India-Maldives Relations

As close and friendly neighbours, India and Maldives share ethnic, linguistic, cultural, religious and commercial links steeped in antiquity and enjoy cordial and multi-dimensional relations.

Recent Developments

Indian PM undertook a two-day visit to Maldives and Sri Lanka, which is the first bilateral engagement after being sworn-in as the Prime Minister for a second term on May 30.

- It was the first visit by an Indian prime minister to the Maldives in eight years.
- Indian PM was conferred with the Maldives’ highest honour — the Rule of Nishan Izzuddeen — by President Ibrahim Mohamed Solih.

Key Outcomes:

- Several agreements were signed between the two countries covering health, hydrography, cargo and passenger transportation by sea, customs services and other sectors.
- An MoU was also signed on Training and Capacity Building Programme for Maldivian civil servants.
- India and the Maldives agreed to set up a joint working group on counterterrorism, countering violent extremism and deradicalization.
- The two countries also agreed to strengthen coordination in enhancing maritime security in the Indian Ocean region through coordinated patrolling and aerial surveillance, exchange of information, and capacity building.
- A technical agreement on sharing ‘White Shipping Information’ between the Indian Navy and the Maldives National Defence Force was also signed, enabling exchange of prior information on the movement of commercial, non-military vessels.
- India will build a cricket stadium, which is likely to come up at Hulhumale, an island south of North Male atoll, through a line of credit.
- India and the Maldives have agreed to launch a passenger-cum-cargo ferry service between Kerala’s Kochi and the Maldivian capital Male via Kulhudhuffushi atoll to strengthen connectivity between the two countries and boost tourism.

After years of witnessing souring relations during President Abdulla Yameen’s term from 2013-2018, New Delhi and Male have eventually reset ties. Maldives has reaffirmed its “India-first policy” and has pledged full support toward deepening “the multifaceted, mutually beneficial partnership”.

Why Maldives is Important for India?

- Strategic location - In the Indian Ocean, Maldives archipelago comprising 1,200 coral islands lies next to key shipping lanes which ensure uninterrupted energy supplies to countries like China, Japan and India.
- **At the Heart of International Geopolitics** - Since China started to send naval ships to Indian Ocean roughly 10 years ago and right up to Gulf of Aden in the name of antipiracy operations Maldives’ significance has steadily grown.

- **Regional Security** - As the pre-eminent South Asian power and a 'net security provider' in the Indian Ocean region, India needs to cooperate with Maldives in security and defence sectors.

- **Member of SAARC** - It is important for India to have Maldives on board to maintain its leadership in the region. Maldives was the only Saarc country which seemed reluctant to follow India's call for boycot of Saarc summit in Pakistan after the Uri attack.

- **Blue economy**: Maldives has an intrinsic role in advancing blue economy through sustainable management and utilisation of marine resources.

- **UNSC Support** - Maldives has extended its support for India's candidature for permanent membership of an expanded and reformed UN Security Council. Maldives also has reiterated support for India's candidature for non-permanent seat for the year 2020-21.

- **Diaspora** - There are 25,000 Indian nationals living in Maldives (second largest expatriate community). Indian tourists also account for close to 6% of tourists Maldives receives every year.

India’s interests in the Maldives range from **political stability in the neighbourhood**, and **protection of its investments** and **trade** to the **prevention of state and non-state forces** inimical to Indian interests gaining a firm foothold in the Maldives.

**Political Relations**

- India was among the **first to recognise Maldives after its independence** in 1965 and to establish diplomatic relations with the country.
- Since the establishment of diplomatic relations, almost all Prime Ministers of India visited the Maldives.
- India and Maldives have consistently supported each other in multilateral fora such as the UN, the Commonwealth, the NAM and the SAARC.

**Bilateral Assistance**

- India is a leading development partner of Maldives and has **established many of the leading institutions of Maldives** including the Indira Gandhi Memorial Hospital (IGMH), Faculty of Engineering Technology (FET) and Faculty of Hospitality & Tourism Studies(IMFFHTS).
- India has offered assistance to Maldives wherever required.
  - **Operation Cactus** - when India saved Gayoom’s regime from a coup in 1984
  - After the tsunami that struck Maldives on December 26, 2004, India was the first country to rush relief and aid to Maldives.
  - India provided a budget support aid of Rs.10 crores to help stabilise the Maldivian fiscal position.
  - In January 2014, India released $25 million to meet Maldives’ import expenditure. This was done in the context of the **Framework Agreement on Cooperation for Development** of 2011.
Operation Neer was initiated by Indian government in response to the Maldives government's request for help after major fire broke out at the Male Water and Sewerage Company.

With Maldives reeling under mounting Chinese debt, India in 2018 announced a $1.4 billion financial assistance to the island nation.

