aims at the following:

**SECURITY DIALOGUES** - These may be bilateral or multisided, the basic aim being to understand one another’s concerns and establish areas or policies of mutual and common interest.

**DEFENCE AGREEMENTS** - These agreements could range from mutual assistance to cooperation. They ensure that respective positions etc, as the case may be, are identified and recorded to enhance trust and to prevent misunderstanding at some later stage.

**ASSISTANCE IN MAINTENANCE OF LAWFUL GOVERNMENT** - This means providing scope for mutual help in the maintenance of lawful government in any emergency situation.

**PROFESSIONAL PERSONNEL CONTACTS** – With the belief that contact at all levels would serve to create a better understanding of respective positions, the countries permit contacts between military personnel in formal, informal and social settings.

**EXCHANGE OF PERCEPTIONS** - - In order to establish commonalities and minimise areas of discord, both formal and informal (Track II) initiatives through visits, seminars and conferences etc. are encouraged to educate the participants and provide decision makers with necessary inputs.

**JOINT MILITARY EXERCISES** – These could be bilateral as well as multilateral. Here the idea is to learn a lot about foreign militaries, their way of working and their equipments. The joint exercises could also help in conveying a nation's security interests/threats to the foreign countries. They also help in dispelling misperceptions and misunderstandings about a country's military power.

**PARTICIPATION IN UNITED NATIONS PEACE KEEPING OPERATIONS OR COALITIONS AND HUMANITARIAN ASSISTANCE AND RELIEF**

– This involves formal commitment to the UN and other regional cooperative organisations or coalitions for provision of forces and equipment. It is indicative, among others, of a country's willingness to stand and be counted in international relations.

**SALES AND JOINT PRODUCTION OF WEAPONS AND MILITARY TECHNOLOGIES** – – These enable cooperative efforts for drawing up of equipment specifications, research and development, technology transfers, acquisitions and production of arms and ammunitions. These efforts are also made with a view to develop the defense capability of friendly foreign countries.

What all this suggests is that a vibrant and healthy defense and military relationship could provide the desired influence and access to the countries concerned and their decision makers. However, in India's case, the story of defense diplomacy is that of a mixed record. While as the inheritor of the British legacy, India did use defense diplomacy in its South Asian neighbourhood soon after independence, it, apart from select cases of support to countries in their anti-colonial struggle, preferred what strategic analysts C. Raja Mohan calls "military isolationism." It was only after the end of the Cold War, particularly after the demise of the Soviet Union, that India started realising the importance of defense diplomacy. It all began with the United States through service to service interaction between the armed forces in the early 1990s, thanks to the so-called Kickleigher proposals, named after the then US commander of the Pacific Armies.

Today, India is actively pursuing defense diplomacy in many parts of the world. And here one of the focused areas happens to be Indo-Pacific region. Following the enunciation of India's Look-East policy in the 1990s, India has established substantive defense cooperation and military exchanges with all the major Southeast Asian countries. In fact, its defense diplomacy has extended to cover countries in West Asia, Central Asia, Northeast Asia and Austrasia. The Indian Ocean region has been also another focused region in this regard. To be specific, India maintains defense and military relations with Mauritius, Seychelles, Mozambique, Madagascar, Maldives, Indonesia, Laos, Malaysia, Singapore, Brunei, Cambodia, Vietnam, Thailand, the Philippines, Japan, Republic of Korea, , China, Kazakhstan, Kyrgyzstan, Mongolia, Uzbekistan, Tajikistan, Israel, Oman, Iran, UAE, Botswana, Lesotho, Zambia, Namibia, Congo, Ethiopia, Eritrea, Sudan, Djibouti, Tanzania, Kenya, South Africa, the USA, Brazil, UK, France, Russia, Czech Republic, Poland, Ukraine, Hungary, Belarus, Germany, Greece, Italy and Australia.

Talking specifically of the South East Asia or the Asean countries, India unveiled the Milan multilateral exercises in 1995. It has now been institutionalised as a biennial event that draws in a large number of countries in the Indo-Pacific littoral. In 1996 India joined the security forum of the Asean, the ARF (Asean Regional Forum). In 2005, the Asean leaders invited India to join the East Asia Summit process that was to focus on broader political and security issues facing Asia. In 2010, India participated in the first expanded gathering of the Asean defense Ministers Meeting that was dubbed ADMM Plus (Asian Defense Minister Meeting Plus).

The ADMM-Plus (comprising ten ASEAN countries plus eight others: Australia, China, India, Japan, South Korea, New Zealand, Russia and the United States) has been focussing on five priority areas of cooperation: humanitarian assistance and disaster relief (HADR), medicine, maritime security, peacekeeping and counter-terrorism. In June 2013, there took place a unique military exercise in Brunei involving seven ships, 15 helicopters and around 3200 personnel from 18 different countries, including

India, Japan, China, Singapore, the U.S. and Vietnam, proving that the ADMM-Plus was a great forum of military confidence-building measures.

III It is against the above background that we may now underscore the security cooperation between India and Indonesia. The cooperation saw ups to begin with, but downs thereafter for a long period until late 1990s. Sharing the colonial legacy and as cofounders of the non-aligned movement (NAM), India and Indonesia began well by concluding three separate security agreements between their air forces, navies, and armies in 1956, 1958, and 1960 respectively. The agreement on the air force envisaged exchange and training of pilots and the sale, loan, and exchange of aircraft spares. The naval agreement provided for cross attachment of naval officers, training exercises, and bilateral visits. India provided military assistance to Indonesia's counterinsurgency campaign in the 1950s and both countries conducted their first joint naval exercises in July 1960.

However, the outbreak of the Sino-Indian war and Indonesia's understandable leaning on China to face a rising Malaysian Federation, made the then Indonesian leadership decelerate the momentum of defense diplomacy with India. India's subsequent proximity with the Soviet Union turned out to be another souring factor for Indonesia. In fact, at that time, Indonesia's "mental map," as Indonesian analyst Ristian Atriandi Supriyanto has written, focused on Pacific Ocean, particularly towards the United States of America and Northeast Asia, for its security and economic raison d'être. On the other hand, the Indian Ocean and India remained a "black hole" in Indonesian mental map. In fact, there were grave suspicions of Jakarta about India's close relationship with the erstwhile Soviet Union, and its alleged hegemonic ambitions in the Indian Ocean. Similarly, India was too preoccupied with "West" (including the Soviet Union) to mend fences with the countries in "East".

Things changed during the 1990s with the evolution of India's Look East policy and the onset of democracy in Indonesia after the ouster of General Suharto from power in 1998. Indonesia started looking "West". It was against this background that in 2001 the two countries signed a bilateral agreement on cooperative activities in the field of defense (though it did not come into effect for six years because Indonesia delayed its ratification) and in 2005 during President Yudhoyono's visit to India in 2005 they concluded the India-Indonesia Strategic Partnership Agreement.

**THE SUBSEQUENT YEARS HAVE WITNESSED THE FOLLOWING:**

There have been regular defense exchanges including the exchange of high level visits, ship visits, officers studying in Staff Colleges in either country and joint coordinated patrols in the mouth of the Malacca Straits. There has been the commencement of the defense Ministers' Dialogue (A.K. Antony, then Indian defense minister, visited Indonesia on 15-17 October 2012 as part of the biennial dialogue between the two defense Ministers) and regular convening of the Joint defense Cooperation Committee (JDCC) Meetings and Staff Talks established between the Armies and the Navies of the two countries.

Both the countries are sharing of information and intelligence and increasing the frequency of exchanges, training and joint exercises, including among Special Forces. The two sides have agreed to establish linkages between the Center for UN Peacekeeping (CUNPK) of India and the Indonesia Peace and Security Center (IPSC) on United Nations Peacekeeping.

In March 2012, the two Armies held their first Joint Exercise on Counter Terrorism and Jungle Warfare, codenamed "Garuda Shakti", at the Indian Army's elite Counter Insurgency and Jungle Warfare School (CIJWS) in Mizoram. It has been agreed that that the two countries should continue the joint exercises between the two armies on a mutually agreed frequency.

Similarly, apart from participating in multilateral naval exercises (Milan series), the two navies are regularly conducting coordinated maritime patrols (CORPAT), twice every year, to be precise. Held yearly in April and October, the CORPAT has so far had both Navies dispatch two ships each for joint patrol of the seas against piracy, armed robbery, poaching, illegal immigration, drug trafficking, and

human trafficking. Besides, India has offered to Indonesia establishment of a formal maritime domain information sharing arrangement between the two navies.

During Prime Minister Manmohan Singh's visit to Jakarta in 2013, it was decided that the Air Forces of the two countries would establish staff talks to exchange ideas. India has also positively responded to the Indonesian suggestion for the Indian Air Force training the Indonesian Air Force personnel and helping in meeting the latter's spares support package. The political leaderships in both the countries have given green signal to the idea to explore collaboration in sale and co-production of defense equipment, mutually agreed defense-related research activities and training and capacity building cooperation between India and Indonesia.

It may be noted here that of late Indonesia has realised that its defense capability needs a significant boost. According to Indonesian scholar Rizal Sukma, though Indonesian defense is essentially geared towards meeting internal security concerns, Indonesia's defense development programmes are aimed at having "a minimum essential force" that can "can guarantee the attainment of immediate strategic defense interests, where the procurement priority is given to the improvement of minimum defense strength and/or the replacement of outdated main weapon systems/equipments." In operational terms, this means, says Sukma, that the priority will be given to improving the quality of combat readiness, mobility, and the maintenance and improvement of general naval capability, marine corps, and the air force.

In other words, Indonesia's current capability development plan reflects the need to address the problem of ageing main weaponry systems and other supporting equipment in the three services. The Indonesian Army and Navy need refitting of their old systems and acquiring new ones. The Army wants to buy tanks, artillery, armored vehicles, and radar surveillance systems from its major defense partners. Deputy Navy Chief Rear Admiral Marsetio has been on record to have said that the Navy needs 39 submarines and 300 new ships. And, Minister of Defense Yudiantoro had announced in September 2010 that Indonesia's Air Force would need 180 planes in total by 2024. In fact, there are plans "to replace outdated aircraft and its weapon systems, with a priority on tactical fighters, transportation units, radar units, and training squadrons."

Importantly, Indonesia has been diversifying the sources while importing arms. That, in turn, requires that the arms purchases are compatible across different weapons systems with varying technical standards. At the same time, the country wants to strengthen its indigenous military-industrial base. And that, in turn, will require foreign investments, collaborations and technology transfer.

India can lend a hand to Indonesia here. India's defense Research Development Organisation (DRDO) and defense public sector undertakings can explore the collaboration-possibilities in Indonesia. And there are some India-made systems that can be marketed and sold in Southeast Asia's largest country. India can supply spare parts, light combat helicopters, military trucks and also radar to the Indonesian military. In fact, DRDO chief Avinash Chander has identified Southeast Asia as a priority region where India will need to adopt a new "policy mechanism" to facilitate the large scale exports of defense equipment. "We have a list of equipment that includes the Light Combat Aircraft (LCA) Tejas, Akash air defense system, Prahar class of missiles and Indo Russian supersonic cruise missile BrahMos along with a number of systems that can be exported", Chander has said, adding that the biggest advantage that India could derive in the defense export market is the "competitive and affordable price tag" of Indian defense and aerospace products. Likewise, India can help Indonesia in building its defense infrastructures such as air base and surveillance centres.

India and Indonesia have a shared advantage in training and maintenance of their respective aerospace systems. It may be noted here that India has been a viable partner of Indonesia in supplying spare parts, training pilots and servicing Russian-made fighter aircraft - earlier, it was the Mig fighters and now it could be the Sukhoi series. As a maintenance hub for Sukhoi-27/30 Flanker series aircraft and by training Indonesia fighter pilots, India can be Indonesia's worthy strategic partner. The Indonesians

currently operate both Su-27 and Su-30 jets, and India will be possessing the largest Flanker (Sukhoi) fleets in the world once all the planned 272 Sukhoi jets enter service, the Indian Air Force. On its part, India can learn from the Indonesian experience of operating US weapons platforms. For instance, Indonesia has been operating F-16 aircraft as well as earlier versions of C-130s, but India has acquired only recently the C-130 J heavy lift aircraft.

IV As has been pointed out at the outset, in many ways India and Indonesia are similar and hence face common challenges such as terrorism, ethnic insurgency, transborder threats and Jihadi menace etc. From time to time therefore their leaders have unequivocally condemned terrorism in all its forms and manifestations and stressed that there could be no justification whatsoever for any act of terrorism. Recognising the common threats to national security from transnational crimes, including international terrorism, the two countries have resolved to significantly enhance bilateral cooperation in combating terrorism. It may be noted that India and Indonesia signed a Memorandum of Understanding (MoU) on Combating International Terrorism in July 2004, which provided for the formation of a Joint Working Group (JWG) on Counter Terrorism. The JWG has held periodic meetings and accordingly there have been bilateral cooperative endeavours to strengthen counter terrorism measures through exchange of information and intelligence, capacity building and legal cooperation.

Of course, there is always a scope to further enhance such measures, as reflected during the last summit between the Indonesian President and Indian Prime Minister in 2013. On this occasion, the two leaders resolved to commit their countries in improving sharing of intelligence, the development of more effective counter terrorism policies, enhance liaison between law enforcement agencies, provide assistance in the areas of border and immigration control to stem the flow of terrorist related material, money and people and specific measures against transnational crimes, including international terrorism through the already existing mechanism between Indonesia and India. The signing of a MoU on "Combating Illicit Trafficking in Narcotic Drugs, Psychotropic Substances and its precursor" has been an important supplementary step in this regard. It may be noted here that that have been of late deepening of linkages between radical groups in Indonesia and Pakistan/Afghanistan, and that is a matter of concern for both India and Indonesia. Al Qaeda elements have been active in Aceh province of Indonesia, but then Aceh is in the close vicinity of India's Andaman and Nicobar Islands.

Another non-traditional security concern that India and Indonesia face is the maritime security, that is freedom to navigate without any hindrance. This security is also linked with the threat of piracy. Both being maritime countries, their economic, energy, and food security rests on the freedom on open sea lines of communication (SLOC). Particularly three Straits are vital in this regard - the Straits of Malacca, Sunda and Lombok. Neither Indonesia nor India can afford to have these vital transport links constrained by any development that changes the status quo or violates international law. In fact, the then Indian defense minister Antony had told his Indonesian interlocutors in Jakarta that the entire Indian Ocean region, from the Persian Gulf to the Straits of Malacca is India's "legitimate area of interest." Indian Navy's "the Maritime Strategy document", released in 2009, has listed the Sunda and Lombok straits as falling within its strategic interest, as these happen to be major choke points. It is often argued that given the heavy congestion of the traffic at the Malacca Strait, the Lombok Strait can be a good alternative in connecting the Pacific and the Indian Ocean since it has sufficient width and depth for the passage of large ships.

Of course, there are already international collaborations to safeguard these Straits. India has a fairly significant security cooperation with NATO countries in this regard. But cooperation with Indonesia has been significant. In fact, joint coastal monitoring by the navies of India and Indonesia has already begun since October 2010, and there is a case for increasing cooperation between their respective coastal security agencies as well as for the conduct of joint maritime exercises in the Indian Ocean, including the Indonesian waters. In the beginning, Indonesia was reluctant to have joint exercises in its water near

Malacca Strait with India, probably not to antagonise China. But now there is agreement for the two navies to have joint exercises. All this has an intended impact on the menace of piracy, which, at one time was notorious in the Malacca Strait and its vicinity. Piracy there has been controlled to a large extent. Besides, India and Indonesia are working on establishment of AIS (Automated Identification System) that could be integrated into the existing RADAR chain network in the area. They have agreed to step up cooperation with regard to maritime domain awareness (white shipping or merchant shipping) and hydrography.

Natural disasters also constitute a nontraditional security concern, an area where India and Indonesia have been working together. They do have a MoU on Cooperation in the field of “Disaster Management”. Both the countries are prone to earthquakes and tsunamis. In the aftermath of tsunami in 2005, India launched the Operation Gumbir and sent food and medical supplies to Indonesia through its hospital ship INS Nirupak and a corvette INS Khukri. But more important in this field is to have right predictions of the natural disasters and prepare in advance for relief and rehabilitation measures accordingly. Here, the cooperation in space, which the two countries have agreed to undertake, will prove significant. As it is, India has set up a Telemetry Tracking Station at Irian Jaya. India is in favour of launching Indonesian satellites and training Indonesian space scientists. There has been in recent years increasing intensity of collaboration between the Indian Space Research Organisation (ISRO) and the National Institute of Aeronautics and Space of Indonesia (LAPAN). The two countries have encouraged LAPAN and ISRO to expedite the conclusion of the Inter-Governmental Framework Agreement on Cooperation in the Exploration and Uses of Outer Space for Peaceful Purposes with a broader scope to replace the 2002 MoU on Cooperation in the field of Outer Space Research and Development, as well as the Agreement on Transfer of Title of the Integrated Biak Telemetry, Tracking and Command (TTC) Station, and the Implementing Agreement for the Utilisation of the Biak TTC Facility for ISRO’s Satellite and Launch Vehicles Programmes. Indonesia has welcomed India’s offer of further up-gradation of the Biak TTC - to receive data from its OceanSat and ResourceSat satellites that have, among others, applications in hydrography, weather forecasting and disaster management.

In sum, thus, though security challenges facing India and Indonesia are complex, indeed, there are enough opportunities to work together in facing these challenges. It is true that in many a case these challenges need regional or international cooperation. But what is heartening that the security partnership between the two countries has gained momentum because of not only rapidly improving bilateral relations between New Delhi and Jakarta but also their growing engagements with the multilateral institutions such as the ARF, ADMM Plus, EAS and IORARC. Close security-interactions between India and Indonesia are, therefore, beneficial to all; these should not be seen as directed against any third country. After all, regional security is not a zero-sum game.



# A VIBRANT CIVIL SOCIETY

## What India and Indonesia Have In Common

BY BUNKER ROY, Barefoot College

“MAN BECOMES GREAT EXACTLY IN THE DEGREE IN WHICH HE WORKS FOR THE WELFARE OF HIS FELLOW-MEN”

*Mahatma Gandhi*

**T**hese words of the Mahatma echo strongly on a larger scale when we apply them to India and Indonesia and together we think towards a more visionary and more engaged era of cooperation and leadership amongst its ASEAN region neighbors.

Since Independence India has had a long rich tradition of an active civil society. Their numbers are in the thousands all over the country. The work these civil society groups have done in the area of human rights, climate change, empowerment of women, environmental protection, legal literacy and ensuring that the democratic traditions stay alive have been professionally documented and acknowledged the world over. No Government has dared to challenge the community development agenda and social contribution these organizations- outside the political and industrial world-have made to the peace security and prosperity of 1.2 billion people.

Extraordinary innovation by civil society organizations, peasant groups, agricultural workers, human rights campaigners putting grass root pressure on the political establishment resulted in Parliament ensuring the right to information, right to food, right to education and right to work. The invisible but powerful influence of the life and thoughts of, among others, Mahatma Gandhi, Jaiprakash Narayan, Vallabh Patel, Dalai Lama can be seen behind these Acts emphasizing the importance of the power of ordinary people.

Similarly mature and long standing citizen's groups in Indonesia no doubt have been responsible for protecting and preserving the rights of civil society movements, indigenous organizations and numerous associations working in the fields of technology, education and vocational skills. They have been long threatened by military rule but eventually the spirit and power of the people have triumphed when they recently elected the first President in the history of the country who is a civilian.

Well beyond the shores of the two countries the impact of civil society has been felt across the Region. Around India influencing the SAARC Countries- Pakistan, Nepal, Bangladesh, Bhutan and the Maldives- the impact of Indian

civil society movements have spilled over into these countries and many community groups have been born as a result of them looking up to India as role models. They are respectable now and accepted by their governments but not without tension.

Likewise Indonesia's influence in the field of culture, religious beliefs, climate change, environmental protection and attempts at ecological preservation has reached the shores of Myanmar, East Timor, Malaysia, Papua New Guinea Cambodia and Vietnam.

In International forums, especially in the area of human rights and Climate Change civil society groups in both India and Indonesia have collaborated to keep their governments focused on the real issues. Its South-South collaboration and cooperation at its best. Both countries giants in their own right.

