

## 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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