India-Maldives relations

Why in news?

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The President of Maldives made a three-day visit to India recently.

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What are the points of engagement?

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- The two countries reiterated their strong commitment to further strengthening and reinvigorating the traditionally strong and friendly relations between them.
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- They have also reiterated their commitment to democracy, development and peaceful co-existence.
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- **Aligning policies** - 'India-First' Policy has been re-affirmed by Maldives, thus committing to working together closely with India.
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- India has announced a financial assistance package of $1.4 billion in the form of budgetary support, currency swap agreements and concessional lines of credit under its 'Neighbourhood-First' Policy.
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- **Maritime co-operation** - Both sides agreed to strengthen cooperation to enhance maritime security in IOR through coordinated patrolling and aerial surveillance, exchange of information and capacity building.
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- **Terrorism** – Both sides reaffirmed their support for increased cooperation in combating terrorism in all its forms and manifestations both within the region and elsewhere.
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- **P-2-P relations** - The Maldives is one of the very few countries with which India has a visa-free arrangement.
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- This is important in facilitating people-to-people exchanges and travel between the two countries.

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- **Climate change** - Both sides agreed on the importance of combating the impact of climate change, especially detrimental to developing countries, and small island developing states.
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- They agreed on the need to work towards strengthening the global response to climate change, through the UNFCCC and the Paris Agreement.
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- **Institutional reform** - The voice and participation of developing countries in multilateral financial institutions has to be enhanced.
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- Maldives reiterated support for India's candidature for permanent membership of an expanded and reformed UN Security Council.
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- It has also supported India's candidature for a non-permanent seat for the year 2020-21.
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- **Trade** - India has noted the expanding opportunities for Indian companies to invest in the Maldives to boost trade ties.
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- Areas such as fisheries development, tourism, transportation, connectivity, health, education, information technology, new and renewable energy and communications were earmarked for enhancing bilateral cooperation.
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- The two sides also signed four agreements –
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1. Visa liberalisation for Indian investors
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2. Cultural cooperation
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3. IT and electronics cooperation
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4. Improving the ecosystem for agriculture business.
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How does the China factor play a role here?

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- The Maldives has maintained a close relationship with China, especially in

financial terms, under its previous government.
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- It has welcomed Chinese money for major infrastructure projects and has also signed free trade agreement (FTA) with china.
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- This has ignored political moderation and closer security ties with India.
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- However, it is now estimated that China’s loans to the Maldives total at least $1.3 billion, or a quarter of Maldives’ gross domestic product.
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- Hence the new Maldivian government is looking to India for more budgetary support to overcome the crisis and to help meet its development goals.
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- Maldives is also planning to revise the FTA with China.
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What should be done?

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- Apart from the India-First policy of Maldives, China will continue to play an important role as an economic partner.
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- However, India’s role will be critical in determining the trajectory of political developments in the Maldives.
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- India’s patient handling of the Maldives crisis over the last few years has positioned it well.
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- By coordinating its response with other like-minded regional and extra-regional players, India should underscore the options available to the Maldives if it decides to move away from China.
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- The more India invests in strengthening democratic institutions in its neighbourhood, the better returns it will get in its foreign policy.
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Source: The Hindu, Business Standard

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