### Growth and Maturity of Civil Society in India

Since Independence with Mahatma Gandhi as its first champion Civil Society has been accepted as the eyes and ears of the people of India. V.S.Naipaul very rightly declared that there were a million mutinies happening every day in India over land rights, water rights, issuing of ration cards, admissions in schools and colleges, health services, over untouchability and the rights of dalits. You name it: there was a struggle and a fight at every stage of the way. The awareness and acceptability of a Movement that was outside the government and political sphere and yet a indivisible part of the very fabric of the everyday life of whom Gandhi called the Last Man and Woman in the villages and towns and cities of India constituted Civil Society. They grew out of political parties and acquired an apolitical image of their own, making them morally more powerful. They were not anti-national: they were anti-establishment.

In 1984 when Rajiv Gandhi came to power the Planning Commission was instructed to formulate a policy document involving Civil Society offering their expertise in all the non-traditional areas usually not identified with NGOs- like Science and Technology, protecting and conserving the Environment, alternative approaches and methods to providing access to drinking water, health, education and livelihoods. Government money was people's money and Civil Society had every right to see it was better spent, properly utilized and accounted for. Thus for the first time in the history of India a policy statement was accepted in the 7th Plan document providing government funds to be channeled to NGOs through a parastatal organization called CAPART established in 1986. It is this model that has been exported all over the world including South East Asia.

It is not suprising therefore to see the vehicle of ITEC (India Technical Economic Cooperation) of the Ministry of External Affairs of the Government of India being used to bring countries closer, to learn from each other at the community to community level where it matters the most because it has had the widest and most lasting impact and indeed felt immediately.

Interaction with poor communities in all these countries named have revealed that the most urgent and pressing need has been access to water for drinking and agricultural purposes and basic lighting. Since 2008 the “barefoot model” has addressed these problems to improve the quality of life.

### Local Wisdom and Community Action at Barefoot College

Woven within the fabric of rural village life, Barefoot College is the heart of a vibrant, industrious, and inclusive community network that extends from Tilonia, India to the most isolated villages of Latin America, Africa, ASEAN countries, and the Pacific Islands. The campus itself pulses with the vitality, creativity, and determination of India's marginalized and traditionally exploited rural poor who comprise the backbone of the college. They are the local Barefoot community from which the organization learns and grows.

Barefoot College began in response to the villages' needs for clean water, health, and education, and slowly evolved into the multi-faceted and successful organization it is today through the village people's direct involvement in and ownership of the decisions made and solutions implemented in their communities. Drawing from traditional knowledge, wisdom, and skills, the rural poor collectively



design solutions that foster sustainable and self-sufficient development. Additionally, they manage the implementation, training, and maintenance of these technologies to ensure community support and understanding. The Barefoot College coordinators, based on the Tilonia campus, provide the needed guidance and support to these 200 villages that form the local Barefoot community. Community trust, responsibility, and accountability bind the varied elements of Barefoot's programs together. Walking around the Tilonia campus, one witnesses the hard work of women as they plant trees, construct and assemble solar cookers, sew mosquito nets and make sanitary napkins, learn the circuitry of solar engineering, make cloth, puppets, recycled toys and notebooks, and manage the village public radio. While women stand on equal ground to men, many of the initiatives at Barefoot College, such as the solar programs, are directed and powered solely by women.

Internationally, Barefoot College also trains 60 illiterate and semi-illiterate grandmothers from India and around the world to be solar engineers each year. These grandmothers, or Solar Mamas, leave their remote and isolated villages from all the continents for Tilonia, where they spend six months learning solar electrification; empowered, they return home to light their villages where their actions speak louder than words: everyone, every single human being, is capable of learning and being an agent of positive change. In addition to gaining new skills, the Solar Mamas also forge friendships with women from cultures and countries they never knew existed. Communicating through sign language, small words, and their hearts, they teach and learn from each other. As one Solar Mama from Papua New Guinea states, "At first, we just thought that Papua New Guinea needed light. But now that we are here, we see that people from all over the world have the same needs as us. We are all human beings who need to take power to our own women." To date, Barefoot College has trained over 600 women from 64 countries to be solar engineers.

In many ways, Barefoot College acts as a social security net for thousands of villagers who have none. It is a public space within which each individual is respected regardless of background, gender, religion, and/or physical capacity; it is a place where ideas are shared, conflicts are mediated, and every woman and man is considered an educational resource capable of contributing to the betterment of society.

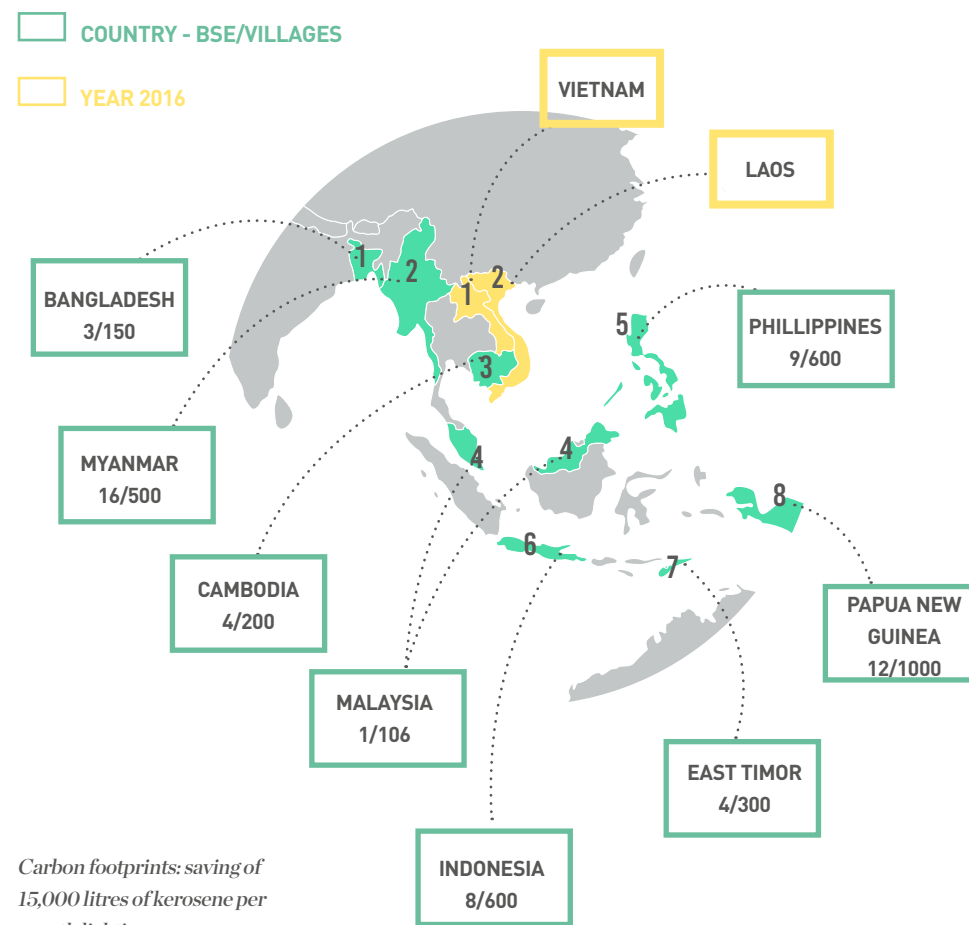
As far as the ASEAN countries are concerned, today the impact of the Barefoot Model in the South East Asian countries over the last 6 years has been unique. 57 illiterate rural women from 8 countries have been trained from Bangladesh(3): Myanmar(16): Cambodia(4): Malaysia(1): Philippines(9): Indonesia(8): East Timor(4) and Papua New Guinea(12).

By 2015 they will have together solar electrified 3,450 houses in 27 remote inaccessible non electrified villages over 8 ASEAN countries

The Barefoot College has seen the tangible impacts of exporting our innovation for rural community owned and managed solar electrification within the 8 ASEAN countries through recent years. We have seen the economic catalyzation achieved within poor communities across the region by empowering women and reversing an outside aid mentality, leaving behind strong and engaged communities able to sustain and manage their own futures. There has been much to learn from our engagement and the positive response it has received throughout the region. It speaks directly to inter-regional collaboration in Public-Private-Government collaboration, which is rarely achieved with such low cost and high impact for all.

ASIA: SOLAR ELECTRIFICATION FOR DOMESTIC LIGHTING AND WOMAN BAREFOOT SOLAR ENGINEERS 2014-2015

57 WOMEN BAREFOOT SOLAR ENGINEERS | 27 VILLAGES IN 8 COUNTRIES | 3450 HOUSES SOLAR



Carbon footprints: saving of 15,000 litres of kerosene per month lighting

The Barefoot College approach to development, in which communities are truly given the opportunity and support to decide and manage what is best for them, demonstrates the power of collective effort at a grassroots level. Believing in the full and unlimited potential of each individual, the college sparkles with the creativity, inventions, and love of hundreds of people who probably otherwise would have been considered irrelevant by mainstream society in the "modern age" of progress and development. Barefoot College sees no fault or limit in the poor, illiterate, or physically challenged. In fact, these individuals often have twice the drive and spark to learn and be of benefit to our world. A case in point: every building on the Tilonia campus was designed and constructed by men and women who had never gone to architecture school. Barefoot's local and global initiatives stand as proof that positive and sustainable change is possible and real when we listen, trust, and live our values. The Barefoot community is a model that can be replicated throughout the world and that will improve the quality of life for future generations.

ORDINARY BUT VERY EXTRAORDINARY WOMEN HAVE COME FROM INDONESIA TO BE TRAINED AS WOMEN SOLAR ENGINEERS:



DOMIGAS DE JESUS (48 YEARS) | VILLAGE: KOA | CHILDREN: 12 | LITERACY: NO SCHOOL | LANGUAGE: INDONESIA | TYPE OF HOUSE: TIN ROOF | LAND OWNERSHIP: 2 ACRES | FARMER



HANAPIA (45 YEARS) | VILLAGE: WURING | CHILDREN: 3 | LITERACY: 5<sup>TH</sup> CLASS | LANGUAGE: INDONESIA | TYPE OF HOUSE: TIN ROOF | LAND OWNERSHIP: 15 ACRES | FARMER



INDO INTAN (45 YEARS) | VILLAGE: WURING | CHILDREN: 6 | LITERACY: 5<sup>TH</sup> CLASS | LANGUAGE: INDONESIA | TYPE OF HOUSE: TIN ROOF | LAND OWNERSHIP: 2 ACRES | SHOPKEEPER



OLANDINA RANGGEL (36 YEARS) | VILLAGE: KOA | CHILDREN: 5 | LITERACY: ILITERATE | LANGUAGE: INDONESIA | TYPE OF HOUSE: TIN ROOF | LAND OWNERSHIP: 0 ACRES | FARMER



RASMI (52 YEARS) | VILLAGE: WURING | CHILDREN: 4 | LITERACY: 5<sup>TH</sup> CLASS | LANGUAGE: INDONESIA | TYPE OF HOUSE: TIN ROOF | LAND OWNERSHIP: 0 ACRES | FARMER



AGNESIA DALIMA (50 YEARS) | VILLAGE: WAILITI COPOMAT | CHILDREN: 4 | LITERACY: 5<sup>TH</sup> CLASS | LANGUAGE: INDONESIA | TYPE OF HOUSE: TIN ROOF | FARMER



MARIA ADELFINA (50 YEARS) | VILLAGE: TEKS IKU | CHILDREN: 0 | LITERACY: 5<sup>TH</sup> CLASS | LANGUAGE: INDONESIA | TYPE OF HOUSE: TIN ROOF | LAND OWNERSHIP: 15 ACRES | FARMER



MARIA KAROLINA (50 YEARS) | VILLAGE: TEKS IKU | CHILDREN: 4 | LITERACY: 5<sup>TH</sup> CLASS | LANGUAGE: INDONESIA | TYPE OF HOUSE: TIN ROOF | LAND OWNERSHIP: 1.5 ACRES | FARMER

We are at a moment of inflexion. Momentum economically and politically compels India at this time to share in every meaningful way, some of the lessons from our own history and experience throughout the last 60 years in building the world's largest democracy. India should look with pride at its civil society and social enterprise structures and see these as the very best expression and maturity of having nationally made space for "place based" and "issue based", innovation. These are the real and valuable commodities that could and should be shared with our ASEAN neighbors for better economic engineering and growth.

India's role lies somewhere in helping the region to define for itself what are appropriate and reasonable aspirations for our combined and limited natural resources. Crafting and innovating "place based" community based, decentralized solutions to energy, education, enterprise and civil society participation are the "work" of the coming decade. There is an urgency to the work which lies ahead in a region with such demand on its natural resources, such deep challenges to building resilience within communities and such diversity of economic sophistication and opportunity. India's pluralism, diversity and ongoing journey should uniquely place it in a position to become fully engaged beyond itself with the express goal of driving regional prosperity and development to take up its role as a leader and a facilitator. For is it not through our service to others in which we find ourselves?

“ Start by doing what is necessary  
Then do what is possible  
And suddenly you are doing the  
impossible

*St Francis of Assisi*

# THE ROLE OF CSOS IN STRENGTHENING DEMOCRACY:

## The Indonesian Experience and Potential Synergies with India

BY IMA ABDULRAHIM

### Introduction

In the past decade, if not even earlier, much has been made of the “Asian Century.” A term that was once the preserve of a limited number of officials and observers, the “Asian Century” has now found itself in the lexicon of the public domain.

Driving this “Asian Century” are seven economies and chief among them are Indonesia and India (ADB 2011, p.5). By 2025 it is expected that four of the world’s ten largest economies will be from Asia with India being in third place and Indonesia being in tenth place (Australian Government 2012, p.52). Moreover at the height of the Global Financial Crisis of 2007-2008, three Asian economies stood out for their continued economic growth, namely: China, India and Indonesia.

Key characteristics of Asia’s rise up to this point include the way in which the region has seized upon its favorable demographics to reap its dividends. It has been noted how this favorable demographic was crucial in underpinning the region’s growth over the previous four decades and was expected to carry on into the 21st century (Australian Government 2012, p.32). The region has shifted global trends in production, trade and investment with the emergence of “Factory Asia” (Australian Government 2012, p.41). Furthermore the rise of Asia’s has born witness to the region’s emergence as a global innovation hub. For example, studies have noted how in the period from 2000 to 2010 the number of scientific publications from India had risen from 2.1% of the world’s total to 3.5% while those from Indonesia had multiplied by more than twofold (Australian Government 2012, p.45).

Perhaps the defining feature of Asia’s rise, however, is the emergence of an affluent middle class that is not only driving consumerism in Asia but – with their increasing mobility – to beyond the region. It was this middle class that has insulated key economies in the region from the Global Financial Crisis of 2007-2008 and in 2025 Asia is expected to be home to the majority of the world’s middle class (Australian Government 2012, p.49). For example, the Asian Development Bank expects an additional 3 billion Asians to attain affluence by 2050 (ADB 2011, p.3).

However, just as important as the economic potentials abounding from an emerging affluent middle class in Asia, are its implications for democracy in the region

### The Democratic Element

As Huntington (1991, p.67) famously noted, “In virtually every country, the most active supporters of democratisation came from the urban middle class.” Indeed, what sets Indonesia and India apart from the other key driver of the “Asian Century” – China – are the formers’ credentials as the world’s first and third largest democracies with their respective founding fathers envisioning a pluralistic nation that gave equal respect to the various religious, ethnic, cultural and linguistic fault lines that make up their citizenries.

Thus the rising middle classes in both countries have not only promised, but have indeed delivered when it comes to the cementing of the democratic principles that both countries hold dear. In the case of Indonesia, it is estimated that some 74 million people belong to the “middle and affluent” group with that number predicted to rise to 141 million by 2030 (Boston Consulting Group, 2013). Meanwhile, in the case of India, McKinsey Global Institute (2007) counts 50 million people belonging to the same group with that number dramatically rising to 583 million by 2025. It was this middle class that played a pivotal role in the historic elections that took place in both Indonesia and India in 2014.

In the case of Indonesia, the election of Joko Widodo as the seventh President of the Republic of Indonesia electrified the nation – especially its middle class – with many hailing it as a landmark moment given his pro-people image, the perception he has no connections to the traditional political, military and/or big business elites that have dominated Indonesian politics, and that fact he was the first post-*Reformasi* politician to hold the highest executive office of state.

Similarly, Narendra Modi’s victory in the general election and assumption as the 15th Prime Minister of India was equally historic given that for the first time an individual born after India’s independence was leading the country and that the long dominant Indian Congress Party had been kicked out of power. As the Economist (2014, May 18) notes, Modi was mindful and cornered the support of the **“POWERFUL NEW CONSTITUENCY THAT WILL ONLY GATHER MORE INFLUENCE AS THE YEARS PASS: THE YOUNG, URBAN, EDUCATED AND IMPATIENT SET OF VOTERS WHO ASPIRE FOR MATERIAL GAINS TO THEIR LIVES.”**

The elections of both Indonesia’s President Widodo and India’s Prime Minister Modi not only demonstrated the pivotal role of the rising middle class in their respective countries but was also seen as marking a huge step in the transition of their democracies from a procedural system to that of a substantive one.

### Unfinished Challenges

That is not to say that the democracies in both Indonesia and India are perfect. Indeed a strong argument could be made that a key element that led to the historic elections of Widodo and Modi – in many ways political outsiders – were the peoples’ frustrations with the political system in Indonesia and India. The Economist (2014, May 18) notes that, **“YET THE SIZE OF MR MODI’S VICTORY, AND CONGRESS’S DEFEAT, TELLS ONLY PART OF THE DRAMATIC STORY. THE IMMENSE DISSATISFACTION WITH CONGRESS WAS UNDENIABLE. VOTERS WERE UNHAPPY WITH HIGH INFLATION, SLOWING GROWTH, WEAK LEADERSHIP, CORRUPTION AND MUCH MORE. SUCH VOTER GRUMPINESS, USUALLY SUMMED UP AS “ANTI-INCUMBENCY”, IS ALL BUT INEVITABLE FOR A PARTY THAT HAD BEEN IN POWER FOR A DECADE. YET MORE HAS HAPPENED HERE.”**

Similarly in the case of Indonesia, the Jakarta Globe (2011, April 22) scathingly wrote, **“FOR ANYONE INTERESTED IN THE STATE OF DEMOCRACY IN INDONESIA, A LOOK AT RECENT HEADLINES IS INSTRUCTIVE: A LAWMAKER CAUGHT WATCHING PORN IN THE LEGISLATURE, 15 POLITICIANS INDICTED FOR GRAFT AND PARTIES MORE INTERESTED IN OVERSEAS JAUNTS THAN PASSING LAWS.”**

While this was true back in 2011, an argument could be made that for many Indonesians, disillusionment with the country’s self-interested leaders, inept governance and rampant corruption persisted right into the 2014 elections.

However, it should be noted that while India has always been a democracy, Indonesia's experiment with the system of "rule of the people, by the people, for the people" is relatively new. It was the political, economic and social events of 1998 which brought an end to thirty-two years of Soeharto's strongman rule and ushered in a period of democracy, political freedoms and human rights known as *Reformasi*.

It is easy to forget, however, that in the early years of Indonesia's *Reformasi* period, many feared the country's "Balkanization" due to the insecurity and instability that gripped the nation. Indonesia was very much seen in academic circles as on the brink of collapse and a great deal of academic literature spoke of the potential "Balkanization" of Indonesia (Aguswandi 2010, Dibb 2001, Armstrong 2004 & Weatherbee 2001). With the exception of Aguswandi, these articles were written between 2001 and 2004 when such fears were very much real. To demonstrate the threat of "Balkanization", the examples of ethnic conflicts and separatist rebellions have been cited (Aguswandi 2010) with Armstrong (2004) stating Indonesia appeared to have "impeccable credentials to be the next Yugoslavia." For others, like Weatherbee (2001), Indonesia bore all the hallmarks of a state in decay pointing to the breakdown of law and order (as evident by the endemic rise in vigilantism and mob justice) and rampant corruption; a theme also picked up by Aguswandi 2010). These aforementioned domestic problems embarrassed Indonesia on the international stage. For example Emmers (2005) highlights Indonesia's humiliation and embarrassment at having to accept IMF assistance, renouncing its sovereignty over East Timor and the desperate need for a collective ASEAN position to support Indonesia's territorial integrity. Indeed, according to Aguswandi (2010), Indonesia faced mockery from its neighbour, Singapore that Indonesian's may have democracy but could not eat.

A decade on since the early years of *Reformasi* and Indonesia has been applauded for its "renewed international confidence and activism flowing from domestic normalization" (MacIntyre & Ramage, 2008). Highlighting this domestic normalization, US President Obama held up Indonesia as an example for the world of a country that has made the "extraordinary democratic transformation" (BBC News 2010, November 10). During his state visit to Indonesia in 2011, Obama declared, "In recent years, the world has watched with hope and admiration as Indonesians embraced the peaceful transfer of power and the direct election of leaders" (2011, November 9).

