

Embassy of India Malé

India-Maldives Bilateral Relations

India and Maldives share ethnic, linguistic, cultural, religious and commercial links steeped in antiquity. Except for a brief period between February 2012 to November 2018, relations have been close, cordial and multi-dimensional. India was among the first to recognize Maldives after its independence in 1965 and to establish diplomatic relations with the country.

2. Maldives' proximity to the west coast of India (it is barely 70 nautical miles away from Minicoy and 300 nautical miles away from India's West coast), and its situation at the hub of commercial sea-lanes running through Indian Ocean (particularly the 8° N and 1 ½° N channels), and its potential to allow a third nation's naval presence in the area imbues it with significant strategic importance to India.

3. India has a pre-eminent position in the Maldives, with relations extending to virtually most areas. Except for a brief period during former President Waheed's administration and to some extent during former President Yameen's regime, when there was a change in approach towards India, all Maldivian Presidents have recognized the importance of India's strategic role in Maldives and worked towards strengthening bilateral relationship with India, with India being seen as a net security provider. 'India First' has been a stated policy of the Government of Maldives. President Solih, ever since he assumed office in November 2018, has acted on 'India First' in right earnest.

4. India's relationship with the Maldives is free of any politically contentious issues. The one-time claim of Maldives to Minicoy Island was resolved by the Maritime Boundary Treaty of 1976 between the two countries, whereby Maldives has recognized Minicoy as an integral part of India.

5. India's prompt assistance during the 1988 coup attempt, led to development of trust and long-term and friendly bilateral relations with the Maldives. The immediate withdrawal of our troops when they were no longer required assuaged fears of any Indian dominance or territorial aspirations.

6. India was the first to assist Maldives during the 2004 Tsunami as well as the water crisis in Malé in December 2014. Under Operation NEER, India immediately rushed bottled drinking water to Malé utilising Air Force aircraft and Navy ships. These three incidents (in 1988, 2004 and 2014) had established the advantages of India's proximity and capacity to come to Maldives' rescue in distress vis-à-vis any other country and are widely acknowledged by the government and people of Maldives.

Recent high level exchanges

7. Prime Minister Modi attended the inauguration ceremony of President Ibrahim Mohamed Solih on 17 November 2018 as the only HoS/HoG. He also held bilateral discussions with President Solih just after his swearing-in ceremony, in which he conveyed India's desire to

Embassy of India Malé

work closely for the realization of Maldives' developmental priorities, especially in areas of infrastructure, health care, connectivity and human resource development.

8. Foreign Minister of Maldives Abdulla Shahid paid an Official Visit to India from 24-27 November 2018 (also his first overseas visit after assuming office). He was accompanied by H.E. Ibrahim Ameer, the Minister of Finance, H.E. Fayyaz Ismail, the Minister of Economic Development, H.E. Ahmed Khaleel, Minister of State for Foreign Affairs and H.E. Abdul Ghafoor Mohamed, Foreign Secretary.

9. On his first overseas visit after assuming office, President Solih paid a State Visit to India from 17-18 December 2018, during which India announced a financial assistance package of US\$1.4 billion and also offered additional 1000 scholarships over the next 5 years. GoI provided US \$ 50 million as budgetary support to GoM (part of the financial assistance package of US\$1.4 billion) in two equal instalments in December 2018 and in January 2019. SBI subscribed to the GoM's Treasury bills of US \$ 50 million each in March and June 2019. SBI will subscribe to another US\$50 million in October 2019, once issued by GoM. The Current Swap Agreement for US \$ 400 million was signed on 22 July 2019. Projects under the US \$ 800 million have started rolling out.

10. Defence Minister Mariya Didi accompanied by Chief of Defence Force Major General Shamaal visited India in January 2019, during which the 2nd Defence Cooperation Dialogue was held.

11. Former EAM Late Smt Sushma Swaraj visited Maldives on 17-18 March 2019, ahead of the Parliamentary elections in Maldives (6 April) and met President, Speaker and 10 Ministers. The Line of Credit Agreement for US \$ 800 million (part of the financial assistance package of US \$ 1.4 billion) was signed during the visit. The Agreement for Exemption of Visa Requirement for Holders of Diplomatic and Official Passports, MoU regarding Indian grant assistance for Implementation of High Impact Community Development Projects through Local Bodies and MoU on Cooperation in the field of Energy Efficiency and Renewable Energy were also signed during the visit. India gifted 2500 LED street lights and 2 lakh LED bulbs to Malé City Council.

12. President Solih paid an unofficial visit to Bengaluru on 21-22 April 2019 to discuss broad contours of capacity building of cricket in the Maldives and training of the Maldivian cricket team as well as witnessing the IPL match between Chennai Super Kings (CSK) and Royal Challengers Bangalore (RCB). He also toured the Chinnaswamy Stadium and visited the National Cricket Academy in Bengaluru.

