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# India – Indonesia Economic and Financial Dialogue

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**Why is in news?** India and Indonesia announce launch of the “India – Indonesia Economic and Financial Dialogue” (EFD Dialogue) on sidelines of G20 Finance Ministers and Central Bank Governors meeting in Gujarat

The Minister of Finance, Indonesia, and the Union Minister for Finance of India announced the launch of the **“India – Indonesia Economic and Financial Dialogue”**.

The platform, unveiled during the G20 Finance Ministers and Central Bank Governors (FMCBG) meeting, **seeks to strengthen cooperation between the two nations** and foster a shared understanding on global issues.

The evolution of **India’s ‘Look East Policy’ in 1991**, followed by the ‘**Act East Policy**’, has facilitated a rapid development in our bilateral relations, particularly in the commercial and cultural fields.

**Indonesia has emerged as India’s largest trading partner in the ASEAN region**, with our trade seeing an **eightfold increase since 2005**, reaching an impressive \$38 billion in FY 2022-23.

The EFD Dialogue is poised to **enhance collaboration on bilateral and international economic and financial matters** by bringing together economic policymakers and financial regulators from both countries.

Areas of cooperation inter-alia, include **macroeconomic challenges and global economic prospects**, bilateral investment relations, and cooperation in G20 and ASEAN matters.

Recognising the potential of the digital economy, the two Finance Ministers also noted the potential of collaboration in the field of fintech for financial inclusion.

Given the similarities between **India and Indonesia as fast-growing economies**, and **their active roles in multilateral organisations** such as G-20, WTO, and East Asia Summit, this Dialogue promises to offer a unique opportunity for mutual learning and policy coordination.

The Finance Ministers concluded with a shared optimism that the EFD Dialogue will not only deepen the bilateral relationship between India and Indonesia, but also contribute to the broader economic and financial stability of Southeast Asia and the world.

## **Look East Policy 1991:**

In order to **recover from the loss of the strategic partner -USSR** (end of the Cold war 1991), India sought to build up a relationship with the USA and allies of the USA in Southeast Asia.

In this pursuit, former Prime minister of India P V Narasimha Rao launched Look East policy in 1992, **to give a strategic push to India’s engagement with the South-East Asia region**, to bolster its standing as a regional power and a counterweight to the strategic influence of the People’s Republic of China.

Look East policy **focused on the Association of Southeast Asian Nations (ASEAN) countries + Economic Integration**.

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## **Act East Policy:**

The ‘Act East Policy’ announced in November, **2014** is the **upgrade of the “Look East Policy”**.

It is a diplomatic initiative to **promote economic, strategic and cultural relations with the vast Asia-Pacific region** at different levels.

It involves intensive and continuous engagement with Southeast Asian countries in the field of connectivity, trade, culture, defence and people-to-people-contact at bilateral, regional and multilateral levels.

It aims to **promote economic cooperation, cultural ties and developing a strategic relationship with countries** in Indo-pacific region with a proactive and pragmatic approach and thereby improving the economic development of the North Eastern Region (NER) which is a gateway to the South East Asia Region.

Act East Policy focused on **ASEAN countries + Economic Integration + East Asian countries + Security cooperation**.