How was Indonesia able to save itself from the precarious position it found itself in the early years of *Reformasi* to a point where it was being hailed by the United States as a democratic example to the world?

### The Place of Civil Society

Arguably, Indonesia's civil society played a key role in Indonesia's democratic transition and by working together with the government, key stakeholders and the public was able to ensure that the "Balkanization" threat the country faced never materialized and instead the quality of governance was able to improve.

Before proceeding it may be helpful to define what is meant by civil society. Simply put, civil society refers to the body of non-state actors that "are not (representative of) states, yet that operate at the international (and national) level and are potentially relevant to international relations" (von Bas Arts, 2003) (brackets inserted). These include, but are not limited to, non-governmental organizations (NGOs), Transnational Corporations (TNCs), epistemic communities, social movements, liberation movements, religious groups, the mafia, and even terrorists (von Bas Arts, 2003).

In the case of Indonesia, Law No. 17/2013 on Societal Organization defines civil society organizations as, "all organizations founded and formed by the society voluntarily on the basis of shared aspiration, will, needs, interest, activity and purposes in order to participate in the development with the intention to achieve the objective of the Unitary State of the Republic of Indonesia based on the Pancasila"

In any case, the role of Indonesia's civil society is not that much different to that played by CSOs around the world – including India – in building up a nation. Many studies have highlighted the general role of CSOs that include: (a) offering expert information on specific issues; (b) providing ground support for a policy's implementation; & (c) monitoring the consequences of those policies (Chong

and Elies 2011).

Chong and Elies (2011) elaborate by explaining that the civil society is able to help refine and optimize policies by providing expert or technical information. Indeed governments sometime find it more advantageous to engage with CSOs – especially those with a deep working experience and technical knowledge in certain areas. For example, in the area of foreign policy, it has been noted that Indonesia's decision making has changed both in terms of process and substance. Anwar (2010) observes "the making of foreign policy has been democratized" and now involves the input from a wide range of sources including scholars, think tanks, the media and civil society. She goes on to state the "views and aspirations of the public can no longer be ignored with impunity." At the most extreme extent, ignoring the public's views – as expressed by civil society – may result in the Government being forced to account for its actions in front of the Parliament; especially if Indonesia's foreign policy is deemed "contrary to the prevailing opinions" of the public (Anwar 2010).

It is this domestic structure, where foreign policy decision-making has been democratized to include the input of civil society, which explains Indonesia's attempts to position itself as a democratic role-model. Anwar (2010) notes Indonesia's promotion of regional democracy and human rights has been driven by "considerable domestic pressure" from pro-democracy activists concerned with the political situation in ASEAN countries such as Myanmar and elsewhere. Thus, Indonesia's positioning itself as democratic role-model for others reflects the desires of the Indonesian public as expressed by its civil society.

Civil society also played an important role in ensuring transparency. To give one example, in the drafting of the ASEAN Human Rights Declaration, it was non-state actors who continually criticised the ASEAN Intergovernmental Commission on Human Rights (AICHR) – of which Indonesia is a member of – for its lack of transparency. Non-state actors, through their continued criticisms, were able to win concessions from AICHR by forcing it to hold Public Consultation sessions at the national and regional level (although these sessions were still unsatisfactory as participants were unable to see the full draft and the level of public interaction differed among different member-states). Here it should be noted that Indonesian human rights group were some of the most vocal and active critics of AICHR, constantly calling for greater improvements to AICHR's mandate and powers to not only promote but also protect human rights in the region.

Civil society also ensure that the people have a "voice" in the policy making process, especially by allowing those from minority groups whose views are often ignored by decision makers. These include the voices of women, ethnic minorities, the poor, the uneducated, etc. In Indonesia, the work of Migrant Care has been crucial in speaking up for the interest of migrant workers who are regularly mistreated abroad. Indeed, the protection of migrant workers has now become a key foreign policy priority of the Indonesian Government. This was demonstrated in President Widodo's speech at the 25th ASEAN Summit in Nay Pwi Daw, Myanmar where he attached great importance to the rights of Indonesia's migrant workers. With 6 million Indonesian migrant workers of which 2.3 million work in neighbouring ASEAN countries, the issue of migrant workers has become a top issue for Jakarta. In part this may also be seen as a response by the Widodo Government to the general perception that Yudhoyono failed to do enough to protect migrant workers during his time in office and who was often criticised by civil society.

A number of empirical studies have also concluded that civil society engagements have had an enormous impact on the nations within which they operate and this is also true in the case of Indonesia. Chong and Elies (2011) takes the view that civil society have emerged as key facilitators of public services and in some cases have either taken over or strongly supplemented the state in providing these services. This is especially true in remote areas of Indonesia that are far from the reaches of the central government.

They add that ground support for a policy's effective implementation can be pushed by civil society engagement through the raising of public awareness and in particular, Chong and Elies (2011) highlights the role of the media as an influential player whose role should not be overlooked. And lastly with regards to monitoring the consequences of policies, Chong and Elies (2011) explains that civil society are able



to offer feedback to the government on its performance and efficiency by conveying concerns, providing recommendations to improve existing programs, developing new ones, and by identifying weaknesses and shortcomings. For example, civil society groups such as Indonesia Police Watch, Indonesia Corruption Watch and so forth have been at the vanguard in expressing public anger over the President's nomination for a new Chief of National Police.

It is important to note, however, that the role of Indonesia's civil society in the life of the nation did not start at the point of *Reformasi*. Eliraz (2007), for example, highlights Indonesia's two largest Muslim organizations, *Nahdlatul Ulama* (NU) and *Muhammadiyah* –founded in 1926 and 1912 respectively - as “pillars of civil society” that provided services that promoted general welfare. She goes on to note that the two were “active in setting up NGOs that helped to build civil society during Suharto's era, a process that greatly contributed to the political change in Indonesia in 1998” (Eliraz 2007). Indeed it could be argued that Indonesia's independence movement owed much to the efforts of civil society groups such as *Budi Utomo* and *Sarekat Islam*.

As such, it can be said that civil society groups were present in Indonesia even before the country itself existed. This fact is arguably very important and explains why Indonesia's democratic transition was ultimately successful. The presence and strength of civil society in Indonesia during critical moments of the country's history was pivotal in ensuring that its transition from a nation on the brink of “Balkanization” to one that emerged as a democratic example to the world was smooth because the void left by the unstable post-Soeharto governments was able to be picked up by civil society groups. This is perhaps what distinguishes the success of Indonesia's *Reformasi* to the failures of Egypt and Tunisia's “Arab Spring” given the lack of a strong civil society in those Middle Eastern countries.

That is not to say that the role of civil society has diminished ever since “domestic normalization” has returned to Indonesia. If anything, recent events in Indonesia demonstrate the continued importance of civil society in ensuring the Government remains committed to transparency, participation, rule of law and accountability. To demonstrate, it was the civil society that pressurised the previous Government to retain Indonesia's regional election system of directly elected local leaders after Parliament had passed a new Regional Election Bill in 2014. Following public outcry, which included several notable civil society groups boycotting the Bali Democracy Forum 2014, the then-President Susilo Bambang Yudhoyono issued an emergency decree in lieu of law to retain the directly-elected system. More recently, the ongoing dispute between the National Police and the Corruption Eradication Commission has witnessed a vocal civil society calling for the President to ensure the fight against corruption is not interrupted.

The above demonstrates the continued importance of Indonesia's civil society even after the landmark 2014 elections that is seen to herald a significant step in the country's transition from a procedural democracy to one that is substantive.

## Conclusion

As the 21st century witnesses the materialisation of the so-called “Asian Century” much attention has focused on key countries driving this phenomenon. The democratic credentials of Indonesia and India set them apart from other countries driving the “Asian Century.” Interestingly, 2014 saw historic and milestone elections in both Indonesia and India that saw the rise of President Widodo and Prime Minister Modi. Though both were seen as political outsiders, they were able to electrify and corner the support of the growing middle classes in their respective countries – one of the major by outcome of the “Asian Century.” For some, these elections marked a significant step in the respective countries' transition from a procedural democracy to one that is substantive.

Having said that, it should be acknowledged that problems still exists. In many ways the election of the aforementioned political outsiders demonstrate public frustration and disillusionment with the status quo political system. It should also be remembered that in the case of Indonesia, the country's experiment with democracy is relatively still new. Indeed in the early years of its *Reformasi* many

predicted the “Balkanization” of the largest nation in Southeast Asia. That Indonesia was able to survive this threat and emerge as a democratic example to the world, credit should be given to the role of Indonesia's civil society. Among the many roles played by civil society, the critical ones were: (a) offering expert information on specific issues; (b) providing ground support for a policy's implementation; & (c) monitoring the consequences of those policies. A key aspect of Indonesia's civil society was the fact that it was already present and strong during critical moments in the country's history. This includes not only in 1998 during the birth of *Reformasi* but even prior to the country's independence; indeed it was arguably civil society groups that gave birth to the Indonesian independence movement. Despite the country's landmark 2014 elections, Indonesia's civil society remain very much needed in the country.

Having overviewed the Indonesian experience with civil society, what possible synergies are there with India. While every country will have its own distinctive challenges and problems – in other words, no one-size-fits-all solution exists – the Indonesian experience underlines the importance of three points. Firstly is the need for civil society to be present and active from the beginning. Indonesia's successful democratic transition (and arguably even its independence movement) owed much to the presence of a healthy civil society at critical junctures in the country's national history.

Secondly is the importance of the Government embracing civil society and treating them as useful partners for cooperation rather than as “the enemy.” While civil society groups in Indonesia do criticize the Government when merited, they also contribute to government policy and even sustain/enhance government action at the grass roots level. Moreover, constructive criticism of government policy and/or action should not be seen as unwelcome as it can help the Government be more effective in serving the needs of its people.

Thirdly, is the recognition that civil society will always be needed no matter how much progress has been made by a country in its path towards democratic consolidation. The Indonesian experience shows that it would be a mistake to think that democratic consolidation ends at the point of a successful democratic transition of power and instead highlights that the role of civil society remains key as vanguards and defenders of our democracy.

Parallel experiences in Indonesia and India warrant our exploration into potential synergies between CSOs in Indonesia and India that would benefit not only the relations between the two countries, but for the purpose of transmitting the experiences of both countries to other emerging democracies. The experiences of Indonesia and India have both been with each individual challenges, but the lessons from how they are overcome are valuable lessons that must be noted. However, this also requires an acknowledgement as well as an openness from both governments to work with civil society for the purpose of strengthening democracy to serve the needs of its pluralistic people.



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# From Past to Present: India-Indonesia Cultural Relations

BY AMBASSADOR NAVREKHA SHARMA

Indonesia or “Indian Islands” was given the name by western colonizers in recognition of her close trading, cultural and ethnographic links with India. Geographically too, only 90 nautical miles of waters separate Aceh from India’s Andaman Islands.

The earliest contacts are better recorded in mythology than in history: Valmiki’s Ramayana for example, mentions *Yavadwipa* or *Island of Barley* (Sanskrit name for Java), as the direction towards which Lord Rama and his army of monkeys went in search of the abducted Sita. But even secular historians have conjectured that, from well before the 2nd Century AD, Indian traditions were recognized, welcomed and lived in Indonesia without consciousness of change<sup>[1]</sup>.

For hundreds of years Indian traders regularly carried across the waters of the Indian Ocean, textiles and other valuable goods to exchange for tin, camphor, spices and gold. Gradually as Indonesia’s economy and society grew in scale and technical complexity, strains of Hinduism and Buddhism were absorbed into local mores and customs to make her the uniquely rich and multi faceted civilization we know today.

The high regard in which India was held in Indonesia is none better illustrated than by the fact that in the 16th Century, Islam was absorbed into Indonesia through the efforts of India’s sufi saints and mystics, mainly from Gujarat! Arab merchants had been a familiar presence in port towns of Aceh, Malaya and Singapore for 300 years before this, but the new religion found no takers. It was too strange and the Hindu- Buddhist empires such as Majapahit and Srivijaya were still strong and thriving. However by the 16th Century, the older empires had weakened and Islam became a strongly felt need to counter a wave of forced conversions to Christianity by Portuguese missionaries. By this time Islam was widely prevalent in India too and hence acceptable, particularly in the softer “sufi” form in which it was offered by Indian saints. Hence the Indonesians readily adopted it.

When the country became free of Dutch rule, three hundred years of isolation had not faded Indonesia’s memories of earlier connections with India. President Soekarno fulsomely acknowledged this in an interview to The Hindu newspaper (Jan 4, 1946) when he said, “in the veins of every one

of my people flows the blood of the Indian ancestors and the culture we possess is steeped through and through with Indian influences. Two thousand years ago people from your country came to Jawadwipa and Suvarnadwipa in the spirit of brotherly love. They gave the initiative to found powerful kingdoms such as those of Srivijaya, Mataram and Majapahit. We then learned to worship the very gods that you now worship still and we fashioned a culture that even today is largely identical with your own. Later, we turned to Islam, but that religion too, was brought to us by people coming from both sides of the Indus.”

However, India’s Partition, by dividing her muslims, reduced to some extent the centuries old trust for India in Indonesia. Another setback was China’s attack on India’s borders in 1962 which curbed India’s enthusiasm for a pan Asian Foreign Policy. India’s defensive Foreign Policy and pursuit of Economic autarchy was matched on the Indonesian side by a similar withdrawal from espousing Pan Asian and African causes (Soekarno’s so called lighthouse diplomacy). President Soeharto who followed Soekarno concentrated on the domestic economy, in virtual alliance with the West. For over two decades the leaders of our two countries met at NAM Summits formally but the old fire was missing.

With her Look East Policy (or LEP) in the early 1990s, India declared her readiness to be a global player again and scaled up relations with South East Asia, especially in the Economic and Maritime Defense fields. Indonesia, with her size and resources (and now Democracy) is potentially Asean’s most attractive all round partner for India: she has already edged out others to become India’s largest trading partner in Asean. Both countries are strong Emerging Markets and, as members of the G 20, cooperate to maintain global economic stability. They have a wide range of common interests in Multilateral fora concerned with Trade and Investment, Environment, Health etc and are also partners in Regional fora such as ARF, EAS, ADMM and now RCEP.

But apart from Governmental or Inter State forums such as these and despite the sharp rise in bilateral trade and investment (by Indians in Indonesia, not too much the other way around!), the crucial area of people to people contacts – through tourism, art and culture, scholarly and media exchanges, meetings of writers, scientists and professionals – which could create a burst of entrepreneurial energy and put the two large Asian countries on the high road to development and poverty reduction, still eludes the “Strategic Partnership.” Indonesians are hardly visible in India and the Indian presence in Indonesia, though visible, is far short of what it should be. In the Post Cold War world where old barriers to communication have been removed, this continued shallowness of the people to people element in relations is perplexing, more so when viewed against dense contacts of the past.

## What indeed were these contacts and can they be drawn upon to serve present needs?

Cultural memories are embedded in language. Old Javanese was heavily indebted to Sanskrit for both written and oral communication and through mythology and folklore. “Sabar,” the Sanskrit word for patience or stoicism – a Brahminical virtue, was the hallmark of the Javanese elite. They believed and still do, that form is more important than content and try to keep social relations smooth and harmonious under all circumstances. No social transgression is more serious than causing someone to “lose face”. From India also came the Javanese love of personal decoration with gold, jasmine flowers, use of oil based perfumery, lighting incense sticks and wearing textiles with Ikat weaves<sup>[2]</sup>. Even after converting to Islam,<sup>[3]</sup> the Javanese elite took pride in cultivating knowledge of verses from Ramayana and Mahabharata. Robert Kaplan puts it well when he says, “When encountering...one of Asia’s greatest political, aesthetic, religious and social creations, the Hindu-Buddhist Javanese State... (Islam) became merely the top layer of a richly intricate culture... The older Indic tradition was stripped

[1] From G. Coedes and also Legge in Cambridge History of South East Asia, 1992, as cited in “The Ramayana in Indonesia” by Malini Saran and Vinod C. Khanna.

[2] Batik printing however, was an Indonesian innovation which Rabindranath Tagore introduced to Shantiniketan in the late 1920s after a visit to Indonesia

[3] Arjuna for example, the hero of the Hindu epic Mahabharata, is believed by Indonesians to have brought the secret knowledge of the Quran and other pillars of Islam into Indonesia through a corridor in Cirebon (Northern Java)!

of the bulk of its ritual expression, but its inward temper” was left intact...<sup>[4]</sup> In preparation for independence, Indonesia’s leaders rejected the Javanese language and script and replaced it with the invented Bahasa Indonesian language in Roman script. So an important link with India was no doubt broken but not entirely lost. Until today the Javanese retain Sanskrit both for personal names and for prestigious public buildings ! Indonesia’s National motto is Bhineka Tunggal Eka , Sanskrit for Unity in Diversity. The word for “West” in Bahasa Indonesian is Baraat , ie India. Moreover, many words familiar to an Indian from Urdu derived from Arabic are part of Bahasa Indonesian. The technical vocabulary of Bahasa Indonesian contains many words borrowed from English. Indonesia’s language therefore has at least three sources which are familiar to an Indian, giving them a headstart while studying, traveling and working here over most other foreigners.

But if Indonesia is familiar to an Indian visitor it is also often somewhat strange. Anand K. Coomaraswamy once said “*there is scarcely any monument of...farther Indian or Indonesian art which however nearly it may approach an Indian type, could be imagined as existing on Indian soil*”. This dualism is most spectacularly seen in Architecture: Borobudur in Yogyakarta is an inspired Buddhist monument dating from the 9th century, of a scale and grandeur rarely seen in India. Rabindranath Tagore who visited it in 1928 was impressed by its sublime carvings but also somewhat nonplussed by the flatness of architectural concept. Perhaps he made the mistake, common for an Indian, of approaching it as a temple rather than the cross between a temple and a tomb which it is! (The 10th Century Prambanam temples on the other hand, dedicated to the Hindu triumvirate of Brahma, Vishnu and Shiva, are more of familiar design). Bali, despite being a “Hindu” Island, has unfamiliar temple architecture too, and its carvings in particular appear to be of Chinese origin! Indians should thus visit Indonesia with an open mind. Religious architecture reflects Hindu/Buddhist spiritualism, diffused with indigenous mysticism and Chinese ancestor worship and will naturally be different from the Indian counterpart. As with Architecture, so also with Religion, Mythology, Music, Dance and the Dramatic Arts, Indians must guard against the equivalent of the linguistic trap called faux amis, or “false friends” ie words sounding similar but having a different meaning. To approach Indonesia with the preconceived idea that “*Indonesians are just like us*” is a recipe for disappointment for Indians and can cause offense to Indonesians.

Another “fruit” of India’s long engagement with Indonesia is textiles. Indonesia’s elite for centuries imported high quality Indian cloth (and coarser cloths for commoners) and use it as a social barometer of rank and status. Indian cloth was also used extensively in gift exchanges, for sealing contracts, settling debts or paying fines, as a form of wealth or currency to be stored like gold or silver and (in Islamic Indonesia) for healing, especially if coloured green. But Indians too have learned from Indonesia” the art of Batik in particular was brought by Rabindranath Tagore along with experts to Shantiniketan after his famous visit to Indonesia in 1929 and imparted to Indians.

Geographic proximity, ease of communications and shared culture together create ample potential for pursuing mutually beneficial diplomatic goals. The rich inheritance of handicrafts and textiles can be harnessed to keep weaving, dyeing and printing skills alive and adapt them to new markets. Partnership in the broad area of textiles can not only sustain families of artisans and craftsmen (and women) in their traditional occupations, it can draw more and more of Asian creative design and couture into the global market. Other areas with good commercial possibilities are Herbal medicine (Ayurveda) and Cosmetics. Patents based on indigenous plants and herbs should be taken out jointly and openly instead of severally and secretly as it still happens. Co production of films too, has long been the unfulfilled desire of successive Indian Ambassadors to Indonesia despite huge viewer interest for Bollywood cinema in

[4] Kaplan’s intentions become clearer when he suggests that South and South East Asian countries (India, Bangladesh, Sri Lanka, Malaysia and Indonesia) belong to a common socio-political and cultural framework as distinguished from the “Sinicized Countries” further North!

Indonesia. A Premier of a Bollywood production in Indonesia would be a major initiative under the Look East Policy. But to use the rich storehouse of stories and project them through cinema and music requires Political will and Governments with imagination. Financiers, Artistes, Technicians and Craftsmen have to be collected on a common platform.

