

INDIA-MALDIVES RELATIONSHIP: INTERNATIONAL RELATION

NEWS: PM Modi in Maldives highlights: India announces ₹4,850 crore Line of Credit to Maldives

WHAT'S IN THE NEWS?

India recently completed the withdrawal of its military personnel from the Maldives following a diplomatic request by President Mohamed Muizzu, who advocated an "India Out" policy. This marks a significant shift in Maldives' foreign alignment, with growing proximity to China raising regional strategic concerns.

Prime Minister's Visit to Maldives (July 2025)

- Occasion: Attended the 60th Independence Day celebrations of Maldives on 26 July 2025 as the Guest of Honour.
- Significance: This was PM Modi's third visit to the Maldives and the first high-level visit during President Mohamed Muizzu's tenure. It marked a diplomatic reset after tensions created by the 2023 "India Out" campaign.

Key Outcomes of 2025 Visit

Economic Cooperation

- India announced a ₹4,850 crore (\$565 million) Line of Credit to support infrastructure and development in the Maldives.
- Debt relief was provided by reducing annual repayment obligations of GoI-funded loans.
- Talks for a bilateral India–Maldives Free Trade Agreement (IMFTA) were initiated to deepen trade cooperation.
- Discussions progressed toward a Bilateral Investment Treaty to protect mutual investments.
- India signed MoUs to support digital transformation in the Maldives, replicating successful Indian platforms.

Defence & Security

- India transferred 72 vehicles to the Maldivian Ministry of Defence to bolster logistical capabilities.
- Assured continued support to enhance defence without compromising Maldives' sovereignty.
- As a compromise after the "India Out" movement, Indian military personnel were replaced with technical staff.

Health & Technology

- India gifted two BHISHM Health Cubes – portable hospital systems.
- The Maldives officially recognized the Indian Pharmacopoeia, boosting Indian drug exports.

- A memorandum was signed to promote cooperation in digital governance and health technology.

Environment, Climate & Fisheries

- A new MoU was signed to promote sustainable fishing and aquaculture development.
- Collaboration was agreed between IITM (India) and Maldives Meteorological Services for weather research.
- Leaders participated in tree plantation drives under India's "Ek Ped Maa Ke Naam" and Maldives' 5 Million Tree Pledge.

Diplomatic and Cultural Statements

- PM Modi described the relationship as "older than history and deep as the ocean", highlighting deep-rooted ties.
- He emphasized Maldives as a natural partner and co-traveller in regional development and stability.

Historical and Diplomatic Background

- Diplomatic relations were established in 1965, with India being one of the first countries to recognize the Maldives' independence.
- Cultural ties are rooted in shared Buddhist heritage, maritime trade, linguistic links, and religious influences.
- India's 1988 Operation Cactus, which foiled a coup in the Maldives, cemented bilateral trust and established India as a reliable security partner.

Major Areas of Bilateral Cooperation

Defence and Security

- About 70% of the Maldivian National Defence Force has been trained in Indian institutions such as NDA, IMA, and OTA.
- Regular joint exercises include Ekuverin (Army) and Ekatha (Coast Guard), and trilateral exercises like Dosti (with Sri Lanka; Bangladesh observed in 2024).
- India funded several defence infrastructure projects, including the Coastal Radar Network, the Composite Training Centre, and the new MoD HQ in 2025.
- Over 630 MEDEVAC and SAR operations have been conducted by India since 2019.
- Annual Defence Cooperation Dialogues and Joint Staff Talks facilitate institutional engagement.

Development Assistance

- India funded the \$565 million Greater Malé Connectivity Project, the largest Indian infrastructure project in the Maldives.

- India is constructing 3,300 social housing units in Hulhumale; 700 were handed over in October 2024.
- Projects like Addu reclamation and airport redevelopment are supported by Indian credit.
- Education and health institutions such as Maldives Polytechnic and the Indira Gandhi Memorial Hospital have been established with Indian help.
- High Impact Community Development Projects (HICDPs) cover mental health, lighting, and educational support.

Economic and Trade Relations

- A 1981 trade agreement facilitates essential goods exports; quotas for 2025–26 are the highest ever.
- Bilateral trade grew from \$156.3 million in 2013 to \$548 million in 2023.
- India mainly exports pharmaceuticals, rice, and cement; imports include scrap metals and marine products.
- The launch of RuPay cards in 2024 supports tourism and financial transactions.
- A local currency trade agreement signed in 2024 reduces dependency on US dollars.

