India Singapore Bilateral Relations

Why in News?

Recently, Indian Prime Minister has visited Singapore during the second leg of a two-nation trip to South-East Asia.

What are the pillars of India -Singapore relationship?

- **Historical Connection** - Pre-colonial Singapore was part of Indian Kingdoms like Srivijaya and the Majapahit.
- **Colonial Connection** – Singapore was a crown colony governed from Kolkata till 1867.
- Both the countries have shared colonial history which is reflected in institutions and practices, usage of English and presence of a large Indian community.

Singapore

• Officially the Republic of Singapore, is an island country and city-state in maritime Southeast Asia.
• **Location** – It is located off the southern tip of the Malay Peninsula, bordering the Strait of Malacca to the west, the South China Sea to the east, and the Straits of Johor in Malaysia to the north.



- **Political Relations** - India was one of the first countries to recognize Singapore and diplomatic relations were established in 1965.
- Singapore is a ***gateway for India*** into Asia-Pacific and Southeast Asia and is an important partner in India's Act East Policy and Indo-Pacific vision.
    - **Consular Services** - Regular Foreign Office Consultations had begun in 1999.
    - GOI introduced "Tourist Visa-on-Arrival" in 2010 for Singapore.
    - **Strategic Partnership** - India-Singapore relations were elevated to Strategic Partnership in 2015.
    - **High-Level Exchanges** - Indian Prime Minister has visited Singapore during ASEAN- India and RCEP and 13th East Asia Summit
    - In 2022, a 12 member Indian Parliamentary Delegation, led by Speaker (Lok Sabha) visited Singapore.
- **Judicial Cooperation** - Chief Justice of Singapore visited India to deliver the 1st Annual Lecture at the 1st Supreme Court of India Day Celebrations in 2023.

- **Economic Relationship** - Singapore is India's largest trade and investment partner in ASEAN and India's ***6th largest*** trading partner with 3.2% share of India's overall trade.
    - **Imports** - $21.2 billion.
    - **Exports** - $14.4 billion.
    - **Financial Relations** - Singapore has emerged as a key offshore logistics and financial hub for many Indian corporate/houses.
    - 9 Indian banks have operations in Singapore.
    - **Investment Partner–** Singapore is the largest source of foreign direct investments into India.
    - Cumulative FDI inflows from Singapore to India is about $160 billion from April 2000 to March 2024, amounting to almost a quarter of total FDI inflows.
- **Defence Cooperation** - India and Singapore conduct Singapore-India Maritime Bilateral Exercise (SIMBEX) and Exercise Bold Kurukshetra annually.
- **S&T Cooperation** - ISRO has launched several Singaporean satellites.
- Singapore co-hosted inaugural ASEAN – India Women Scientists Conclave in April 2024.
- India and Singapore held an e-workshop in the area of digital health and medical technologies in July 2024.
- **Diaspora**- Ethnic Indians constitute about 9.1 % or around 3.5 lakhs of the resident population and there are about 1 lakh Indian migrant workers in Singapore.

Cultural Relations	
Arts	A number of cultural societies like Temple of Fine Arts, Singapore Indian Fine Arts Society, Nrityalaya, Kalamandir, promote Indian classical dance and arts in Singapore.
Festival	Deepawali is regarded as the premier Indian cultural celebration, on par with the Chinese New Year and the Malay Hari Raya.
Cultural MoU	To promote inter-governmental cooperation in culture a MOU for Cooperation in the fields of Arts, Archives and Heritage was concluded in 1993.
Tamil	It is one of the four official languages of Singapore and India's first Thiruvalluvar Cultural Centre would be opened in Singapore.
Education	Many Indian educational institutions such as Global Indian International School, Delhi Public School, National Public School, Yuvah Bharati International School, DAV School have branches in Singapore.



What are the recent developments?

- **Strategic partnership** – Both nations reaffirmed the strength of the *Comprehensive Strategic Partnership* (CSP) that was established in 2015.
- **Financial integration** – In 2023, India's Unified Payments Interface *(UPI) has been linked with Singapore's PayNow*.
- It allows seamless cross border transactions and in deepening the digital between peoples of two nations.

Singapore is the first nation with which India has begun this cross-border Person-to-Person (P2P) payment facility.

- **Investments into India** – Singaporean companies have pledged an *additional 60billion USD* in investments.
- **Offshore base for Indian companies** – Singapore has been a key hub for Indian companies seeking global expansion as it has *favourable tax regime and robust financial infrastructure*.
    - Currently, *approximately 9,000 Indian companies* operate in Singapore.
- **India Singapore Ministerial Roundtable (ISMR)** – It *began in 2022* and has emerged as a vital platform for accelerating cooperation in advanced manufacturing, sustainability, healthcare, and digitalisation.
- The 2nd ISMR held in Singapore in 2024.
- **Recent Memorandums of Understanding (MoUs)** – Both nationas have signed of four key MoUs covering semiconductors, digital technologies, skill development, and healthcare.
- India-Singapore Semiconductor Ecosystem Partnership was signed.
- **Cultural ties** – As both countries prepare *to celebrate 60 years of diplomatic relations*

in 2025, contributions of Indian diaspora, including figures like Subhash Chandra Bose and the Azad Hind Fauj are acknowledged and celebrated.

What are the impacts of India-Singapore Semiconductor Ecosystem Partnership?

- It has great geo-strategic and geo-economic importance.
- **Promotes self-reliance** – India needs to develop its own semiconductor ecosystem in the events of supply chain issues owing to China's aggression in Taiwan and South China Sea.
- **Enables industry development** - There is scope for collaboration with Singapore in *talent development, and knowledge-sharing about best practices* in managing semiconductor industrial parks.
- **Improves investments** – India's abundant land and competitive labour costs could encourage semiconductor companies in Singapore to look at the country for their expansion plans.
- **Challenges** - Singapore's semiconductor industry is *limited to "mature-node chips"* (process node technology of 28 nm or more), which are used in appliances, cars, and industrial equipment.
- It is *not equipped to make high-end logic chips* like the ones used in the AI sector (process nodes of 7 nm and smaller, requiring specialised production methods).

India's initiative in Semiconductor Industry
• **India Semiconductor Mission** – It was *launched in 2021* with Rs 76,000 crore chip incentive scheme. • Under this, the central government *offered 50% of the plant's capital expenditure costs* as subsidy. • The Cabinet has so far approved *five semiconductor units*, including four assembly units, under the incentive scheme. • **Semiconductor projects** – In 2024, the cabinet had approved *four major projects* totalling an investments of about Rs 1.26 lakh crore. • **Industrial partnerships** – In 2024, the government partnered *with the Tata Group and Taiwan's Powerchip Semiconductor Manufacturing Corporation (PSMC)* to set up a semiconductor fabrication plant.

Quick Facts

India Singapore CECA

- Formation - It was concluded in June 2005.
- It was the first such agreement to be signed by India with any country.
- Provisions - It integrates agreements on trade in goods and services, investment protection, and economic cooperation in fields like education, intellectual property and science & technology.
- It also provides Mutual Recognition Agreements (MRAs) that eliminates duplicative testing and certification of products in sectors where there are mandatory technical requirements.

- Implementation – It is to be periodically reviewed by the two Governments.

References

1. CNBC | India Singapore Bilateral Agreements
2. The Indian Express | India Singapore semiconductor push
3. HCISingapore | India - Singapore Relations