13. Islamic Affairs Minister Dr. Ahmed Zahir Ali visited Jamia Darussalam Oomerabad, Tamil Nadu on 25-29 April 2019 to invite a religious scholar to visit Maldives to conduct workshops for religious scholars of Maldives.

14. Prime Minister Modi, on his first overseas visit after taking oath of the office for his second term, visited Maldives on a state visit on 8-9 June 2019. After getting a ceremonial welcome, he had one on one meeting with President Solih which was followed by delegation level talks. PM Modi also addressed a session of the newly constituted People's Majlis. Vice President

Embassy of India Malé

Faisal Naseem, Speaker of People's Majlis Mohamed Nasheed, Minister of Foreign Affairs Abdulla Shahid, former President Maumoon Abdul Gayoom, former speaker Qasim Ibrahim and Minister of Home Affairs Imran Abdulla called on PM. Both sides signed (i) MoU on cooperation in the field of Hydrography, (ii) MoU on cooperation in the field of Health, (iii) MoU on establishment of Passenger cum Cargo service by sea, (iv) MoU for cooperation in Customs' capacity building, (v) MoU between Maldives Civil Service Commission and NCGG, Mussourie and (vi) Technical Agreement on exchange of White Shipping Information between IN & MNDF. Both the leaders jointly inaugurated CTC facility of MNDF in Maafilafushi and Coastal Surveillance Radar System by remote links. PM also suggested resumption of the NSA level trilateral mechanism (India – Maldives - Sri Lanka) on marine security and constitution of a Joint Working Group on Counter Terrorism.

15. Chief of Defence Force (CDF) of MNDF Major General Abdulla Shamaal visited India from 03-08 July 2019. This was his second visit to India within 7 months of taking over. During his visit he met Raksha Mantri, NSA, CAS, COAS and CNS and delivered speeches at IDSA and NDC.

16. An inter-ministerial delegation led by Minister of Economic Development Fayyaz Ismail visited New Delhi from 22-24 July 2019. Delegation included representatives of Ministry of Economic Development, Higher Education, Tourism and Business Centre Corporation. NSDC showed their facilities and gave presentation on their work on skill development in India. During the sidelines of this visit, CII also organized networking and business development sessions for the delegation from Ministry of Economic Development to raise Indian investment for newly formed 100% state body - Maldives Fund Management Company (MFMC). Minister Ismail also met Foreign Secretary and attended a meeting with EXIM Bank to expedite project under the LoC.

Follow up of PM's June 2019 visit

17. The first meeting of the India-Maldives Joint Commission on Hydrography will be held in Maldives from 24-26 September 2019. For implementing the MoU on providing capacity building for civil servants, a delegation led by AS, Dept of Administrative Reforms will take place on Sept 19-20 to draw a schedule of trainings and finalise the course content. To implement the MoU on Customs Cooperation, a visit by ADG, National Academy for Customs, Indirect Taxes and Narcotics took place from July 30 – Aug 1 to draw up a work plan for capacity building trainings and suggest infrastructure strengthening. The White Shipping Agreement will be implemented once the CSRS Project gets completed by the year end. For introduction of Ferry Service, a delegation from Shipping Corporation of India visited Malé on July 16-18. While a passenger ferry cannot commence immediately for lack of required infrastructure and load factor, a cargo ferry will commence in two months' time.

Follow up of EAM's March 2019 visit

18. A few visits by EXIM Bank have taken place and 3 project proposals under the US\$ 800 million have been received. Three proposals under the INR 40 Cr grant for HICDP have been received. 14 projects under the INR 50 Cr are at different stages of completion. All efforts are

Embassy of India Malé

being made to compress the execution timelines. 80% of the 2500 LED street lights have been installed. Two representatives from EESL have been embedded in the Environment and Energy Ministry. The Agreement for Exemption of Visa Requirement for Holders of Diplomatic and Official Passports has also entered into force from 5 August.

Previous visits

19. Prime Former President Yameen had visited India thrice during his tenure between 2013-18. There was no ministerial visit undertaken from Maldives from 2017 onwards.

20. Prior to the visit of Prime Minister Modi to Maldives in November 2018, the last Indian PM's bilateral visit to Maldives was immediately after the SAARC Summit in November 2011, held in Addu. The visit of Prime Minister Narendra Modi to Maldives in March 2015 was cancelled at the last minute due to sudden arrest and sentencing of former President Mohamed Nasheed. EAM visited Malé in October 2015 for the 5th meeting of the Joint Commission, which was held after a gap of 15 years. Minister of State for External Affairs, Shri M.J. Akbar visited Maldives in February 2017 as Special Envoy of PM.

Defence Cooperation:

21. Since 1988, defence and security has been a major area of cooperation between India and Maldives. India has adopted a very flexible and accommodating approach in meeting Maldivian requirements of defence training and equipment. India provides the largest number of training opportunities for Maldivian National Defence Force (MNDF), meeting around 70% of their defence training requirements. A comprehensive Action Plan for Defence was also signed in April 2016 to consolidate defence partnership.