Disaster Response

- India launched Operation Castor after the 2004 tsunami and Operation Neer during the 2014 Malé water crisis.
- During COVID-19, India supplied vaccines and medical aid under Vaccine Maitri.
- A bilateral Humanitarian Assistance and Disaster Relief (HADR) exercise is scheduled for 2025.

Tourism and People-to-People Ties

- India ranked as the Maldives' top tourism source in 2020 and second in 2019.
- An Open Skies Agreement in 2022 improved air connectivity.
- Over 60,000 Indians work in Maldives in healthcare, education, and tourism.
- ICCR and ITEC programs offer scholarships and training for Maldivian students and officials.

Strategic Significance of the Maldives for India

- Geographically, the Maldives lies close to vital sea lanes through which 50% of global trade and 80% of energy supplies pass.
- India's radar integration helps monitor regional maritime traffic and combat piracy, terrorism, and illegal fishing.

- India seeks to counter China's BRI influence, such as the China–Maldives Friendship Bridge, with its SAGAR initiative.
- India and Maldives work together in regional forums like SAARC, BIMSTEC, and the Colombo Security Conclave to promote shared security and development.

Importance of India for Maldives

- India is a vital source of food, construction materials, and pharmaceuticals.
- Indian tourists contribute heavily to the Maldives' tourism-driven economy, accounting for 25% of GDP.
- Indian financial aid supports large-scale development like the Greater Malé Connectivity Project and housing.
- India trains Maldivian defence personnel and provides defence equipment and medical evacuation support.
- Indian hospitals and scholarships strengthen Maldives' human capital.
- India helps with solar energy, climate adaptation, and coastal protection efforts.

Challenges in India–Maldives Relations

- The growing Chinese footprint in the Maldives through the BRI challenges India's strategic influence.
- The 2023 “India Out” campaign, led by President Muizzu, demanded Indian troop withdrawal and raised sovereignty concerns.
- Maldives' alternating pro-India and pro-China political stances create diplomatic uncertainty.
- Economic challenges and debt dependence on China raise risks of debt-trap diplomacy.
- Anti-India nationalism is often stoked during elections for domestic gain.
- Social media-fueled calls for boycotting Maldives by Indian citizens strained tourism ties in 2024.
- Vulnerability to radicalization and terror groups like ISIS complicates India's security cooperation.

- India's promotion of Lakshadweep tourism was perceived as competition by some Maldivian officials.



Way Forward

Maritime Security Cooperation

- Strengthen maritime domain awareness and cooperate on anti-terrorism, piracy control, and joint HADR capabilities.

Economic and Trade Integration

- Accelerate Free Trade Agreement negotiations.
- Expand commercial cooperation in fisheries, tourism, infrastructure, and fintech.

Geopolitical Balancing

- Provide credible alternatives to Chinese infrastructure funding and avoid overstepping sovereignty lines.
- Reinforce mutual security through transparency and civil-military cooperation.

Environmental Partnership

- Scale up renewable energy, waste management, and climate resilience programs.
- Use platforms like the International Solar Alliance for coordinated climate action.

Educational and Cultural Connectivity

- Expand scholarships and educational exchanges.
- Deepen cooperation in judicial training, civil services, and digital literacy.

Development and Sustainable Growth

- Promote sustainable tourism, fisheries management, and climate-adaptive housing.

- Continue High Impact Community Development Projects across various islands.

Regional and Multilateral Cooperation

- Jointly engage in SAARC, IORA, BIMSTEC, and the Colombo Security Conclave.
- Use regional platforms to address common challenges like climate change and maritime crime.

Support for Sovereignty

- India must reassure the Maldives of its respect for sovereignty while maintaining defence and economic support.
- Avoid perceptions of interference to ensure long-term trust and strategic alignment.

Conclusion

India–Maldives relations are deeply rooted in shared history, mutual interests, and geographic proximity. Despite episodic challenges like political shifts and strategic competition with China, both nations continue to maintain robust engagement in defence, economic development, climate resilience, and people-to-people ties. Sustained diplomacy, trust-building, and regional cooperation will remain key to ensuring long-term partnership and stability in the Indian Ocean Region.

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