- Currently, India has provided US $100 million Stand-by Credit facility (SCF) to Maldives, including long-term loans and revolving credit for trade.
- **$800 million Line of Credit Agreement** was signed in March 2019, for assisting the Maldives to achieve sustainable social and economic development.
- **Capacity building and skills development** is one of the key components of India’s assistance to Maldives. India offers several scholarships to Maldivian students under the following schemes:
  - ICCR scholarships
  - SAARC Chair Fellowship
  - ITEC training & scholarships
  - Technical Cooperation Scheme of Colombo Plan
  - Medical scholarships

- Several Maldivian diplomats have received training in India under the Indian Foreign Service Institute’s Professional Course for Foreign Diplomats (PCFD) program.

**Economic and Commercial Relations**

- India and Maldives signed a trade agreement in 1981, which provides for export of essential commodities.
- Under the bilateral agreement, India provides essential food items like rice, wheat flour, sugar, dal, onion, potato and eggs and construction material such as sand and stone aggregates to Maldives on favourable terms.
- **State Bank of India** has been playing a vital role in the economic development of the Maldives since, 1974 by providing loan assistance for promotion of island resorts, export of marine products and business enterprises.

**People-to-People contacts**

- The proximity of location and improvements in air connectivity in recent years has led to a very substantial increase in the number of Indians visiting Maldives for tourism (around 33,000) and business.
- India is a preferred destination for Maldivian for education, medical treatment, recreation and business.
Cultural Relations

- Both the countries share long cultural links. **Exchange of cultural troupes** takes place regularly between the countries.
- **Three historical mosques** (Friday Mosque and DharumavanthaRasgefaanu Mosque - Male’, Fenfushi Mosque - South Ari Atoll) were successfully restored by Indian experts from NRLCCP, Lucknow.
- Hindi commercial films, TV serials and music are immensely popular in Maldives.
- The **India Cultural Center (ICC)**, established in Male in July 2011, conducts regular courses in yoga, classical music and dance.

Major Concerns

- **China’s footprint:** The Maldives has undoubtedly emerged as an important “pearl” in China’s “String of Pearls” in South Asia.
  - China has been vying for a maritime base in the atoll. The main motive is to ensure the security of its sea lanes, especially the unhindered flow of critically-needed energy supplies from Africa and West Asia through the Indian Ocean.
  - Amendments to the Maldivian constitution in 2015 allow foreigners to own land, including investments of over $1 billion for projects where 70 percent of the land has been reclaimed. Looking at these parameters, China will be the obvious beneficiary.
- **Climate Change** - Maldives is facing an existential threat. The sea level rise of up to 1 metre predicted in this century due to climate change can obliterate the country.
- **Political Instability** - India-Maldives ties had deteriorated significantly under its President Yameen who was perceived to be close to China.
- **Low Bilateral Trade** - India-Maldives bilateral trade stands meagre at about **Rs.700 crores**.
- **Islamic radicalisation:** Maldives is a 100 percent Sunni-majority state. In the past decade or so, the number of Maldivians drawn towards the Islamic State and Pakistan-based madrassas and jihadist groups has been increasing. Maldives accounted for one of the highest numbers of foreign fighters in Syria in terms of per capita.

Way-Forward

- **Strengthen democratic institutions** - It is important to gradually get democratic institutions of Maldives to function constitutionally, with proper checks and balances. The constitution must also be strengthened to eliminate room to drift back towards authoritarianism. India, and not China, is in a better position to help the Maldives in this regard.
- **Exercise economic leverage prudently** - A widening trade deficit with India is one of the major economic concerns the Maldives has, India could diversify bilateral trade, especially by enhancing its export basket from the atoll state.
- **Enhancing trade sphere** - India should consider without delay the proposal from its neighbour regarding the import of diesel, petrol and aviation fuel from India. The India-Maldives Trade Agreement signed in 1981 could be revisited in the light of current realities.
- **Encourage Indian private sector** - To deepen its engagement in the Maldivian economy it will need to become more welcoming to investments made by India.
- **Increasing connectivity** - through the establishment of enabling infrastructure.
• **Encourage people to-people interactions** - In this regard, visas to Maldivian nationals could be further liberalised, depending on the purpose of the visit for smooth diplomatic relations.

• **Security front** - India has been the net security provider to the Maldives by frequently extending its help in securing the sovereignty and territorial integrity of the atoll state.

• **Cooperation on Climate Change** - India can help Maldives in adapting to climate change. The policy option for India is to promote a comprehensive and deepen engagement with Maldives at all levels including on climate change.

• **Geographical Proximity** - It is effectively an opportunity for New Delhi and Malé to strengthen security ties, as also to work towards greater understanding in their bilateral relationship.

It is important for India not to allow the Maldives to slip from its sphere of influence. India should reach out to all governmental and nongovernmental actors of the atoll in economic, socio-cultural and political arenas. Governmental dialogue mechanisms are not sufficient in themselves, which should in the first place be regularised. India is indeed a neutral actor in the atoll’s politics, but such a perception needs to be efficiently conveyed.