



INDIA – MALDIVES – INTERNATIONAL RELATIONS

News: The bilateral relationship between India and the Maldives has recently faced challenges, especially after President Mohamed Muizzu's rise to power on an anti-India platform. In an effort to stabilize and enhance their ties, India and the Maldives held talks where they agreed to transform the bilateral relationship to a “Comprehensive Economic and Maritime Security Partnership”.

WHAT'S IN THE NEWS?

Key Highlights of the Deal/Agreement

- **Economic Assistance:** India will provide USD 30 billion and USD 400 million as part of a bilateral currency swap agreement to support the Maldives' economy. This financial aid aims to address ongoing foreign exchange challenges, as the Maldives faces a looming debt crisis.
 - The Maldives is facing a potential debt default as its foreign exchange reserves have dwindled to \$440 million, enough for just 1.5 months of imports.



- **Defence and Security Cooperation:** India will refit and repair a Maldivian Coast Guard vessel previously gifted to the Maldives. The two nations committed to enhance surveillance and monitoring capabilities for the Maldives National Defence Force (MNDF) through equipment provision and capacity building.



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- **Free Trade Agreement (FTA):** Negotiations will be initiated for a Free Trade Agreement to harness economic potential and attract Indian investments in various sectors, particularly tourism.
- **Joint Agreements and Initiatives:** Five pacts were signed, including:
 - Training of judicial officers
 - Law enforcement training
 - Cooperation in sports and youth affairs
 - Measures to prevent corruption
- Launch of the Rupay card in the Maldives.
- **Infrastructure and Social Projects:** India handed over 700 social housing units and inaugurated a new runway at Hanimaadhoo International Airport.
- **Maritime Security Collaboration:** Both nations agreed to cooperate on maritime security, addressing issues like piracy, illegal fishing, and drug trafficking in the Indian Ocean Region.
- **Diplomatic Expansion:** There are plans to establish a Maldivian consulate in Bengaluru and an Indian consulate in Addu City to facilitate trade and people-to-people connections.





Why Maldives assumes significance for India?

- **Strategic location:** The Maldives, situated in the Indian Ocean (a vital trade route), is strategically important to India, both for regional security and trade. The country lies at the crossroads of major shipping lanes.
 - Maldives' proximity to the west coast of India (barely 70 nautical miles from **Minicoy** and 300 nautical miles from **India's West coast**), and its location at the hub of commercial sea-lanes running through the Indian Ocean (particularly the **8° N and 1 ½° N channels**) imbues it with significant strategic importance to India.
- **Security:** The Maldives' strategic location makes it essential for India's national interests, particularly in terms of **naval security and counter-terrorism**.
- **Countering China:** Ensuring stability and security in this region is of paramount importance for India, especially in the context of rising Chinese influence in the Indian Ocean.
- **India's Foreign Policy:** Maldives is India's key maritime neighbour and an important partner in India's '**Neighbourhood First**' policy and '**Security and Growth for All in the Region (SAGAR)**'.
- India is one of the largest trading partners for the Maldives, and Maldivian exports to India include fish and other marine products, while India exports a variety of goods, including essential commodities and construction materials.

Past hurdles

- Relations between India and Maldives hit a rocky patch when the new President Mohamed Muizzu fought the 2023 Presidential election on the slogan of '**India Out**'.
- Anti-India sentiments were deployed and attempts were made to spread disinformation.
- India-Maldives relations since the last year have served as a case study of the interplay between public sentiment, economic interests, and diplomatic relations.
- The power of the Indian middle class in influencing international relations through consumer choices has been clearly demonstrated.
- This phenomenon is likely to play an increasingly important role in shaping India's foreign policy and its relationships with neighbouring countries.

Areas of Cooperation:

- **Economic Cooperation:** India is a major economic partner, providing financial support and being a vital trading ally. Tourism plays a significant role in the Maldivian economy, and Indian tourists are among the largest groups visiting the islands.
- **Infrastructure Cooperation:** Projects like the Greater Male Connectivity Project, airport redevelopment, and strategic harbours demonstrate India's commitment to Maldives' sustainable development.



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- **Military and Security Cooperation:** Joint exercises, comprehensive defence partnerships, and aid in maritime security highlight the military collaboration. India helped to prevent coup in 1988 which has the support of Tamil liberation forces.
 - Maldives is also the India's first line of defence against terrorism, piracy on the high seas, drug trafficking, narcotics, and other maritime crime.
- **Humanitarian Assistance Cooperation:** From socio-economic development projects to COVID-19 aid, India consistently supports Maldives in times of need.
- **Socio-Economic development projects:** India provided covishield vaccines, handing over of two sea ambulances and gave aid in building of Indira Gandhi memorial hospital.

Source: <https://www.bbc.com/news/articles/cly4eq78k5qo>