Apart from the ITEC and ICCR scholarship schemes, there are hardly any projects being pursued directly between Universities and Technical Institutions in both countries. Present tourist and student exchanges are embarrassingly low for countries of our size and potential. Rich rewards await those attempting collaboration in Archeology and Restoration of Monuments, Media, Linguistics, Management sciences, Computer Sciences, Engineering, etc.. But P to P relations need to reach a certain minimum threshold to take off and without Government’s active facilitation, it is difficult to see this happening. Not even one direct airline connection exists at present between India and Indonesia! Is the Nalanda University gearing up for such activity? One certainly hopes so!

Indonesia’s outer Islands had contacts with India but at a less culturally exalted level. Outside Java there are at least a hundred ethnic groups with their own geographical space, language, culture and form of socio political organization and one can only conjecture through a few tantalizing parallels, what the past links may have been. The Minangkabau of South Sumatra for example, have a matrilineal tradition similar to that of the Nairs of Kerala developed possibly through centuries of seafaring and trade. Similarly there are the Acehnese, Bataks, Coastal Malays, Sundanese, Javanese, Madurese, Balinese, Dyaks, Makassarese, Buginese, Torajas, Minahasan and Ambonese, many of who carry traces of India in their cultural genes. Western scholarship has no interest in studying these links but why have Indian and Indonesian scholars not done so? The Indian Government today is making an effort to draw the North Eastern region of India into its Look East Policy: hopefully this will soon produce results. Minority tribes of North East and Central India have much in common with tribal counterparts in Papua including the condition of being economically exploited by people belonging to the mainstream culture. More anthropological studies, maps etc would help Indians and Indonesians to know and perhaps understand their own situation better.

Straying fishermen from Aceh are often captured by Indian Coast Guard personnel for straying into Indian waters and remain in Andaman jails for years before they are repatriated. During this time, they marry Indian women and raise second families and in the process, acquire food habits, musical tastes in common, customs and values etc are shaped or reinforced. The cultural connect with Aceh is close for another reason too, ie Tamil plantation labour was imported directly or via Malaya by the Dutch when they opened Sumatra up for exploitation. Aceh has had a long tradition of rebellion and insurgency against Indonesia’s Central Government but an important fall out of the Tsunami of 2004, was that the insurgency of several decades ended! How exactly did the Peace Settlement come about? Although the Indian Navy’s immediate role in aiding the tsunami victims is well known, India’s experience in dealing with Tribal and Regional insurgency could have been helpful to Indonesia. Western countries were involved in Peace negotiations in Aceh, but India was not.

It will take a massive effort for Indian diplomacy to engage in discussing such sensitive domestic issues with the Indonesians now although we did it with ease six decades ago when Indonesia was engaged in her Freedom struggle. Not many Indonesians today actually even remember how critically important India’s role then was! Indonesian children in schools and other educational institutions in fact know next to nothing about “ancient links” with India either. They may have visited Borobudur/ Prambanan but remain unaware of their origin. Farash Noor (Malaysian scholar) is perhaps a little harsh when he says that India has been *relegated to a marginal position as some far away land where there was once some form of cultural and economic contact* but he has a point. Now that Indonesia has been a self confident Democracy for years, Indians expect that she would valorize her cultural links with India and break free of any perceived “threat” or hostility (of post Partition or Soeharto periods). India has never had hegemonic ambitions in this part of the world and is unlikely to acquire them now.

On their part, Indians need to stop patronizing Indonesia's culture or being unduly nostalgic about it. Jawaharlal Nehru, during ten tranquil days spent in Indonesia in 1950, was reminded of his early childhood in the Kashmir Valley and wrote eloquently of a sense of "homecoming". Many first time visitors from India to Jakarta feel similarly nostalgic when they see familiar sculpted figures of Bhima, Garuda, Hanuman and Arjuna/Krishna dotted in parks and roundabouts from Soekarno- Hatta Airport to the city. Policy makers must go beyond sentimental first impressions and dig deeper into the nature of the connections, not overlooking cultural differences even as they welcome the similarities.

Robert Kaplan in his book "The Monsoon" says with infectious optimism, that the muslims of India and Indonesia should come together for, "In the lands of Tropical Islam there is a space which 160 million Indian Muslims share with 230 Indonesians," and the voice of the world's two largest Muslim communities, separately or in combination, needs to be heard. He rightly feels that the international discourse on Democracy, Family and Divorce, Women and Work, the Islamic dress code and other political, social and economic issues is presently too heavily oriented towards West Asia. After the recent ban on Indonesia's Ahmediah community, Kaplan could also have mentioned Secularism. Although Ahmediah's are of Indian origin, the Indian Government's bilateral talks with Indonesia are conspicuously silent on the issue. Although both routinely express pleasure at their common membership of the Democratic Club, they continue to be reticent when it comes to discussing Federalism, de centralization etc ie issues of sensitive domestic nature. Fortunately a Joint Committee on Terrorism has been established.

Kaplan's efforts at boosting the Indic roots of Indonesian Islam are precious if one recalls that it was western scholars and policy makers who, in the late 1940s and early 1950s, worked hand in hand to drive India and Indonesia apart! Be that as it may, his reminder that eighty five percent of Indonesia's muslims reject the notion of an Islamic State is important. While drawing up the contours of a Strategic Partnership this single fact about Indonesia needs to be kept foremost in mind by India's leaders and Strategegists: it should not however prevent both sides from engaging in friendly and constructive criticism of one another's policies when digressions happen. Democracy flourishes only if there is "eternal vigilance" and both countries are still relatively young in this form of Government.

Cultural similarities are not ofcourse necessary for successful bilateral relations, where only National Interests should matter. But where common interests exist (as they do in plenty between India and Indonesia) cultural similarities can and should be used to build upon them. If Economic pursuit is the bread and butter of Smart Diplomacy, Culture can be the bed rock which enhances the diplomat's role by humanizing relations between countries and imbuing them with meaning.

# Indonesia and India: Living with Difference

BY LAKSMI PAMUNTJAK

As a bookish primary school student in Jakarta during the seventies and early eighties, I was taught much at school about the cultural similarities between Indonesia and India. Still now, I have retained a surprising amount from those so-called ‘history’ lessons, which consisted mostly of memorizing dates of battles and the names of kings and temples.

But while such shallow exercises in rote-learning do little service to the analytical mind, they may have unwittingly sharpened my memory for other similarities too—the ones that surface at moments when I find myself borne away by memories of personal experience: the leap in my heart every time I catch sight of the otherworldly Tanah Lot temple in Bali, which I first visited when I was six; the first time I was taught, at the age of nine, to prepare incense in the kitchen of the Court of Surakarta; the many times I have been mistaken for an Indian (mostly on the account of my name, I’m sure, but perhaps also partly because of my looks); the stone statue of the deity Krishna that my parents brought back from Bali after their honeymoon, in 1967, and that has graced our family porch ever since.

Of course, one only has to look beyond oneself to realize that however personal these moments of cultural resonance may be, they are rooted in a wider reality. Our names and our words bear the marks of a common history: a friend or an acquaintance whose name may be Dewi or Saraswati, Rama or Yudhistira; everyday words such as ‘jasa’ (service), ‘samudra’ (‘ocean’) and sastra (‘literature’), and the introduction into popular usage, at some point, of nouns such as ‘wacana’ (‘discourse’) and sulawan (‘paradox’).

The city makes this heritage even more concrete: There are, of course, the things you can’t escape, whether you want to or not: all those imposing Hindu-themed statues strewn around Jakarta, from the horse-drawn chariots of Arjuna Wijaya’s in the Monas Roundabout to the Majapahit-era strongman Gajah Mada on the lawn of the National Police Headquarters; all those monolithic buildings that bear their Sanskrit names with pride—Bina Graha (where cabinet meetings are held), Graha Purna Yudha (a building dedicated to the war veterans) and Graha Bakti Budaya, the main auditorium at the Taman Ismail Marzuki Arts Centre; all those dental practices and hairdressing salons with names like Gayatri and Shinta and Drupadi.

And so, funnily enough, it is my own home I recognize anew when I am traveling in India, reinforcing abroad my identification with my own country: the buildings in certain neighborhoods in Bombay with their Palladian columns, ornate faux-European facades and bombastic entrances that could as well have belonged to the Jakarta suburb where I now live; the feeling I had when I first came out of customs in the Delhi airport—terror at the sheer number of people per square meter, huddling, waving placards or simply staring, a sensation not unlike stepping out of almost any airport in Java ten years ago, before most of them were ‘modernized’; the frustration I felt

with a cab driver who took me for a two hour joyride, at my expense, before I was finally deposited to the arts complex where the literary festival I participated in was being held; the grand wedding of an Indian friend, with its wide assortment of cousins and uncles twice removed, friends of parents, and friends of friends of parents, and the familiar pang of anxiety I momentarily felt, like pangs felt at grand weddings back home: *But are they, the couple, truly happy?*

Victor Hugo famously said, ‘All great cities are schizophrenic.’ And indeed, nothing could be truer of the cities of Indonesia and India. When you have lived long enough in a city like Bombay or Delhi, Jakarta or Medan, you learn to love and loathe it in equal measure. You will be easily suspicious of the people you meet for the first time, but also pleasantly surprised at how easy it is to get along with them. You will be frustrated, shocked, and disgusted, by endemic corruption, by ghastly violence, by intolerable poverty, but you will also delight in or be inspired by the music, the food, the fabrics—all of which the two countries, too, hold much in common.

You will develop a taste for this and that, humbled by a certain gesture or person. You will fall in love. You may even learn to live with daily ineptitude and inefficiency—hours in traffic, things breaking down regularly—because deep down you know there is compensation elsewhere: a technician at the ready, even on a weekend, when your sink bursts, or your washing machine malfunctions; a masseuse you can call or text at a whim and who will be at your doorstep within the hour. For all the tiny frustrations I experienced during my visit to Delhi, there were lovely moments aplenty: interacting with the members of the poetry class I presided at, many of whom I found exceptionally warm, open-minded and rigorous (and very talented poets!); savoring beautiful food, and trading stories throughout the night, both new and familiar.

The incongruities within both Indonesian and Indian society are numerous indeed—humanity both at its worst and at its best, life at its most inconveniencing and most accommodating, community at its most polarized and most tight-knit. It is odd that such incongruities can form the basis of such commonality between two nations: and yet, in a fundamental sense, they really do. For perhaps even more compelling than the linguistic, architectural and urban similarities they share is the astounding cultural and religious diversity that, paradoxically, holds each nation together.

I will never forget the day I was invited to interview an Indian woman for a segment in my culinary program. She had prepared a veritable feast consisting of some twenty dishes, all representing different parts of India, and it was only then, after thirty-two years of thinking I knew what Indian cuisine was, that I realized I knew only a fraction of it. A zesty prawn curry from Goa tasted as different from a mustard seed-heavy fruit salad from Mangalore as *rendang* from Bukittinggi did from a rujak cingur from East Java. I remember being enthralled, if a tad bemused: for all the cry of the culinary nationalists, similar to those who blamed Indonesian cuisine’s poor exposure on the lack of a “nationalizing” effort, who could possibly want out of this maddening yet wonderful heterogeneity one type of aloo gobi or one type of raita? Why would anybody want to reduce such irreducibly complex regional cooking styles to a few stereotyped, ill-represented dishes?

As with the memorable assorted curries I sampled at the Indian lady’s house all those years ago, none of which could claim, rightly or otherwise, to be more Indian than the other, neither can I think of any one soto that could claim to be more Indonesian than the other. Known somewhat unceremoniously as ‘Indonesian chicken soup’, nothing could be further from the truth. *Soto Madura*, from Madura, East Java, is a rich, creamy concoction made of tripe, coconut milk and fried onions. *Soto Banjar*, a specialty of the Banjar people of South Kalimantan, is a light milky broth filled with potato fritters, cellophane noodles, hard-boiled duck eggs and chunks of compressed rice steamed in small cases woven of coconut palm fronds. There are probably a host of other variants that originate not from a regency, or a province, but from a single city.

No wonder, then, that the culinary tensions in Indonesia—as in India, despite the slight edge the latter has over the former, thanks to the size of its diaspora—are not merely circumscribed to the tussle between regional versus national or between gourmet and popular. Rather, it is still the old class tug-of-



war: between the roadside eatery versus the air-conditioned restaurant, between Indonesian/Indian food versus International cuisine, between the homegrown 'locals' and the overseas graduates, and between Jakarta/Delhi and the rest of the country.

Difference is in our national cuisine and in our national past. We certainly have had our share of shameful Ayodhya moments, in which members of a religious group massacred members of another, burning and looting their houses. We have had our share of cities and islands going to war with themselves, as with the Maluku Islands at turn of the new millennium. And yet, even if we are the largest Muslim population in the world, we have never elected a Muslim party to lead the country. Like India, we have also, for the most part, been able to fend off fundamentalism, even though the complex workings of democracy sometimes undermine the rights of minorities. I need only to remember a peace parade I participated in, some eight years ago, against a government bill that sought to curtail women's expression. To impose the law, we chanted, is to be anti-*Pancasila*, and therefore 'anti-Indonesia.' That our national ideology, Pancasila (The Five Principles), and our national slogan, *Bhineka Tunggal Ika* (often translated as Unity in Diversity), reek of Sanskrit speaks volumes not only of the place accorded our Hindu legacy in our political and cultural life, but (perhaps counter-intuitively) the role it has played in ensuring the religious and cultural diversity of our nation.

The overwhelming use of Sanskrit in the Indonesian political domain dates back to the Sukarno era and peaked during the Suharto years, by which time the bureaucratise was practically constructed around word combinations such as '*Sapta Marga*' (the seven pledges of the Indonesian army), and '*Dharma Wanita*.' It is quite evident in such a choice that all our political leaders, drawn mostly from the secular traditions, saw the merit in opting for the summit of Indonesian political power in Southeast Asia—that of the era of the Hindu and Buddhist kingdoms—as a way of representing its 'essence,' even though that essence, we all know, is that of a fiercely plural tradition, as fixed as it is hybrid, as restrained as it is freewheeling, as habituated as it is co-habited, a pastiche of elements as disparate as ancient Kutai and contemporary Top Chef American.

There is, of course, a glaring exception to the overall emphasis on pluralism exhibited by our republic's founding fathers: what claim, after all, did 'Melayu'—a language originally spoken by a tiny and politically marginal group of Malays on the east coast of Sumatra have on being anointed, in 1928, the unifying language of the archipelago? When our leaders declared us one nation, one people, and one language, all under the name of 'Indonesia,' what they did, in effect, was reinterpret 'Melayu' and change its name to 'Indonesia'—it was violent, appropriative, an act of aggression and betrayal. 'Indonesia,' as Benedict Anderson tells us in *Imagined Communities*, is a 20th-century invention, imposed upon a nation that now consists of some 17,000 islands, some 450 written languages, a space that is constantly in flux and never 'one' thing. It would inevitably go down the way of similar acts carried out in the name of nationhood, i.e., it would offer itself to be fixed, frozen, fossilized, unless it made the effort to rapidly remake itself. Unlike French haute cuisine, its designated supremacy makes it all the more urgent to borrow from, rather than elbow aside, other languages, dialects and patois. And thankfully, borrow it has.

And it is this spirit of reinvention, of self-enrichment and unabashed borrowings that underlies what we are witnessing in Indonesia's contemporary arts today. The *vital elan* our most promising new novelists, poets, painters, film directors, cinematographers, graphic designers and choreographers have brought into their art, and their courage to tackle difficult issues with intelligence and panache, are the hallmark of the post-Suharto era and remain a worthy victory.

Having followed the career of this new generation of artists since 2004, when I was still working for an international performing arts company in Singapore, until 2012, after I had completed my tenure as international jury member of the Prince Claus Awards in the Netherlands, I saw a great many similarities between them and their Indian counterparts. The works of the Delhi-based Raqs Media Collective could very well be the work of the Bandung-based Ruang Rupa. The works that made up a major India contemporary arts exhibition at the Centre Pompidou in May 2011 could have easily been an Indonesian

one. Rarely ever did I encounter an artist, or an artwork, that was not a distillation of many disciplines: I saw the musician in the poet, the painter in the musician, the poet in the architect, the architect in the painter. They were computer-savvy, unafraid of experimenting with forms and methods, and enjoyed playing a plurality of roles. They made art, edited books, curated exhibitions, staged events, directed films, encouraged activism, and worked closely with artists from other branches of the art. At once hardworking, grounded and worldly, they kept pushing and pushing the boundaries of what was possible, and, like culture itself, grew ever outward.

Like India, Indonesia has little, if any, need to look outside for its models of tolerance. To be an Indonesian is to live with difference, a fellow writer once said, and I think he is right. Anybody who grew up in Indonesia has had to learn, one way or the other, the codes of the others, how to dress and act appropriately, what to say and what not to say, how to hide dislike behind a smile. That is why, with so many traits in common, Indonesia and India should be working together, harder than ever, to further their mutual understanding.

For the way certainly has been paved, some more fluidly than others: cross-cultural discussions between Indian and Indonesian artists on literature, visual arts and performing arts; collaborations on dance performances, dance dramas based on the Hindu epics, and a modern TV series loosely adapted on the *Mahabharata* or *Ramayana* aimed at a contemporary audience (i.e., without the ancient costumes and bad make up); cooking workshops focused on the two cuisines and what they have in common; forums for sharing and commenting on each other's writings, making available one's works for each other through long term translation projects.

This last point is particularly pertinent: many major works of literature in Indonesian are not yet translated into English, which makes the 'sharing' somewhat lopsided. It would be wonderful, however, if India could take the lead in supporting Indonesian efforts to produce more English translations. And all this while bearing in mind that society is never a passive thing: it is always a cultural project, a work in process.

# The Media Factor in Indonesia-India Ties

BY ENDY BAYUNI

**T**he media in Indonesia and India should take the lion's share of the blame for the current state of relations between the two countries. Beyond the few big headlines in recent years, such as the massive Asian tsunami, the terrorist attacks in both countries, and the growing popularity of Bollywood, the people of India and Indonesia are almost ignorant of one another. The media have kept them apart for too long.

Circumstances have now changed in both countries, as well as in the global and regional strategic environments, that present an opportunity for the two nations to forge friendship and even an alliance once again, in the same way they had together successfully championed independence for countries around the world from European colonization in the 1950s.

This time, Indonesia and India can take a new, equally relevant cause to champion: Democracy and development as simultaneous goals. Their story of economic success is proving wrong the popular belief or policy among authoritarian states that you can have democracy OR development, but NOT both. Indonesia and India show that nations can secure peace and prosperity through democracy. A strategic alliance between Asia's two largest democracies can be just as potent as their collaboration in the 1950s that inspired nations in Asia and Africa to fight for their own freedom and independence.

The opportunity for forging this alliance hinges on greater awareness among their governments and people of what is happening in each other's country. The media in both countries has reported on the economic progress in recent years, but this is hardly enough to alert their people about the potential benefits of closer collaboration between the two countries.

Indonesia and India still do not know one another that well. They have drifted so far apart, politically and ideologically, after the 1960s that today they may as well be aliens.

The media in Indonesia still gives scant reports about what is happening in India. Not surprisingly, India is not a popular holiday destination for the burgeoning Indonesian middle class, who would much prefer to go to China, Japan, Korea, Thailand, or the Middle East. There is no direct flight linking the two countries; Jakarta and New Delhi are still not physically connected. Indonesians have learned to love sushi and kimchi but has yet to acquire a taste for chicken tandoori or biryani.

But if the media is part of the problem, the media must also be part of the solution. More extensive coverage of India — its politics, economics, social and cultural lives — in the Indonesian media would go a long way in

fostering understanding among Indonesians that they are historically, culturally and emotionally far more connected, and that politically and ideologically they share many things in common with India, than many believe.

The good news is that Indonesia today is a democracy with a vibrant media free from government intervention and censorship. Relationship between two nations is easier to forge when they share the same principles and values on freedom, basic human rights and democracy. The media can play a central role in re-establishing old ties, not solely for historical, emotional and cultural reasons, but also for political and ideological reasons, and to forge an alliance between the Asia's two largest democracies.

## Democracy and development in Indonesia

Democratization process has been taking place in Indonesia since 1998 following the collapse of more than three decades of Suharto authoritarian regime.

One evidence that democracy is taking roots is that Indonesia has seen five presidents taking the helm in the last 16 years, compared with only two — Sukarno and Suharto — in the first 53 years after independence in 1945. All the four recent leadership successions have been peaceful, and somewhat more orderly, compared to the violent and messy ways that Sukarno and Suharto were brought down after massive street protests.

