India-Maldives relations

Why in news?

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

What are the points of engagement?

- The two countries reiterated their strong commitment to further strengthening and reinvigorating the traditionally strong and friendly relations between them.
- They have also reiterated their commitment to democracy, development and peaceful co-existence.
- **Aligning policies** - ’India-First’ Policy has been re-affirmed by Maldives, thus committing to working together closely with India.
- 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.
- **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.
- **Terrorism** - Both sides reaffirmed their support for increased cooperation in combating terrorism in all its forms and manifestations both within the region and elsewhere.
- **P-2-P relations** - The Maldives is one of the very few countries with which India has a visa-free arrangement.
- This is important in facilitating people-to-people exchanges and travel between the two countries.
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.

They agreed on the need to work towards strengthening the global response to climate change, through the UNFCCC and the Paris Agreement.

Institutional reform - The voice and participation of developing countries in multilateral financial institutions has to be enhanced.

Maldives reiterated support for India's candidature for permanent membership of an expanded and reformed UN Security Council.

It has also supported India's candidature for a non-permanent seat for the year 2020-21.

Trade - India has noted the expanding opportunities for Indian companies to invest in the Maldives to boost trade ties.

Areas such as fisheries development, tourism, transportation, connectivity, health, education, information technology, new and renewable energy and communications were earmarked for enhancing bilateral cooperation.

The two sides also signed four agreements -

1. Visa liberalisation for Indian investors
2. Cultural cooperation
3. IT and electronics cooperation
4. Improving the ecosystem for agriculture business.

How does the China factor play a role here?

- The Maldives has maintained a close relationship with China, especially in
financial terms, under its previous government.

- It has welcomed Chinese money for major infrastructure projects and has also signed free trade agreement (FTA) with China.

- This has ignored political moderation and closer security ties with India.

- 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.

- Hence the new Maldivian government is looking to India for more budgetary support to overcome the crisis and to help meet its development goals.

- Maldives is also planning to revise the FTA with China.

What should be done?

- Apart from the India-First policy of Maldives, China will continue to play an important role as an economic partner.

- However, India’s role will be critical in determining the trajectory of political developments in the Maldives.

- India’s patient handling of the Maldives crisis over the last few years has positioned it well.

- 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.

- The more India invests in strengthening democratic institutions in its neighbourhood, the better returns it will get in its foreign policy.

Source: The Hindu, Business Standard