The people now have the right to elect and to get rid of their leaders through periodic elections. If leaders fail to perform, they would be shown the exit doors, If they do a good job, they can stay on, but only for up to two consecutive five-year terms. The amended constitution sets the term limit to prevent Indonesia from plunging into another dictatorship.

The election of Joko Widodo as Indonesia's 7th president in 2014 showed another side of a functioning democracy: That an outsider not affiliated to any political dynasty or a political party could break the system and get himself elected.

The free media can take some of the credit. Today, people vote for their parties or their representatives, and for their president, based on informed choices. Not only do they know about the platforms and visions of the candidates, they learn a great deal about their personal characters and track records. Any skeleton hidden in the closet will be exposed.

Gone are the days when the nation is ruled by one party backed by the military. The House of Representatives today sees as many as 10 political parties, and none of them large enough to have a controlling majority, and they take turn in forming coalitions to govern. The Indonesian National Defense Forces (TNI), which at one time underwrote Suharto's power, has largely confined itself to its duty in dealing with external threats, leaving the police to take charge of internal security.

Power has been dissolved and devolved thoroughly; it is no longer concentrated in one hand like it was under Sukarno and Suharto. The president today has to share, and to routinely consult, with the legislatures and the regional administrations, which govern with greater autonomy than before. And every single power holder has to account for their leadership before the people through periodic elections.

This type of power sharing, where no one person or institution has overriding power, may be a recipe for a dysfunctional government. But this has not happened in Indonesia. Decision making admittedly tends to take longer because of the lengthy and complex process of consultation, and therefore governance is less efficient as the case would be under a dictatorship. But it is relatively clean and accountable. It is a price that Indonesians are willing to pay for after living for five decades under authoritarian rules.

Indonesia can and should take pride in its success to deal with issues arising from the diversity of its population through the democratic processes, rather than through the iron hand of the government. Like India, Indonesia's 250 million people comprise of diverse races, ethnicities, religions, cultures, traditions and languages. How to keep Indonesia as one united nation has always been a challenge. Sukarno and Suharto never hesitated to deploy the military to deal with conflicts emerging from the diverse nature of its people.

After 1998, Indonesia has been able to resolve the insurgencies in East Timor (by allowing the territory to vote for independence and now renamed Timor Leste), and in Aceh by signing a peace agreement with the separatist rebels.

Indonesia has also dealt with the threats of terrorism carried out in the name of Islam quite effectively without suppressing the political Islam the way Sukarno and Suharto would have done. In the wake of a series of terrorist attacks carried out by radical Islamic groups after 2002, Indonesia has arrested, tried and convicted dozens of the perpetrators. Police have also been on top of the situation, preempting many more deadly terrorist attacks.

For the first 16 years since Indonesia embarked on the path of “Reformasi” in 1998, the country has done considerably well economically. Democracy has ensured peace and stability, which in turn allowed the government to carry out the economic development programs. Indonesia today is reaping the economic dividends of democracy.

The economy has been growing at an average rate of 6 percent each year, poverty rate has been slashed by more than half, and jobs are being created to put money in people’s pockets. Millions in the poor category have joined the burgeoning middle class. They have jobs, and access to credits to buy houses and motorcycles or cars, and have vacations in Bali or abroad, including pilgrimage to Mecca. In spite of the grumblings we hear in the media, particularly in the social media, Indonesians have never had it so good.

Thanks to the sustainable economic growth rates, Indonesia has moved up the economic ladder to become a middle income country. It has joined the club of one-trillion dollar economies and is a member of the Group of 20 of the world’s largest economies. Indonesia is rapidly gaining international accolades such as the third largest democracy in the world, the largest democracy among Muslim-majority nations, and the largest economy in Southeast Asia.

As a rising middle power, Indonesia is poised to take a more active role internationally, even without a strong military and foreign aid to dispense with. These last two elements would certainly enhance Indonesia’s status as a rising power, but Indonesia’s own history in the 1950s showed that it can play an active role globally without military or foreign aid by lending a moral voice in championing noble causes. In the 1950s, it was independence, and now it is democracy and development..

### The Media in democratizing Indonesia

The media in Indonesia has been one of the biggest benefactors of the greater political openness. The press licensing system, which the Suharto regime used to control the media with such a deadly effect, was the first to go after his departure in 1998. Immediately, the nation repealed the 1963 Anti-Subversion Law which was used by both Sukarno and Suharto to muzzle and jail critics.

Indonesians have never looked back on press freedom and free speech. The number of publications exploded immediately after 1998, although many have since folded for financial reasons. But the number of TV stations have blossomed, now with more than one dozen broadcasting nationally, and hundreds locally. And there is the Internet that has further expanded the space for more players in disseminating information.

The legal framework in which the media operates has been significantly improved. The 1945 Constitution has been amended, with Article 28 expanded to guarantee all the various rights and freedoms. Parliament has come up with new legislations, including the press law in 1999, the broadcasting law in 2002 and the cyberlaw in 2008. Also in 2008, parliament endorsed the law on access to public information, the Indonesian version of the freedom of information act. These new laws are not perfect, but they are drafted and debated openly with the spirit of protecting free speech, and not, as in the past, of controlling the flow of information by the government.

The vibrant media has returned the favor to the nation for making free press possible by creating and expanding the public square for people to exercise their freedom of speech. With the Internet, more

and more Indonesians today are freely expressing their views, sometimes using harsh and inappropriate words, in public. Indonesia today counts among one of the largest users of Facebook and Twitter.

The free media has also lived up to its role as the fourth pillar of democracy, keeping those in powers in check, from the executive and legislative branches and the judiciary, and now it has added a fourth force that it is watching over: The big businesses.

The media helps people make informed choices in voting for their leaders during election times. Between the polls, the media continues to act as a watchdog in checking those in power. The media is now actively reporting and unveiling cases of power abuses and corruptions, and some of them are engaging in their own investigations.

The Corruption Eradication Commission (KPK) which is investigating corruption cases involving people in powerful places, including members of President Yudhoyono’s inner circle, is counting on the support of the media in mobilizing public support. Set up in 2004, the KPK has sent to jail dozens of powerful figures, including cabinet ministers, House members, provincial governors, judges, police generals and government prosecutors. With so many powerful enemies, the KPK could not have done its job as effectively without the support of the public and the press.

Indonesia today can brag to have one of the most progressive regimes in Asia when it comes to press freedom and free speech, certainly in Southeast Asia. It still has some way to go, for example, the eastern province of Papua remains off limits to foreign journalists (though not to Indonesian journalists), but these are battle lines that the press freedom community is fighting, like everything else in Indonesia, through the democratic process.

There is no doubt that press freedom and free speech is here to stay in Indonesia. Once people have a taste for it, they are not ever going to let it go.

### Indonesian Media Reporting of India

One area where the media appears to be coming short is in informing the public about what is happening in the region, Southeast Asia and the wider Asia, and around the world. The massive political and economic reforms and the democratization process taking place in the last 16 years have meant that Indonesians, both the government and the media, are more preoccupied with domestic issues, and less with international affairs.

There were more international and regional stories reported on the front page of newspapers or making TV’s top news during the Suharto years. Today, you’ll be lucky to spot one international story on the front page or the top news of the hour. When the media pay scant attention to international affairs, the public too becomes less aware about matters that should be relevant to them. Indonesians have become inward looking.

If there is any international news, the Indonesian media remains focused more on distant places such as Europe, the United States and the Middle East, rather than its own immediate neighbors. With the gravity of the global economy now shifting towards Asia, the media can no longer afford to remain ignorant, and keep their audience ignorant, about their own regions.

There have been some improvements in the way the media in Indonesia reports on Asia in recent years, but India remains the exception to the rule. Ask any senior Indonesian journalist, many would likely say they have never traveled to India, although they have been to China, Japan, South Korea and Europe, Australia and the United States. This would somehow reflect how they choose international stories to disseminate to their audience.

The media in Indonesia is not reporting enough about India, a country that is not only geographically, historically and culturally close to Indonesia, but with which it now shares the same values and principles on freedom and basic rights and democracy. When it does report on India, it is most likely coming from international wires, reporting on India with their own (Western) perspectives. Indonesians don’t get the benefit of news on India as seen through the eyes of Indians, or Indonesians.

### Towards Indonesia-India media collaboration

The time is now ripe for Indonesia and India to restore their relationship that reflects better their commonalities. The media in both countries too can play a more active role in promoting stronger ties and friendship.

The media can start by giving greater news coverage of each other's country, using their own resources and their own perspectives, rather than relying on third party reporting. The biggest obstacle to closer relations between Indonesia and India is the level of ignorance, something that the media can help fix.

Collaboration among the main media outlets, which is almost non-existent today, could go a long way. Indonesia and India can establish a forum of editors, and from there explore the possibility of cooperation, from exchanging news and reports, organizing media visits (with the help of their governments), offering internships or facility for visiting journalists, or to jointly setting up schools of journalism. They need to overcome their own ignorance first before they help their own audience overcome theirs.

The media can go further and take the lead through their news coverage in promoting friendship or an alliance between Asia's two largest democracies and spread the message to other developing countries that peace and prosperity are best achieved and are more sustainable under a democratic system of government than an authoritarian one.

The media in both countries have a selfish reason in ensuring the success of the development model underpinned by democracy. Their failure could undermine faith in freedom and democracy, and raise the attraction of the other model of development under authoritarian rule.

If the media in Indonesia and India cherish their freedom and democracy, they cannot remain neutral on matters like this. Just as their nations had together championed freedom and independence for other countries in the 1950s, today, with the help of the media, Indonesia and India should be championing freedom and democracy around the world.

# VIA MEDIA

BY INDRANI BAGCHI

**AT 6 AM EVERY MORNING**, Indians across the nation open their front door to receive their daily dose of news, opinions, editorials, expert content and lifestyle and aspiration options – either in their mother tongue or in English. And all for a paltry sum of Rs 3 (approximately \$0.50). Compare this with the price of a newspaper in any western country, or the fact that a consumer has to walk to a newsstand to buy his copy.

In addition, Indian TV viewers have the choice of watching close to 860 TV channels in their homes for news and entertainment. India is the third largest TV viewing market after US and China, with a 161 TV households in 2013. It also has one of the largest broadcasting industries in the world with approximately 800 satellite television channels, 245 FM channels and more than 100 operational community radio networks.

India's entertainment and media industry will more than double in five years to 2018 and grow to over Rs 2,27,000 crore at a rate of more than 15%, a report by industry body Confederation of Indian Industry (CII) and professional services firm PwC has said.

The growth rate has been estimated on a compounded basis annually. In 2013, the industry grew 19% over the previous year to Rs 112,044 crore, according to the report.

The numbers are mind-boggling, but another factor is often overlooked. The overwhelming number of media outlets, either in TV, print or radio are in the private sector, with very different business and performance models from the few that are state-owned.

Even as newspapers are collapsing in the west, the Indian print media is alive and well, continuing to grow at a steady clip. With the growth in India's literacy levels (it grew from 65 per cent in 2001 to 74 per cent in 2011), the reading public has also increased enormously. According to industry figures, there are almost 50 million paid copies of registered newspapers sold every day in India. The circulation figures jump to 100 million when we count the smaller, unaudited newspapers.

Readership is a different calculation. Since every one newspaper is read by an average of three persons, the industry reckons there are roughly 400 million newspaper readers in India. Even so, this constitutes barely 30 per cent of the Indian population, so the growth prospects for this media is enormous.

In the past few decades the growth of media in regional languages has been phenomenal. Major languages such as Hindi, Bengali, Marathi, Malayalam, Tamil and Telegu have established media sectors. Hindi, which used to be a laggard has seen robust growth in newspapers, many of which are now the highest circulating products nationwide. This comes from a growth in literacy levels in the Hindi-speaking regions of India (Bengali, Malayalam and Tamil have long had higher literacy levels therefore higher media presence).

The Times of India, is the world's largest selling English-language daily newspaper with a daily circulation of 4 million (which is roughly the combined daily circulation of the Wall Street Journal and New York Times!) Even with these impressive figures it's only the seventh most read newspaper in India. Hindi and Malayalam publications come ahead in terms of readers with Tamil and Marathi papers also making the top 10. With more than 20 languages used in official and everyday contexts across the country – and newspapers published in each of them – newswriting, reporting, storytelling and shaping of social and political opinions at the local level is a hotly contested, loud and hectic affair. It's no wonder Indians are often described as “argumentative”!

Television is projected to cover about half of the media and entertainment sector by 2015, with projected revenues of Rs 253 billion by 2018. India is also emerging as the teleport hub of Asia, with the ministry of information and broadcasting issuing over 86 licenses for teleportation from India.

**THE LARGEST CIRCULATED DAILY**

ANANDA BAZAR PATRIKA	11
BENGALI	81
KOLKATA	112

**THE SECOND LARGEST CIRCULATED DAILY**

THE TIMES OF INDIA	10
ENGLISH	26
MUMBAI	153

**THE LARGEST CIRCULATED HINDI DAILY**

PUNJAB	7
KESARI	23
JALLANDAR	862

**THE LARGEST CIRCULATED MULTI-EDITION DAILY**

THE TIMES OF INDIA	47
ENGLISH (29 EDITIONS)	42
	671

**THE TOTAL NUMBER OF REGISTERED PUBLICATIONS, AS 31<sup>ST</sup> MARCH, 2014**

99,660

**NEWSPAPER CATEGORY** 13,761  
**PERIODICALS CATEGORY** 85,899

**THE NUMBER OF NEW PUBLICATION REGISTERED DURING 2013-2014**

5,642

**THE NUMBER OF CEASED PUBLICATION DURING 2013-2014**

49

**PERCENTAGE OF GROWTH OF TOTAL REGISTERED PUBLICATIONS OVER THE PREVIOUS YEAR**

5.95%

**THE LARGEST NUMBER OF PUBLICATIONS REGISTERED IN ANY INDIAN LANGUAGE (HINDI)**

40,159

**THE SECOND LARGEST NUMBER OF NEWSPAPERS & PERIODICALS REGISTERED IN ANY LANGUAGE (ENGLISH)**

13,138



**THE MEDIA AND ENTERTAINMENT SPACE** is where Indian democracy, politics, social movements and aspirations, injustices and celebrations, with all their color, cacophony and cadences collide and cooperate.

It is inextricably linked to India's freedom struggle, as well as its development as a democratic, politically and socially diverse nation.

James Augustus Hicky is generally regarded as the founder of India's first newspaper, the Calcutta General Advertiser also known as Hicky's Bengal Gazette, in 1780. Calcutta (now Kolkata) and Madras (now Chennai) were centres where other newspapers quickly sprouted — the Calcutta Gazette, the Bengal Journal, the Oriental Magazine, the Madras Courier and the Indian Gazette. The Auguste and Louis Lumiere moving pictures were broadcast in Bombay in July 1895, while radio broadcasts made their entry into India in 1927.

The India Gazette was the voice of the British government, and enjoyed the perks of that patronage including free postal circulation and advertisements. In later years, Calcutta Gazette took on the mantle of the government voice.

Hicky's Bengal Gazette on the other hand, took an adversarial approach to the British government, incurring official wrath. In November 1780 the government banned its circulation, and when Hicky protested, he was arrested and imprisoned. It would be the beginning of numerous instances when writers, journalists would be muzzled for their views on the nationalist movement and against the colonial rulers.

Quickly The Bombay Herald, The Statesman in Calcutta, Madras Mail and The Hindu along with numerous others took flight, either representing the official voice, like The Statesman, or the nationalist voice, as The Hindu. The Bombay Samachar founded in 1822 and printed in Gujarati is the oldest newspaper in Asia still in print. In 1926, Udant Martand, began publication every Tuesday, as the first Hindi language newspaper, from Calcutta.

At the same time, newsletters, pamphlets, and radio all contributed to the growing nationalist fervor in the country, fuelling patriotism, and bringing more and more Indians into the fold of the freedom movement. Some of the more stirring political speeches came over radio waves, be they Jawaharlal Nehru or Netaji Subhash Chandra Bose addressing Indians from Berlin.

**AFTER INDEPENDENCE**, freedom of speech and expression became enshrined as one of the fundamental rights guaranteed to Indian citizens by the Constitution. Constitutional guarantees ensure freedom of the press and expression, press and media are obligated by a self-regulatory system of ethics that protect individuals and organizations from libelous and defamatory coverage.

Through the history of independent India, the media, first print and then television and radio has been the mirror of and shaped the agenda of the nation. The media has played a stellar role in highlighting political excesses — during the Emergency (1975-77), many newspapers opposed censorship by publishing blank pages. Equally, they have held up a mirror to society pushing for better treatment of girls and women, anti-dowry and building up a national voice against rape after the 2012 incident in Delhi.

Most Indian media houses have foreign correspondents in a few key countries — China, US, etc. Indonesia as the heart of ASEAN should be a natural draw for Indian newspapers and TV channels to be a hub. Similarly, Indonesia could consider a deeper coverage of Indian events and issues for its media — India and Indonesia are at similar stages in their development, and there are similarities in politics and society that could be of interest to each other.

Until a few years ago, Indonesian journalists spent a few months training at the Indian Institute of Mass Communication in New Delhi. Both countries could consider similar ventures to introduce the next generation of journalists to each other's countries.

**HOWEVER, THE NATION'S IMAGINATION** has always been caught with cinema. The Indian entertainment industry is huge, and while the Mumbai film industry is the overwhelming presence, regional cinema has

thrived as well, creating both popular as well as serious cinema. The size of the Indian film industry is expected to reach Rs 220 billion by 2018, from Rs 125 billion in 2013.

In fact, it is often said (only half in jest) that the two dominant religions in India are cricket and Bollywood. Bollywood has been, like yoga and ayurveda, very successful exports of India's soft power. Large swathes of the world are united over Bollywood stars, films etc. Since Indian films use exotic locales all over the world, Bollywood has emerged as a potent foreign policy tool for India.

In countries as diverse as Spain and New Zealand, Austria and Malaysia, China and Switzerland, bilateral relations as well as tourism have seen major upticks following films that have been shot in them. For instance, a Bollywood blockbuster *Zindagi Na Milegi Dobara* resulted in a spate of Indian tourists flooding to Spain, just as another film, *Kaho Na Pyar Hai* introduced Indian tourists to the pleasures of New Zealand.

Indonesia, with its cultural riches and natural beauty could be a natural fit for Bollywood looking for new places to locate their films. In this, Indonesia could look at Tyrol in Austria. This province of Austria has seen over 70 Bollywood films being shot there, creating a new genre called "Austro Bollywood." There are equally beautiful locales in Indonesia that could attract the Indian film industry and create a win-win situation for both countries.

Having recognized the importance of the film industry, the Indian government has signed co-production agreements with Italy, Brazil, UK, France, New Zealand, Poland, Spain and Canada. This is intended to spur joint film productions.

On the other hand, in order to promote India as a location destination for foreign film production houses, the Indian government is also setting up a single window clearance system for shooting permissions. This can be something filmmakers from Indonesia can utilize to their advantage..

**THE NEW FRONTIER IN MEDIA AND COMMUNICATION** is the largely ungoverned space of the internet and social media. This is where political debates, social mobilization and even terror recruitment takes place by technologies and people who are well ahead of the curve. According to media researchers, India and Indonesia will drive the growth of social media networks like Twitter in 2015 and beyond. Both countries now have leaders who are extremely comfortable in this space. Prime minister, Narendra Modi stays in touch with his supporters, constituents and the nation through his widely followed Twitter accounts, just as president Joko Widodo of Indonesia. Indonesia is known as the Twitter capital of the world, sending out the largest number of tweets. The new online domain holds a lot of opportunities for India and Indonesia to collaborate and cooperate. On the security end of the spectrum, it provides a unique opportunity to both countries to help secure social media from its more dangerous consequences. On the other hand, as open democracies social media should flourish as an arm of participatory government.

Almost a century ago, Rabindranath Tagore travelled to Sumatra, Java and Bali to celebrate and experience a culture very close to India. During his sojourn from Aug 17 to Sept 29, 1927, Tagore envisaged a relationship based on closeness and respect. From Java and Bali, Tagore brought back the art of batik and some elements of the Javanese dance forms which he introduced in the curriculum and crafts tradition at Shantiniketan.

A century later, the logic of stronger ties based on cultural traditions remains as strong as ever.

# Development of Human Resources & Skills

BY SATRYO SOEMANTRI BRODJONEGORO, Strategic Advisory

### Economic Context and Industrial Structure

Indonesia's economy has gone through a dramatic change and progress in the past two decades. The economy grew rapidly between 1990 and 1997, with an average GDP growth of 7 percent with a profound change in the employment structure, with shrinking agriculture and expanding service sectors [World Bank 2011]. Its rapid industrial growth was led by manufactured exports, the content of which evolved from labor-intensive simple consumer goods and basic resource processing to a wide range of manufactured products with increasing technological sophistication [Aswicahyono et al, 2010; Hill and Tandon 2010]. The Asian crisis hit Indonesian economy hard, leading to a massive economic contraction of over 13% in one year. Subsequent economic recovery has been remarkably swift, particularly given the fact that the country was also building new democratic processes [Hill and Tandon 2010]. Economic growth resumed in 2000, and by 2009, it was the third fastest growing economy amongst G20, with a projected GDP growth of 6.4% for 2012 [World Bank 2012].

Industry has recovered, but with the manufacturing sector slipping from its leading position becoming an average sector within the economy. The content of 'manufacturing' also changed, with labor intensive subsectors such as textile and footwear giving way to capital intensive subsectors including resource based industry as well as electronics. Indeed, the post-crisis manufacturing growth is described as 'jobless,' with increasingly restrictive labor regulations identified as one possible cause [Aswicahyono et al 2010].

There is a notable absence of an obvious group of businesses which can champion effective technology transfer or innovations [Hill and Tandon 2010, Aswicahyono et al 2010]. The high tech oriented state owned enterprises suffer from the past image of massive concentrated investments, and the successive democratic governments have done little to restructure them into viable force for Indonesia – though they do have concentrations of highly trained human resources [Brodjonegoro, 2012]. Their financial performance is generally poor, often 'saddled with social responsibilities and subject to political influence' [Hill and Tandon 2010]. Foreign-owned firms are major players in the Indonesian economy, and their role has continued to rise through the crisis. For instance, the share of manufacturing output from foreign owned firms rose from 22% in 1990 to 37% in 2005 with the greatest contribution in automotive products and electronics [Aswicahyono et al 2010].

Some of them who in the past were not major players on the innovation agenda, through an increasing interest in rapidly growing Indonesia's domestic markets, may become interested in consolidating their positions

within Indonesia with upstream and/or downstream investment (see box: China and India: attracting R&D from Foreign Direct Investors).

### CHINA AND INDIA: ATTRACTING R&D FROM FOREIGN DIRECT INVESTORS

The past decade has seen a sea change in the mode of operations of multinational companies in developing countries, with the rise of R&D type operations most notably in China and India. It is today widely acknowledged that foreign direct investors can be motivated to invest in R&D in emerging economies for several different reasons. They may be motivated to do R&D by the need to access new markets better and to develop products to meet local market needs, as in China. Proactive policies can help. The Chinese government has been particularly proactive in its joint venture policies to demand local content, technology upgrading and collaborations with local institutions including universities. Availability of highly educated cheap labor can also be an inducement – as was found in India.

The Czech Republic found that even as its main foreign direct investor in automobile, Hyundai, was not interested in establishing R&D facilities, the inflow of associated suppliers led to local capacity building with a much greater collaboration between them and local higher education institutions. Similarly, Shanghai's proactive policies not only led to local company capacity, but also many R&D projects, chairs and facilities in local universities funded by foreign investors [Tuijl et al. 2012]

### Skills As An Emerging Constraint

In 2008, the World Bank undertook a major survey of 473 manufacturing and services firms, mainly in Java, and concluded that skills mismatch had emerged, particularly as the growing segments of the economy, export-oriented and service sectors, were more demanding for skills requirements [World Bank 2011]. Their analysis was that the issue was not so much about the overall quantity of graduates, but about their quality and relevance to the labor market needs.

In another survey of over 1400 firms in Indonesia in 2009, the World Bank found that 'inadequately educated workforce' ranked fifth along with 'concern about transportation' among top 10 business environment constraints [World Bank, 2009]. It is, however, not that firms were voicing acute skills shortages. The number of companies expressing concern was still only 4.3%, far less than the 23% in East Asia and Pacific or 27% in the world [World Bank 2009]. It is also not that firms were expressing extreme concern about the quality of higher education. In the 2008 World Bank survey, firms were surprisingly upbeat about the general quality of universities, with 88% of them rating universities as fair or very good [World Bank 2011]. The rating varies somewhat between 95% for public universities and 83% for private universities. It is interesting that the difference was not as big as one might have expected given the general perception about a massive and growing private sector where the low quality was just normal.

The World Bank's interpretation is that 'fair' is actually not a positive rating. Our own interpretation is that most established firms in services and manufacturing, particularly in Java, in the modern sector, have probably a fairly well identified set of institutions to recruit and are capable of identifying them from the best of the crop. For those, who are in the environment of 'jobless growth', the general quality of graduates should have improved over the years as upper tier institutions have upgraded institutional practices to enhance the quality of education as documented the next section. Therefore, they should have no reason to complain about any decrease in quality.

More serious is the prospect of the emerging future. If the current trajectory of growth continues, or worse, if the economic growth is to be accelerated, the mismatch identified in 2008 will rapidly become acute. This is because the current mode of 'jobless growth,' which arises as a result of stringent labor regulations and skills shortages particularly at the lower end [World Bank-c 2012], will demand firms to

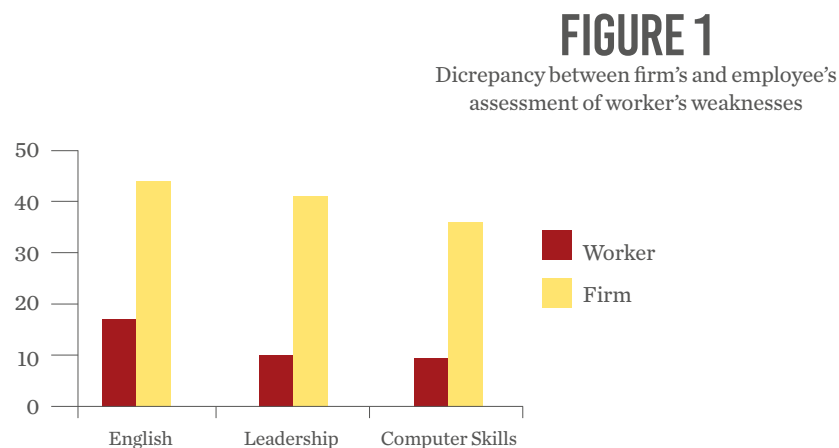
go for capital intensive growth, which typically requires a higher order in managerial and professional skills from future graduates, particularly in adapting to foreign technologies and in undertaking process-innovations.

Worse, if the growth is to be more geographically equitable and include regions outside Java, the rate of skills mismatch will be quite large. In our own interviews, which tended to focus on more global and larger companies, we did not detect a serious concern about the academic content of teaching for those recruited from the 10-20 top universities in Java. However, several voiced serious concern about the fact that it was extremely difficult to recruit for positions outside Java. Several companies also expressed a serious concern about differences in the academic quality across institutions – particularly about the low quality of most institutions outside Java, which suffer from triple jeopardy of generally poorer quality staff, worse equipment and facilities, and students who are less well prepared.

**Nature of Skills Mismatch.**

The World Bank 2008 survey sheds some lights on the nature of skills mismatch related to higher education, based on views expressed by firms about the skills of their managers and professionals, who are largely graduates. Later these findings are also confirmed further by the preliminary analysis of the tracer studies conducted by some universities [IMHERE, 2012].

The World Bank survey found that 80% of the surveyed firms had found difficulties in filling vacancies for managers and 60% found difficulties in filling professional positions. Although the relative importance of the 3 most important worker’s weaknesses are the same, the number of those who selected these 3 aspects are strikingly different when firm and employee are compared as illustrated in figure. 1.



The lack of skills most felt by firms in recruiting managers and professionals includes English (44% of firms reported skills gap), leadership (41%), and computer skills (36%), followed by organization (35%), communication (33%), and thinking skills (33%). The firms also found out that managers and professionals lacked practical knowledge (18%) as well as theoretical knowledge (18%) associated with jobs.

While lacks felt by the young workers surveyed are skills in English (17%), problem solving (11%), leadership (10%), computer skills (10%), creativity (9%), and technical skills (8%). Leadership was not selected as an important weakness according to the workers surveyed.

**FIGURE 2**

Weakest manager's personality characteristics

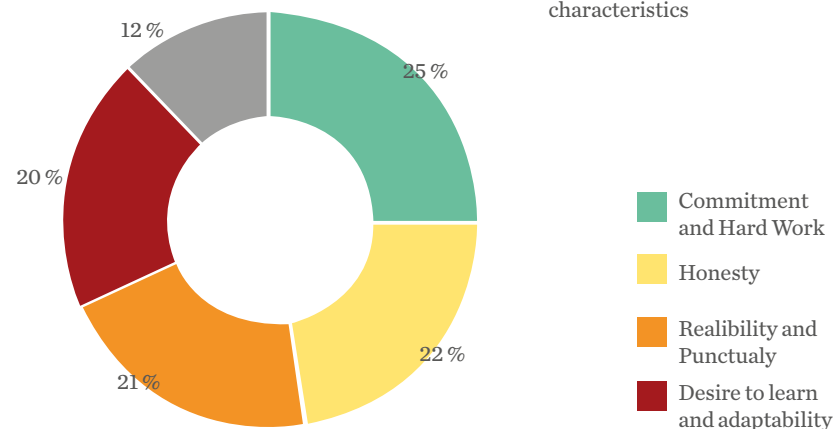


Figure 2 presents the responses given by the surveyed firms when asked about the weakest manager's personality characteristics.

The report suggests that skills shortages will likely to get worse as competition, increasing quality requirements, and changing work environments will all exacerbate business demand for such skills; this was also confirmed by our findings in this study. Our interview with the policy maker at MoI revealed that serious shortages of workers with specific skills had already been experienced by manufacturing industries, not only in Indonesia but in the Asian region at large. In response to the high demand of qualified welders in Batam Industrial Estate, MoI conducted a training program for 1,000 workers to acquire welding certificates. More than half of the graduates were directly recruited to work in South Korea, leaving the Batam industries which then suffered a shortage of hundreds of welders.

A preliminary analysis of the tracer studies conducted by 19 universities covering 7,440 graduates under the I-MHERE project in 2012 converged with the World Bank survey<sup>[1]</sup> [IMHERE 2012]. Only 62.84% of the graduates thought that their current jobs were relevant with their field of education and 16% of them said that their current jobs were significantly irrelevant. Meanwhile, 17.10% needed more than 6 months to acquire their first employment. This indicates that job opportunities are available, but relevant positions and assignments are still difficult to acquire. At the university side, some leaders of universities seem not yet to have a clear understanding of the benefits of conducting a tracer study and consider it just a requirement to be met for accreditation process.

The overall picture shows that there is a serious problem with the link between universities and employers, particularly in understanding their needs of skills needs, ranging from more obvious ones such as English and computing skills, to behavioural and thinking skills such as leadership, problem solving and creativity. Specific job related skills tend to be a problem, both in terms of practical and theoretical skills but they appear to be less binding compared with these other skills. In our interview, one company was also extremely articulate in expressing its concern about contemporary students from elite institutions being generally much more competent and motivated, but lack certain 'emotional intelligence' or ability to work with empathy with people from different backgrounds. It is interesting that both employers and graduates were critical about the 'value of money' in universities – employers expressing this by rating cost as the lowest, and graduates expressing this as the highest.

[1]I-MHERE Project is a World Bank assisted project aimed to improve education quality and management capacity of selected public and private universities.

### Innovation capacity improvement

In order to strengthen the national productivity and enhance national economic growth, a Presidential Decree 32/2012 has been issued. The National Committee on Innovation (Komite Inovasi Nasional – KIN) was established by a Presidential decree.

Having observed the case of India (see box: Innovation system – the case of India), the government should strengthen and empower KIN as an advisory unit for the President. Unlike the committee in India, by law KIN has no portfolio and may not execute any innovation project/program. The power to execute and conduct innovation program is partly done by the MoRT (Ministry of Research and Technology), by the Indonesian Institute of Science (LIPI), and by the well-developed Indonesian HEIs (higher education institutions).

### INNOVATION SYSTEM - THE CASE OF INDIA [MATHEW, 2010]

#### “INNOVATION IS THE CENTRAL ISSUE IN ECONOMIC PROSPERITY” *Michael Porter*

One of the success stories of implementing innovation system is India’s innovation journey. It started on a strong foundation but its pace was stifled by an inward looking and disjointed agenda. Much of it in the earlier years was fueled by protectionism to drive self-reliance that coerced Indian industry, military, and the public sector to innovate within its means for subsistence that often resulted in substandard and low quality outcomes. Isolation of these activities from the outside world for over 44 years since independence meant that there were no external benchmarks or sharing of best practices or even a reference mechanism to judge process. This often meant that India re-invented its own wheel many times.

Recently, there has been change in such thinking. There is a pressure from governments in power to change India from within. And externally, there is a pressure from China to measure up. There is also criticism that India has not demonstrated any leadership in producing new products for its own markets although it claims to have the best and the brightest talent. India then believe that a National Innovation System can increase momentum, raise profiles, build transparency and scale, and increase focus on both national growth and global competitiveness.

What should the national innovation system achieve? Fundamental models for innovation globally have remained unchanged, but the nature of innovative activity has changed and grown more sophisticated. Notable shifts have occurred from a focus on new product and identifying critical technologies to processes and from individual outputs to the mechanisms for producing those outputs. Innovation is rarely seen as a set of isolated activities that somehow add up to the sum of the constituent parts of a national innovation agenda. Innovation is no longer an independent discovery activity but it is a collaborative process with multiple participants.

India looked at innovation as a three tiered model, primarily as a picture of layering and the scale of innovations required to impact massive populations and multi-pronged objectives. At the bottom of the model are the grassroots innovators engaged with the task of contributing to the improvement of rural GDP (i.e. farmers, artisans, housewives, and ordinary Indians – to innovate to solve a livelihood

challenge).

In the middle tier of the model is a focus on entrepreneurial and social innovation, and the top layer of the innovation model is representative of the need for private-public partnership for cutting edge research and innovation for global thought leadership and competitiveness. Although a multi-tiered model conceptually clarifies the emphasis on the layered focus that is required to shape a national innovation agenda given the diverse need of the country, including the demands of India’s mature industries, the need for accelerating domestic consumption and the need for multiplying rural GDP, what is missing is coordinated effort of national significance. This is where an NIS (National Innovation System) fits in, providing the required independence for each of the tier structures and at the same time providing an osmotic effect at the tier boundaries in such a way that innovation performance is enhanced.

### INNOVATION SYSTEM - THE CASE OF INDIA (CONT'D)

In effect, the NIS operates like a national grid in which innovation change agents can be plugged in. An NIS will also provide a framework where common issues can be abstracted and dealt separately and perhaps even horizontally, as a shared service. For example, basic scientific and engineering infrastructure, including the data required for researchers, technologies needed to conduct R&D, rapid prototyping, measurement, and test apparatus, can be centrally procured and developed for common use of all innovation system participants. The NIS should have an apex body that serves as a policy-oriented intellectual property think tank. It is at this level that the government and an innovation policy can help steer the agenda. First, to ascertain that there is a portfolio of national interest; second, to ensure that there is adequate funding and incentives for the actors at the various tiers to function independently; and third to ensure that there is sufficient collaboration and integration amongst the various actors in such a way that better results are achieved faster.

The role of government in an innovation system is vital and varied. First, government is a catalyst and mobilizer of different interests and helps to connect various disciplines, upstream and downstream activities. Governments can mobilize capital in directions that are difficult or of little interest to industry. Government is also a large and influential buyer of goods and services and thus has influence on how products are developed. The government is also responsible for the administration of policy that helps to keep the system healthy and honest. Rigid organizational structures and territorial mindsets negate and harm innovation. There are varying levels of resistance to new ideas, experimentation, process changes, transparency, and accountability.

In 2008 the government of India released a draft of the National Innovation Act. The purpose of the legislation was to facilitate public, private, or public-private partnership initiatives for building an innovation support system to encourage innovation. The Innovation Act visualized an integrated science and technology plan. The Act has given due thought to private and public partnerships, including an exchange or marketplace for trading in innovation. The Act represents a good start but fell short of expectations with regard to identifying a comprehensive agenda, a robust funding mechanism and innovation subsidy program, and most importantly incentives to collaborate and work together.

There is one pilot project in Pekalongan, Central Java, for implementation of the MoRT's program in developing local innovation system. It reveals that the level of understanding, strategy, implementation, and involvement is still at its infancy. Innovation is perceived by the municipal officers merely as performing better than the year before, and universities involvement is still limited in conducting policy studies for the local government; so is the involvement of local industries which is very limited, while R&D strategies are yet to be developed. It seems that KIN still needs to learn from India on how it successfully implements National Innovation System, and at the same time the government needs to reposition KIN in order that there can be a synergy among R&D institutions as well as synergy with R&D policy makers.

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# Making Education a Key Pillar of the India-Indonesia Partnership

BY AMOL TITUS

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The progress made by India and Indonesia since the over six decades of their independence is undoubtedly multi-faceted. The economies of both nations have grown manifold, living standards have improved, large scale infrastructure has been created, many citizens have joined the globally networked middle class and both nations are seen to be winning the challenge of poverty alleviation.

With favorable demographics and a wealth of human resources the future outlook is bright with many new opportunities in agriculture, manufacturing, science, technology, services, public service and other sectors.

Harnessing these opportunities is critical for the continued growth of the two countries and for overcoming the several challenges that still confront them similar to other developing countries.

Education will play a pivotal role in determining whether the opportunities can be adequately tapped and challenges assiduously tackled. While there are several positive examples and best practices that India and Indonesia can emulate from across the world in the field of education, it is equally important that they both share their own achievements and experiences.

Indian scientists have earned worldwide acclaim by successfully launching the Mars orbiter called 'Mangalyaan' in September 2014. Apart from this mission being a testament of the dedication and skills of staff at the Indian Space Research Organization or ISRO, the achievement has also highlighted the quality of Indian education. For decades millions of Indians have benefitted from affordable and updated education across India with reasonably high standard of skills in the sciences, arts, humanities and languages. The ability of the country to export sought after talent in engineering, medicine, nursing, management, information technology, production etc underlines this fact. Such talents have taken leading organizations, corporate bodies and institutions to great heights and they continue to be well respected and highly sought after.

As India readies for its next phase of high economic growth, there is realization amongs policy makers and academics that while the education system has served the country relatively well thus far, it needs to improve and upgrade. This revolves around 3 critical areas - accessibility, job focused

skills development and teacher training. It is interesting that these 3 areas are also areas of priority for Indonesia as it tries to make its young workforce more skills oriented and competitive. As both nations push to address these priorities there is ample scope for best practice sharing and developing together. Indonesia for example is mandating competency based exams for teachers and key performance indicators using learning from more advanced ASEAN nations like Singapore and Malaysia. India can adopt similar measures while also sharing its expertise in developing talent supply lines in sectors like automotive engineering, information technology, leather goods production, textiles and other sectors of national importance.

The future growth prospects of India and Indonesia are rooted in exciting demographic realities. Over 65 percent of the populations of both nations are below the age of 35 years. This means that both countries will have abundant human resource supplies to drive their economic engines based on agriculture, manufacturing and services sectors that need to be developed in a balanced manner. If properly trained and inducted into the productive workforce the youth can also support wealth creation and upward social mobility.

However, the challenges of inducting millions of youth into the workforce must not be underestimated. Each year around 12 million Indians and 2.3 million Indonesians seek entry into the workforce. Yet only a small percentage is successful in finding gainful employment. There are several reasons for this including sub optimal economic growth in the past few years, stagnation seen in several universities with outdated curriculums, laboratories, teaching methodologies and academic programs that have resulted in a significant gap between skills expectations of employers and preparedness of prospective employees. The rising cost of quality education is also exacerbating the economic divide and thwarting achievement of the vision for economic inclusion.

Both nations have also not been able to overcome the so called '40 percent curse' - 40 percent of Indian elementary school children drop out and 40 percent of Indonesian children aged 14-16 years are school drop outs. This is far too high a percentage and it retards societal progress and employment driven poverty alleviation strategies.

During 2005-13 despite a period of post 1997/98 crisis recovery and over 6 pct growth between 2009 and 2013, income inequality in Indonesia actually increased at the second fastest rate according to the World Bank. The Gini ratio, an internationally accepted benchmark of measuring income inequality, increased in Indonesia from 0.36 to 0.41 during the period. In India it is 0.37 as on 2014 and though this is the lowest amongst the BRIC countries comprising Brazil, Russia, India and China it remains a cause for concern.

Remedying the above complex challenges will require a sense of passion and implementation zeal. A good role model is Maulana Abul Kalam Azad who was independent India's first education minister, a post he held for 11 years. During his tenure he established the University Grants Commission (UGC), Indian Institute of Technology Kharagpur, Indian Institute of Science Bangalore, Central Institute of Education, Lalit Kala Academy, Indian Academy of Dance, Drama & Music, Sangeet Natak Academy, All India Council for Teaching and Council for Scientific and Industrial Research or CSIR among other achievements. This list shows the breadth of the educational remit that needs to be grasped and implemented for balanced development of society, creation of the right scientific temper and commitment to long term institution building.

Similarly, Indonesia benefitted from the visionary Ki Hajar Dewantara who is also called 'Bapak Pendidikan Indonesia' or Father of Indonesian education. He founded the Taman Siswa schools in the 1920s that spread across the archipelago and helped give generations of Indonesians knowledge, awareness and confidence to develop. He imparted Javanese wisdom to educators advising them to give examples in front ('Ing Ngarso Sung Tulodo'), build spirit at the core ('Ing Madyo Mangun Karso') and supervise from behind ('Tut Wuri Handayani'). The combination of the three, he claimed, provided a holistic and inspirational education.

There is need to infuse anew the spirit of visionaries like Maulana Azad and Ki Hajar Dewantara into the education systems of the country while simultaneously synchronizing them with the modern age. The quality of leadership executing education based initiatives is critical for proper end results. Missteps and opportunity loss can have a significant adverse impact on generations of youth who have bestowed trust in the education system to improve the well being of their families and secure their futures.

Education must become the great equalizer and leveler of so called playing fields. The explosion of information and its accessibility through the internet and smart devices offers a great opportunity for India and Indonesia to further the reach and quality of mass education. Open sources of knowledge, long distance learning, flexible study hours, remote connectivity with experts, free or low cost access to core concepts and theories, online coaching and mentoring, e-books and shared resources ñ these are some of the innovations in education that have commenced but need to be accelerated.

The positive news is that the 2014 democratic process in both countries has produced leadership that appears committed to undertaking serious and comprehensive education reform. In Indonesia the team of President Joko Widodo and Vice President Jusuf Kalla had stressed the centrality of education in their agenda referred to by the Sanskrit term 'Nava Cita' or Nine Priorities. Specifically, the agenda makes mention of 4 aspirations that have direct relationship to education:

1. To improve the quality of Indonesians by improving the quality of education and training through Smart Indonesia program.
2. To improve people's productivity and competitiveness in the international market so that Indonesian can move forward and stand up with other Asian nations.
3. To revolutionize the nation's character through a policy of restructuring the national education curriculum with advanced civic education; to teach the history of the nation, the values of patriotism and to love the country, as well as to build the passion and character to defend the state through national education
4. To strengthen diversity and social restoration of Indonesia by highlighting the policy of education for diversity and creating spaces of dialogue among citizens.

While implementation of the above remains to be seen and as has often happened in Indonesia many noble sounding plans remain on paper only, for perhaps the first time an incoming President has communicated clearly about the criticality of education in preparing Indonesia for the multifaceted challenges the country faces. There is awareness that the country's education system needs an urgent overhaul to tackled demands of modern industry, ASEAN competitiveness, character building and respect for the country's traditions and diversity that have come under unprecedented strain during the past decade.

In India the elections were historic as within the context of a parliamentary framework, a presidential style electoral battle was fought and won by Prime Minister Narendra Modi who from the outset was projected as the leader. The detailed manifesto of the Bharatiya Janata Party which earned a majority on its own thereby giving it strong political capital to follow through on its promises, stresses about the importance of education. The following points under the overarching theme titled 'Sabka Saath Sabka Vikas' or collective partnership and progress are worth quoting "Education is the most powerful tool for the advancement of the nation and the most potent weapon to fight poverty".

Education in India needs to be revitalized and reorganized to make future generations proud of their culture, heritage and history and also for creating confidence in the vitality of India. Every effort shall be made to ensure 'equality of opportunity in access and success' to all learners; creating a harmonious, and

cohesive egalitarian society that practices democratic values. This would be possible only when Education accords due emphasis on national integration, social cohesion, religious amity, national identity and patriotism. It must also be analyzed how far education has contributed to moral, ethical and humanistic values in the individuals and the society. Education must create minds free from superstitions, hatred and violence and become an important vehicle to cement national unity, social cohesion and religious amity. Our endeavor should be to inculcate moral, ethical and humanistic values in the individuals and the society.

Education must create minds free from superstitions, hatred and violence and become an important vehicle to cement national unity, social cohesion and religious amity. Our endeavor should be to inculcate moral, ethical and humanistic values in the individuals and the society.

India has to become a knowledge society and has to reverberate with educated skilled manpower of high standards required to meet the challenges of 21st century. This requires a bold and visionary leadership to introduce appropriate policy and structural changes.

Highest priority would be given to address the acute shortage of teachers and researchers, quality of education and research, and also the employability factor associated with most of the courses. Education should not only lead to employability but also job creation and entrepreneurship by introducing a national multi-skills orientation program.

We intend to review and revise education system; the salary structures associated with the teaching staff and most importantly, address the shortfall of faculty and related issues in the country. The system shall be made people-friendly and the credibility of the system shall be restored. Investment in education yields the best dividend. Public spending on education would be raised to 6% of the GDP, and involving the private sector would further enhance this.

There is a cautionary tale from Indonesia that simply increasing budgetary spend on education does not necessarily achieve the desired time bound improvements in education. Between 2008 and 2014 education spending in Indonesia increased from USD 12.9 billion to USD 34 billion largely due to a constitutional court ruling mandating that the government allocate 20 pct of its budget to education. The allocation is around 17 pct or around 3 pct of GDP which is low and caused by paucity of resources and cash strapped finances caused in large part due to wasteful fuel subsidies.

Nonetheless, after a substantial increase in spending the quality of education remains low with Indonesia ranking 64 out of 65 countries under the Program for International Student Assessment or PISA that assesses student proficiency in reading, mathematics and science. It is not surprising that the country faces an acute shortage of qualified engineers and the nation has a reputation for consuming rather than producing high tech products. With the opening up of ASEAN markets now irreversible the country will fall further behind its neighbors if its workforce does not urgently transform in alignment with the rapidly changing industry scenario.

While India itself faces challenges of upgrading the scale, accessibility and quality of its institutions of higher learning there is no doubt that the country can immediately play a role in helping Indonesia improve its higher education in specific areas like engineering, pure sciences, information technology and medicine. These collaborations need to quickly move beyond seminars and research papers into concrete projects involving universities, polytechnics, high schools and distance learning. A good recent example is the signing of the MOU between TERI University, India and Bandung Institute of Technology, Indonesia in May 2014 for mutually beneficial cooperation in a range of areas, including exchange of faculty, joint research activities and publications, participation in seminars and academic meetings, conducting special short-term academic programs, short and medium-term research visits for graduate students and postdoctoral fellows, joint supervision for doctoral candidates and joint / dual degrees and master's programs.

A recent private sector driven education initiative by Indorama Synthetics at Purwakarta as part of its corporate social responsibility program also shows an innovative way for future education based

collaboration between the 2 countries. Though Purwakarta is situated around 100 kms from the capital Jakarta and is close to the education hub city of Bandung, it has historically faced a shortage of skilled talent and found it hard to attract urbanized youth to its basic industrial setting. Having prospered at Purwakarta since 1974, Indorama under the guidance of its promoters, the SP Lohia family, decided to enhance the scope of its education based CSR activities by setting up an engineering polytechnic. I was tasked with implementing the project along with a group of senior company executives. Over a 2 year period we studied various models, met industry, academic and Ministry of Education experts and launched the Engineering Polytechnic in September 2013 with focus on mechanical, electrical and instrumentation engineering in Phase 1. In the second Phase textile and IT engineering are being considered with closer tie ups planned with good quality institutes in India. The project has received positive and enthusiastic support and is a practical example of education based collaborations that can enhance the relationships between the two countries.

The Gandhi Memorial International School in Jakarta is a leading private education enterprise and it has successfully showcased Indian teachers and learning tools. Several Indian teachers, majority of who are women, are employed in schools across Indonesia and have earned well deserved reputation for their hard work and dedication. Another area of enhanced cooperation is by Indian professionals taking time out to deliver guest lecturers at Indonesian universities. In my experience as one such guest lecturer over the past 10 years I have found students and institutions to be very receptive and the experience enriches the people to people contact that our founding fathers especially Jawaharlal Nehru and Ahmed Sukarno envisioned.

At a bilateral level India already offers several areas of education support to Indonesia. During the past 5 years more than 800 Indonesians have availed of scholarships in higher education. Additionally over 1500 Indonesians have benefitted from training under Indian Technical and Economic Cooperation program and Technical Cooperation Scheme of Colombo Plan of Government of India. The Jawaharlal

Nehru Indian Cultural Center in Jakarta has also played a constructive role in teaching Indonesians about culture, dance, music, yoga, art etc which are equally critical in helping develop well rounded young minds.

India too must enhance its learning from Indonesia. This includes sector specific education and skills in agricultural commodities, construction technology and techniques, hospitality sector, packaging and logistics to name a few. Equally important are soft skills like mutual respect, empathy, patience and collaborative teamwork for which Indonesians have earned well deserved renown. Without these essential soft skills technical expertise cannot achieve its full potential in today's world and Indonesia provides an equally diverse and culturally rich role model to learn from.

When experts highlight the need for the next generation of hard reform in both India and Indonesia they are not just talking about macroeconomic factors or policy changes. This expectation applies to the education sphere as well. Previous attempts at reforming education in both countries have got bogged down with widespread budgetary leakage and misuse, inability to reduce non performing academic bureaucracies, anemic pace of improvement in quality of teachers and curriculums and inability to keep pace with demand for employable youth.

Ambitious new policy plans to revamp education will mean spending substantially higher amounts but unless reforms across the board are undertaken with transparent measures of monitoring, accountability and targeted outcomes related spending, the countries might come to rue wasted opportunities yet again at the end of the decade. Implementation of plans must also be inclusive with civil society organizations, distinguished teachers, employers associations and spiritual leaders also being given a chance to meaningfully contribute.

This is where a closer partnership between two countries facing similar challenges in education is the need of the hour. There is much to learn from each other's attempts at rebooting education in the contemporary context. If bilateral trade between the two countries can increase by over fifteen

fold since 2000 there is no reason why a similar manifold increase cannot be achieved in the sphere of education. Since such cooperation will benefit a wider swathe of populations especially the young and given its long term relationship impact as opposed to transactional impact of trade, it is vital that education is made a key pillar of the India-Indonesia partnership.

Such an education based partnership approach will not only strengthen the enduring bonds between the two nations but also help in creating a shared legacy of access, learning, skills and opportunity that the vast young populations of both nations so richly deserve.

# CSR in Indonesia: Shifting Paradigm – from “Charity” to Partnership

BY TRI YULI ADRIANA, Director, HR KPP Mining

Indonesia is an archipelago comprising approximately 13,600 islands which location spread within a radius of 8,500 km from the western part to the eastern part. Most of the economic activity and development is still concentrated in Java island which is the location of the capital city of Indonesia, Jakarta. Indonesia's current total population is approximately 250 million people, 59% of them live on the island of Java. As a result of it development activities seem focused in Java, but it does not mean other areas are neglected.

Therefore, the involvement of other parties in addition to the government to undertake development activities through Corporate Social responsibility - CSR -- outside Java is surely facilitating to accelerate the pace of physical development activities and quality of human resources in the other islands in Indonesia. To improve this, the government /executive and legislative issue some regulations which meant to optimize private sector to support development with CSR program, through Law of Limited Liability Community No. 40 year 2007 related to Natural resources; Government Regulation No. 47 Year 2012 on Environmental and Social Responsibility; Law / Investment Law No. 25 Year 2007 regarding obligation of every investor to implement corporate social responsibility; Minister of Social Affairs Regulation No. 13 Year 2012 on the Business responsibilities Forum in the implementation of Social Welfare. Concluded from all the regulations that every institution conducting certain activities in the certain area should also have a mission to develop the area and surrounding communities through a variety of activities which involved the community.

## A. CSR AND ITS DEVELOPMENT IN INDONESIA

The political situation and the long history of Indonesia since independence to this day shows a significant shift that affects the behavior of society. Within the last 30 years, there are two eras that colored Indonesian civic life today - the NEW ORDER (before 1998 in President Soeharto regime) and the REFORM (after 1998 or post Soeharto era). Reform in question is the shift of democracy situation in which facilitating the democracy situation. There is a transformation from the new order era of centralized government to reformation era which more to empower decentralization supremacy.

This transformation is really determining the beat of national life throughout the country. To maintain the consistency of the implementation of policies issued, legal force is executed in 'black and white' way. However, since the implementation of the reform, political power has been distributed to the regions. The local policies are issued determining the color of each activity that takes place in the area. The community is also increasingly showing a desire to be actively involved and be a decisive part in any activity in the area.

Based on the transformation of this political situation, people's behavior is also experiencing a shift. The paradigm of democracy which put rights over the obligations, then it caused unfaithful implementation of the regulation. Surely, it becomes challenges for the institutions who deal with communities.

In general, the character of people's behavior is classified into 4 types:

**1. PASSIVE** In the regions--where the people have not been touched by the certain parties who conducting business/economic activity --then the people will tend to accept whatever activities are implemented by companies who come and start paying attention or support in the community and region. This could be happened as before they were not at the center of the other party's attention; so, the assistance made them very happy.

**2. ASSERTIVE** When people begin to realize that there are rights when interact with the company, to whom they have been interacted for some years. This happened as they begin to have sufficient knowledge about what and how CSR activities which have been expected by Government towards private sectors, in this matter is company. Therefore, community these days, they are able to express their will and needs. They can sort out which are priorities and which ones are not, so not all can be well received or make them satisfied.

**3. ACTIVE** By the time people have started to know about what and how CSR activity is; they have a bit of ability and knowing the importance of their area for the company, the good side of this, that they do understand not only their rights but also their obligations. The character of this community that they are more confident and able to communicate with as partner company. Also in this kind of community, what they would like to have is not only acts as a subject who wait and do nothing. But they want to be involved from the start of a program until the end, even till the post of a CSR program.

**4. PROACTIVE** When the community interaction with company or many parties for some time, this will not only make their mind open wide but it is also provoke the maturity to think and act. Not only oriented to present needs, but they have already thought to do activity which help them to be self-reliance in the future. They are keen to be critical and actively take part in developing the programs, oriented to how they make themselves empowered, not only enjoying the assistance and then wait. Surely, the proactive community is offering collaboration programs which is included participation of community in providing materials, ideas and even finance. Even more, the programs direction is more likely to long-term partnership.

To adapt to the dynamic behavior of the type of society mentioned above and then to reach the expected target of CSR Programs, so based on author's experience that CSR program form has to adapt the type of community behavior with the form of CSR programs which would like to be implemented.

There are 4 Implementation Approach of CSR program:

**1. CHARITY** Most of many CSR programs—which are undertaken by the company-- are purely social: donating some of their profits to be benefited by the people which are located around the area of operations. The programs such as food distribution to improve nutrition for free, assistance of medical checks and medical facilities for free, free books, even building schools, houses of worship, markets, water supply, etc. The point of this activity is a passive society, wait and then enjoy assistance. This kind of activity is known by term of philanthropic. Activities undertaken are almost the same from place to place, even between one company to other companies. This is happened when companies consider CSR is a process of 'obligations'. Since the company's reference is common activity which is done elsewhere, it is suitable to the budget of the company and it made an impact on society pleasure to get a 'free convenience'. As a result, from the company's side that CSR activities will only be expenditures, with no direct impact on the continuity of company's operations.

**2. COMMUNITY DEVELOPMENT** When the company's operations and the company's interaction with the community has been going on for some time, it began to shift the orientation of CSR is not only oriented



towards the provision of social assistance which benefits only a moment, but it has impact on improving the quality of life of the surrounding community. The company develops programs that are facilitated—it is no longer only satisfied by constructing the school buildings, but how teachers and students are eager to learn in school. For example to help teacher welfare and providing fun learning facilities; Developing vocational training centers for the community, seminars to improve the quality of life of community, providing mobile library, create a program and workshop to maintain the culture and customs, etc. Activities will make people have new abilities, increased health and increased quality of education. Still, when the needs grow, they will still wait for companies helping hand and often given program is not a need priority. As the program is ‘the unthinkable’ by the program manager, not the ‘required’ by the community.

**3. COMMUNITY INVOLVEMENT** Some companies regard CSR is no longer an obligation, but it is already a need to encourage enterprise and community walk hand in hand to grow and develop together. Companies believe that the expenditure of CSR fund will give optimal results. The company’s role is no longer 100% to be leader of the CSR program, but has role of facilitator and motivator for the sustainability of a CSR program. So that more programs to encourage society to participate actively, involved, not only at the time the program runs, but starting from identifying the problem, create a work plan, implementation, and post-program monitoring. Thus, in addition to the program accurately to address the needs of the community, a sense of having a larger program. So, people will also see that the success or failure of the program is their responsibility as well. Type of program is similar to community development, but the process of implementation is different.

For objectivity, some companies even include NGOs that are engaged in the community development to undertake mapping as a problem identification. In some CSR programs that use this approach, even the participation of Community Involvement is no longer limited to the idea of community, labor work, but also to the material that is available around them and even money. Thus, the overall budget planned in the program, it is not 100 percent pure from the company, but half also come from the community, either in the form of cash or materials and labor work. The implemented program through this kind Community Involvement, the sustainability is much higher than the program which is charity or Community Development.

**4. COMMUNITY EMPOWERMENT** Many CSR programs then experienced problems in maintaining sustainability. This is due to the orientation programs are still implemented and benefited by the community, it is still not anticipating when the company will be no longer within the community. Therefore CSR program approach is the Community Empowerment; it is not only limited the role of the company for being the stimulator and facilitator of the program, but also train them to solve their own problems, and link them to others that will collaborate to support the continuation of the program.

One form of Community Empowerment, it shows when implementing clean water programs, it is not only providing construction (Community Services), to make sure the public can use and run the water supply available (Community Development), also involving the community in the process of identification to the development and management of water usage (Community involvement), but also how to prepare on their own and then the community can develop the existing water supply system on their ability to use it autonomously (community Empowerment); so that means the facility is able to cover larger area and more people are served with no more helping hand of company.

It is also happened in an income generating program, how the skills that have been acquired through the Community Development program are able to trigger the development of small businesses that do not only produce, but also has the ability to market their products and even to create innovative products to meet the needs of customers. Thus, CSR programs that have been initiated are able to produce a reliable entrepreneurs that reflect community self-reliance. Then CSR is able to improve the economy

of the surrounding communities on sustaining basis when the company even is no longer operating in the area.

To ensure the process—based on author’s experience—some companies have established Business Development Institutions (BDI) whose job is improving the technical ability to manage the business diligently by training, benchmarking and mentoring process during the process of trial and error until the determined business starts running well. Then provide a good management training: production management, financial to human resources management. Furthermore, providing marketing insights and helping to have access over the marketing of its products, from the stores, union credits up to the hotel and hypermart. Then, a small business that has been initiated not only survive in “twinkling of an eye”.

Although initially the company founded this Business Development Institutions (BDI), at the end, it is expected that BDI will be independent and continue being a community partner in developing their Small and Medium Enterprises (SMEs).

In the case of small-scale business development that grew out of this community, it is also provided Microfinance Institutions (MFIs) that aims to help people get capital to grow its business in softest-way, even easiest than the Bank in general. The initial funds provided by the company through the MFI is used as capital to provide capital to the community in the form of loans (soft loans) which must be returned at a certain time, with mild interest. Furthermore, it is a revolving fund, lent to other communities in need, the aim to expand the scope of people who can be assisted. Thus, a business that was originally fronted by the company through its pure CSR program will be expected to be the forerunner of a true entrepreneur that increase incomes of the community in particular and the economy areas in general.

## B. CSR ALIGNMENT WITH OPERATING COMPANY PROGRAM

Problems in implementing CSR programs for companies are often regarded as ‘Cost Center.’ it is only a means the company add the cost and no direct impact on corporate performance. I do not agree, because the problem is not on the program, but the strategy to run the program.

Based on over 28 years of experience in running CSR programs, the focus of the implementation of CSR programs is still on the side of the people only, it is still not linked with the internal problems in the company that may be answered through this CSR program.

Therefore, when I get the opportunity to become Director at the company where I work, where I can run a strategic function, the first thing I want to do is to harmonize corporate strategy with a CSR program. The thing that needs to be done is to map out the problems faced by the company achieve its vision and mission and how these problems can be managed, among others, through its CSR program.

One of its missions of the company where I work is prioritizing the use of local human resources (local people). It is necessary to reduce cost of mobilization to its original place in their time-offs work and other compensations because they have to leave their initial areas (like I said in the beginning of Indonesia as an archipelago, it required substantial time and great expense to move from one area to other areas). In addition, of course to maintain operational stability due to jealousy issues when the company took outsiders (not local person) resources and so on. While on the other hand, companies face the challenge of lack of qualified human resources, because of the limitations of the quality of education, etc. This challenge responded by CSR education programs which can help reduce the problem, among others, improving teacher quality, send potential students to famous schools in another area that has a better quality of education, to bring qualified teachers, to make excellent educational programs. The results of the CSR program which is evaluated, it is not how much money is given, or how many teachers have been trained, but how much larger the potential of local resources increased after intervention of CSR education program.

Another thing, the high unemployment in the surrounding the company’s operations. They are



forced to become part of the company as an employee. So often, it is followed by a demo when recruitment activities are in place. It is also followed by the activities that disrupt company operations such as closing operations and other activities that caused the situation was not conducive. If these kind of activities are allowed, it surely will interfere with the productivity of the company. The fact that they require a solution to the lack of livelihood, it should also be a concern of the company, as one of the government partner stakeholders in development. To respond, help them to be able to earn a living not just by being an employee, but become outsourcing for some operations of the company. Interestingly, after several years of effort and even some efforts formed by CSR program, it then becomes sourcing for working partner not only locally, but also to other areas.

### C.3 PILLAR KEY TO SUCCESS CSR

To run CSR programs that provide optimal impact on the company and the community, then these three parties are key to success:

1. Company
2. Communities
3. The Government

In some cases there is an overlap among the programs that are planned and run by the government and the company. As a result, the programs generated with all the limitations reached small scope, not ideal or even the benefits are not optimal. To avoid it, some steps have been taken by the authors to make an effort to integrate the work program to the Government, so that the funds can be used larger, more ideal program created and wider coverage. Thus, there will be no duplication of the program which has led to the overall budget does not provide optimal benefits for each party.

Another thing that needs to be done is clear benchmarks on whether the CSR programs are fulfilled or not by the company, that is not limited to big budget / large quantity. But it is good to monitor by measuring achievement by its quality. In some countries which I have visited, the declaration of the actor of government partner for the development of the region led to the quality of its CSR; it can be measured not only by government, but also by the community and other stakeholders. This effort is to minimize improper CSR program implementation, because the results can clearly be evaluated by all parties.

One example in Indonesia, infrastructure issues in the region is such a complicated matter, on the other hand the company is trying to help in the forms of small programs and partly, but because it is not integrated, impact of it is not optimal. If the existing program in the area can be synergized, it will be a major force to resolve the issue.

Sanctions and law enforcement are not implemented optimally; so the company's commitment to run CSR programs as expected in the regulation, has not been realized in ideal way. This is due to the monitoring by the regulator is only in their planning scheme, and occasionally engage in a ceremonial process when programs run. It is important to conduct the evaluation and feedback process so that the running CSR program gives maximum results. It may even be a competition between companies as is initiated by the group company where I work. This will motivate and stimulate all parties to contribute their best.

Often the company has run the program and issued a fairly large budget, but people are not satisfied with the effort. This requires a mechanism to establish communication between the company and the community. One of the things that can be done is Community Opinion Survey which will result in not only the level of community satisfaction index profile of the CSR programs, but more importantly, the company gets valuable inputs of unanswered people's expectations and how the closeness of our program with community. From the surveys that have been done by my company, one of them is that it is important for us to communicate what we have done to society. So the paradigm that says that "when you do the charity, others do not need to know" is not quite right. Since the objective of CSR is also a promotional tool

to make people know and feel the benefits of the company's existence.

### D. PROGRAM SUCCESS INDICATORS CSR

Some examples of CSR indicators of success that can be used, included:

#### EDUCATION PROGRAM

- THE SUCCESS RATE OF GRADUATES ABSORBED BY EMPLOYMENT
- INCREASE THE QUALITY OF THE SCHOOL AMONG OTHER SCHOOLS IN THE REGION
- INCREASED IMAGE OF SCHOOL IN THE EYES OF THE PUBLIC

#### HEALTH PROGRAM

- INCREASED PUBLIC NUTRITION QUALITY
- DECREASED MORTALITY
- IMPROVING THE QUALITY OF ENVIRONMENTAL CLEANLINESS
- NIL RATE OF ENDEMIC DISEASES

#### PROGRAM INCOME GENERATING

- THE DECLINE IN THE UNEMPLOYMENT RATE
- THE INCREASE IN THE AVERAGE LEVEL OF INCOME
- INCREASED NUMBER OF SMALL ENTREPRENEURS

#### INFRASTRUCTURE

- INCREASING THE QUALITY OF PUBLIC FACILITIES AND INFRASTRUCTURE
- INCREASING THE NUMBER OF PUBLIC INFRASTRUCTURE
- GOOD ACCESS TO OTHER AREAS
- GOOD COMMUNICATION FACILITIES

### E. INDIA AND INDONESIA SIMILARITY IN THE CSR MANAGEMENT

There are many similarities between Indonesia and India, as nations that located in Asian region, there are many similarities to the culture and customs of India and Indonesia. The high number of population and vast area of India is also a challenge in itself to manage the construction of a fair and equitable in each area and for everyone.

I believe that CSR programs undertaken by the private sector can be one of the keys to support accelerating development in a country, because it can not only rely on the efforts undertaken by the government alone. This is due to the company's operational area intensively in remote areas, so that intensive assistance to the community can be implemented.

Another thing that may also be taking place in India and Indonesia is that the people who are building the democracy in the country. Which kind of the democracy will produce positive benefits which need to be developed, it may need our common concern in the process of formulating them.

Furthermore, there are also many things that can be learned by Indonesia from India, among others, progress in the field of IT and education which are already reaching out to the outposts of the country.

As relationship of Indonesia and India is so close, then we can learn from each other to grow into a great nation creating a happy-wealthy society.

# CORPORATE SOCIAL RESPONSIBILITY: A New Area of Indonesian-Indian Cooperation?

BY NEERU SINGH

Corporate Social Responsibility (or CSR) as it is known today is not really a new idea. It has its roots in the understanding that all human beings have an ethical and moral responsibility towards the society in which they live. Corporations also being part of society have an ethical and moral responsibility to contribute to the communities they function in. This is why many larger businesses globally have traditionally had their philanthropy wings. The idea was to “give back through charity/philanthropy” to the society where the businesses function. What has changed in recent times, is the focus and definition of CSR from philanthropy to sustainable development and longer term engagement with communities.

Furthermore, Corporate social responsibility (CSR) also is a reflection of companies increasingly taking responsibility for their impact on the society they function in. As evidence suggests, CSR is also increasingly important to the competitiveness of enterprises. It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management and innovation capacity.

## The Global Compact

In 1999, Kofi Annan the then Secretary General of the United Nations, enunciated the concept of the Global Compact. Companies that are signatories to the Global Compact have differing views on it. As the signing is voluntary, there is no real compulsion to do so. Furthermore, the UN does not accord any preference to companies who have signed the Compact in awarding contracts or doing business with it. Most businesses who have signed, complain about the need to constantly report to the UN as participants. Thus most participants to the Global Compact tend to be relatively larger multi-national companies who have the capacity to deal with the administrative requirements of the Global Compact membership.

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and against corruption. It enunciates a moral and ethical framework for the functioning of business but falls short of actively engaging business to deal with Global and social issues. Despite these shortcomings the Global Compact is an important mechanism as it underlines, reiterates and brings into the private sector domain a concept of societal interdependency and responsible engagement of the private sector with the world they function in.

## Global Overview of existing CSR Legislation

Besides the Global Compact, there exist many international guidelines and guiding principles that guide the ethical engagement of the private sector with the communities in which they function. Thus the European Commission defines CSR as “the responsibility of enterprises for their impacts on society.” The Commission encourages that enterprises “should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core

strategy in close collaboration with their stakeholders.” Once again, this is a laudable step forward, but remains prescriptive in nature.

As part of its National Action Plan, Denmark since 2008 requires large businesses to improve their international competitiveness and to account for their work on CSR. In 2013 a new requirement was introduced into law making it mandatory for businesses to also expressly account for their policies for respecting human rights and for reducing their climate impact. The aim of the law is to inspire businesses to take an active position on CSR and hence is one of the most progressive CSR legislations that currently exist.

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## INDONESIA

In 2007 Indonesia promulgated the **Law No. 40** on Limited Liability Companies, whose Art. 74 obliges companies carrying out activities in the natural resources and related sectors to participate in environmental social responsibility, thus making Indonesia the first nation in the world to adopt a mandatory approach to CSR. This law has been the object of much criticism as, initially Art. 74 was supposed to apply to all Limited Liability Companies, but, after lobbying from the Indonesian Chamber of Commerce (KADIN) and other business organizations, the Article has been modified. The business community was also alarmed about the mandatory nature of CSR devised in the Law, arguing that it could negatively affect corporate costs.

In 2012 the provisions of Art. 74 were implemented with the **Government Regulation No. 47/2012** on Social and Environmental Responsibility of Limited Liability Companies, which states that the companies’ Boards of Directors are responsible for the preparation of a social responsibility plan and budget. The regulation deals also with incentives for companies complying with the law and sanctions for companies which do not fulfill the CSR obligations. CSR related obligations are also included in Art. 15 of the Investment Law (**Law No. 25/2007**) and in the State-Owned Enterprises Law (**Law No. 19/2003**).

Many factors such as different perceptions of CSR among various socio-economic players (business organizations, government, etc.), a certain degree of ambiguity in the law, and the nature of law enforcement are currently slowing down the homogenous reception and implementation of social responsibility in Indonesia. CSR is still perceived by many companies as a financial burden, instead of being viewed as an investment which could potentially lead to increased economic competitiveness and to a fairer and more inclusive economic growth.

## INDIA

Whereas in the West the debate continues whether companies can be held accountable and responsible for the societies in which they function, in India this is no longer a matter of debate. The new Companies Act 2013 that came into effect from April 1, 2014, replaces the six-decade old Companies Act, 1956. Although CSR under the Companies Act is envisioned as still a mainly voluntary activity as companies can still find loopholes not to implement CSR. The Act for example, expects companies to report on their CSR spending but allows companies to explain why they have not done so without any specific consequences for non-compliance. Thus the new regulation is not mandatory but remains more prescriptive in nature. With the implementation of the new Company Act, India has become the only country in the world with legislation relating to corporate social responsibility (CSR) for companies not specific to just one sector. One important impact this is having is that companies are now increasingly deliberating on their social responsibility and attempting to support the process of nation building.

The passing of this act has brought an anticipated spending threshold of up to \$2.5 billion (Rs15,000 crore) in the field of social development for the very first time. The new law mandates that all companies, including foreign firms, with a minimum net worth of Rs 500 crore, turnover of Rs 1,000 crore or a net profit of at least Rs 5 crore, spend at least two percent of their pre-tax profit on CSR. According to industry estimates, around 8,000 companies will fall into the ambit of the CSR provisions and this would translate into an estimated CSR spend of \$1.95 billion to \$2.44 billion. With higher economic growth and increase in companies' profits, this mandatory spending will go up. Many bigger companies already engage in CSR activities, but the amounts spent are lower. There is need to recognise that this is an evolutionary process and the legislation itself is an important first step.

**Major concerns for CSR in India***SMALL AND MEDIUM COMPANIES*

The larger companies in India tend to have existing philanthropy/CSR wings that have been actively engaged in CSR well before the CSR Legislation came into force. For these companies, the task in most cases is to merely scale up their CSR activities so that they actually spend 2% of their pre-tax profits. Most such companies are already relooking at their CSR activities and planning this enhancement. These companies have set up CSR Committees under the purview of their Boards and are actively engaged in fulfilling the requirements of the law, even though the provisions are prescriptive and not mandatory.

However there are some major concerns as we move forward. A large number of companies, are in the small or medium sector and this is where there remains an enormous challenge. Smaller companies where 2% of the pre-tax profit is not so large are likely to fritter away their resources in small philanthropy projects that have little long term impact in order to show compliance. Many of the smaller companies do not want to deal with CSR and so are currently "waiting to see what happens" as these are the initial year. They feel that a report stating that non-compliance is due to time being used to formulate CSR policy and identifying projects would be possible and acceptable according to the law, especially in the first few years. Companies in this category are also waiting to see what will be the consequences if any, to non-compliance. Some of these companies have also taken the easier way out of direct engagement by making donations to the various Government Funds like the Swachh Bharat Abhiyaan as well as the Prime Minister's Relief Fund. This is an easy way to show compliance without needing an implementation machinery or dedicated human resources.

Businesses are concerned that currently the 2% stipulated amount is not exempt from tax. They are thus requesting a review of this so that they can claim tax exemption as is currently done when donations are made to charities. This issue needs to be resolved by Government at the earliest in a manner that satisfies all stakeholders. Thus Siddharth Birla, former President of FICCI, said: "The biggest concern of Industry is with respect to the impact of CSR contribution from a tax deductibility point of view. Industry hopes that the ministry of finance will find it fit to ensure CSR spend remains tax-deductible, more so

since this spend is an integral cost of responsible business," he said. This has not happened till the Union Budget of 2015.

*ROLE OF GOVERNMENT*

The CSR legislation and subsequent implementation will be an evolutionary process in which the Government needs to take an active role. In the beginning, there was need to clarify what activities constituted CSR and those that did not. This ambiguity and confusion has been addressed to a large extent by Government, thus removing a major hurdle leading to hesitation on the part of companies to actively engage in CSR.

Also the Government needs to identify and indicate specific development priority areas based on developmental needs of specific parts of the country. This would help companies located in these areas to align with the identified Governmental priorities and to make the best use of available resources. Besides this, Government needs to issue guidelines for different category of businesses in order to engage with all actors and to clarify all doubts. Even today it is apparent that there is duplication of efforts between different companies and often between companies and the Government.

The biggest Governmental challenge however, is to pool resources from smaller businesses to targetted areas for development. This will require aligning Government vision with multiple small businesses to ensure the best use of resources. This will also guard against duplication of efforts and waste of resources. Smaller businesses are not able to devote the time and effort needed to implement CSR projects and this is where Government needs to step in to help consolidate and align activities with its development objectives.

Thus Government needs to engage actively in CSR to develop a framework for CSR engagement for different categories of business, clarify the areas and scope of CSR and to help in consolidating efforts of smaller businesses. Four other areas that will become increasingly imperative to monitor as CSR spending becomes more established is to review and monitor the following:

- a) Relationship between business and poverty reduction;
- b) Impact of CSR initiatives;
- c) Governance dimensions of CSR; and
- d) Power of social change through participation in CSR.

This will ensure a focus on society's most vulnerable groups and adopting a 'people-centered' perspective as opposed to a corporate perspective.

The enormous amount of resources available as a result of this very progressive legislation is very substantial and its correct use in targetted and focus areas for national development is critical. Only Government intervention to oversee this can ensure the correct and transparent use of resources. Government needs to understand that this is an opportunity not only to engage business in social change but also to attain its objectives of development. A great deal can be achieved with \$2.5 billion dollars annually. However, if this money is spent without a focussed concerted National Plan of Action with clear priorities and needs assessments, it is likely that the money would get spent but not with the most effective results.

**Current CSR initiatives in India: Some reflections**

Many of the larger companies in India have traditionally engaged with the communities they function in. They are now allocating more resources, scaling up their projects and employing experts in the field of social change to spearhead their projects, employing internationally accepted tools for program formulation (in association with the stakeholders), identifying targets and deliverables and monitoring and evaluating projects after completion. This professionalism has added to outcomes ensuring better value for resources spent.

Building on Government machinery and strength, strong local level PPP are developing and these will in coming years help change the face of India in critical areas like provision of education, sanitation, water, electricity, livelihoods and skills development, agriculture, internet connectivity and computer education to name some of the areas covered. The challenge here remains targetted and inclusive action in cooperation with all stakeholders. Working with target communities to provide programs that respond to their own felt needs is key. This is imperative as it leads to support and buy in from the community rather than adopting an external top down approach that has limited long term results.

### India and Indonesia CSR commonalities and challenges

Even though Indonesia's CSR experience has been limited to one large economic sector, its experience in implementation of legislated CSR has been longer than in India. Whereas some of the challenges India has in implementation are unique as they relate to smaller companies and their ability and perception of CSR, in Indonesia it has been the larger mining and natural resources sector companies that have been asked to engage in CSR.

It is therefore imperative that as we grow in this area, the experience of both countries informs, supports and develops this field. The possibility to go beyond Governmental limitations with hitherto unprecedented resources opens up possibilities for public-private partnerships that builds on the strength of both the Government and the Private Sector.

As CSR is largely in the area of the private sector, engagement between the private sectors of the two countries should be increased. Through the mechanism of meetings between the Business Institutions in Indonesia like Kadin and Apindo and in India with CII and FICCI the area of CSR can be a mutually interesting focus area for discussion and mutual learning by sharing of Best Practices.

The emerging greater emphasis on SME's in development of Indonesian industry will bring forth similar issues and where CSR is applied to them. Those are the category of companies having difficulty in CSR engagement in India. Thus the development of SMEs and their CSR responsibilities could be an area for more intensive discussion between our business institutions.

A good idea for broader engagement can be the creation of a CSR annual roundtable with SMEs. Although as per law in both countries, they are not required to engage in CSR, many do engage in philanthropy so it is better to have this discussion and share experiences.

While CSR grows in both developing and emerging countries, the financing for CSR is a very useful development tool and companies in India are using it to support Governmental development plans. This experience can be shared by India which could prove useful for Indonesia and Indian companies could learn from the CSR experience of the companies in the natural resource sector in Indonesia.

As the number of Indian companies investing in Indonesia are increasing, we should encourage them to do CSR in the same model as in India. Kadin/Apindo can work with India to encourage this in both directions with Indonesian companies in India as well. Although this is already happening, but there is no link to Indonesian Business Associations but this circle can be created for mutual benefit.

Wherever there is a shortage of trained people to identify projects, implement, monitor and evaluate programs, information can be shared and training done to support capacity building for this purpose.

### Conclusion

The passing of the new Companies' Act is a major groundbreaking event in India and shows the progressive and forward thinking approach of the legislators. However, many areas of the process remain ambiguous and unclear. The legislation remains prescriptive and not mandatory. Many in industry continue sitting on the fence adopting a "wait and watch" approach before taking action. Guidelines and geographically identified priority areas based on scientific needs assessment are important. Furthermore, monitoring and evaluation of projects based on pre-identified deliverables will make the process beneficial for

all stakeholders. The role and active engagement of the NGO community, local communities and all stakeholders in this process also needs to be enunciated and clarified.

The Government must take the lead in clarifying the above ambiguities. They will work closely with industry bodies at the national level but also with SME groups. Once having set the clear agenda for development, ensuring transparency and accountability and monitoring and evaluation of projects, the Government can revert to a monitoring role. Social change can happen rapidly using these resources and tapping this at the very beginning of the process will give Government a major implementational tool to further development.

## Global Compact

### Human Rights

- **PRINCIPLE 1:** businesses should support and respect the protection of internationally proclaimed human rights; and
- **PRINCIPLE 2:** make sure that they are not complicit in human rights abuses.

### Labor

- **PRINCIPLE 3:** businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **PRINCIPLE 4:** the elimination of all forms of forced and compulsory labor;
- **PRINCIPLE 5:** the effective abolition of child labor; and
- **PRINCIPLE 6:** the elimination of discrimination in respect of employment and occupation.

### Environment

- **PRINCIPLE 7:** Businesses should support a precautionary approach to environmental challenges;
- **PRINCIPLE 8:** undertake initiatives to promote greater environmental responsibility; and
- **PRINCIPLE 9:** encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

- **PRINCIPLE 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

### International Guidelines and Principles

United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights, ISO 26000 Guidance Standard on Social Responsibility, International Labor Organization Tripartite Declaration of Principles concerning Multinational Enterprises on Social Policy and the OECD Guidelines for Multinational Enterprises.







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