22. **Capacity Building/Training.** India has trained over 1250 MNDF trainees over the past 10 years and have offered 175 training vacancies in 2019-20. MNDF has also been participating in various mil-to-mil activities such as sea-rider programme, adventure camps, sailing regatta etc. We have also offered to depute Mobile Training Teams (MTT) based on MNDF requirements and to train MNDF personnel for UN peace-keeping operations at CUNPK. Indian Navy has deployed 10-member Marine Commando MTT to Maldives in 2017, 2018 and 2019 and also provided MNDF with helo-borne vertical insertion capability. A proposal to link MNDF's College of Defence Studies with our Defence Universities is also being processed by us.

23. Our defence cooperation also extends to the areas of Joint Exercises, Maritime Domain Awareness, gifting of hardware, infrastructure development, etc.

24. **Institutional Mechanisms.** Annual Defence Cooperation Dialogue at level of Defence Secretary was initiated in July 2016. However after the first edition in 2016, Government of Maldives cancelled the 2nd edition in November 2017, which was finally held in January 2019 after change of government in Maldives. Annual Joint mil-to-mil Staff Talks were started in February 2016 and the 4th edition was held at New Delhi on 4-5 Jul 2019. MNDF continues to participate in various fora such as IONS, Goa Maritime Conclave and Goa Symposium. Defence

Embassy of India Malé

Minister Mariya Didi visited India in January 2019 and Chief of Defence Force Major Abdulla Shamaal also visited India in January 2019 and July 2019.

25. **Disaster Management.** GoI had provided large-scale assistance to Maldives in the aftermath of the 2004 Indian Ocean tsunami and during the 2014 Male water crisis. We have previously provided pollution dispersant to MNDF Coast Guard in 2016 and Indian Coast Guard would now be providing oil spill control equipment. We have also offered customised training for MNDF Fire and Rescue Service in India.

Development Assistance Programme

33. The major completed and ongoing development assistance projects executed by India are:

- **Indira Gandhi Memorial Hospital;** The hospital was built with Indian Grant Assistance in 1995. Major renovation of IGMH funded by GoI was completed in June 2017 at a cost of INR 52 Cr; EAM dedicated the renovation of IGMH to the people of Maldives during her visit to Malé on 17-18 March 2019.

- **Maldives Institute of Technical Education (now called the Maldives Polytechnic):** The MoU for setting up Maldives Institute for Technical Education (MITE) was signed in March 1992. MITE was completed at a cost of INR 12 Cr and handed over to GoM in September 1996.

- **India-Maldives Faculty of Hospitality & Tourism Studies:** The foundation stone for the Faculty was jointly laid by PM Vajpayee and President Gayoom during the former's visit to Maldives in September 2002. The Faculty was officially handed over to GoM in February 2014.

- **Technology Adoption Programme in Education Sector in Maldives:** The US\$ 5.3 million project fully funded by GoI was launched in June 2011 to provide ICT training to Maldivian teachers and youth and for vocational training. The project concluded in December.

- **Construction of National Police Academy (ISLES), Addu:** An MoU for setting up the National Police Academy at a cost of INR 98.75 Cr was signed in September 2012. Project cost was later revised to INR 195.05 Cr and construction finally commenced in 2016. As of 18 Aug, 2019, the overall physical progress on the project is 48% and financial progress is 40%.

- **INR 50 Cr grant for bilateral projects and INR 40 Cr for High Impact Community Development Projects (HICDPs)**

Embassy of India Malé

GoI announced a grant of INR 40 Cr for HICDPs and an additional INR 50 Cr for similar projects in March 2019. So far, 14 Projects have been finalised under the INR 50 Cr grant and are under different stages of completion. These include projects such as ambulances, open air gym, Convention Centre, vehicles for City Councils, class rooms, drug rehabilitation centre, police station upgradation, ice plant upgradation etc. Three projects have been received under the INR 40 Cr HICDP grant and are currently being processed.

Key projects in the Defence Sector

- Key projects in the defence sector include Composite Training Centre for MNDF, Coastal Radar Surveillance System and construction of new Ministry of Defence Headquarters.

Projects under the Line of Credit:

- Three projects on water and sanitation in 34 islands, fisheries and road development and reclamation in Addu city have been submitted by the Government of Maldives and are at different stages of processing by EXIM Bank.

Bilateral Economic and Trade Relations

34. India and Maldives signed a trade agreement in 1981, which provides for export of essential commodities. Growing from modest beginnings, India-Maldives bilateral trade now stands at US\$ 288.99 Million heavily in favour of India. However, the present level of commercial exchanges and trade between India and Maldives has almost stagnated and is not commensurate with their potential. To boost trade and investment, an 18 member CII CEO delegation visited Malé on August 6-7 to meet their Maldivian counterparts and concerned Ministers in order to explore business avenues.

35. India is Maldives' 4th largest trade partner after UAE, China and Singapore. Indian imports from the Maldives primarily comprise scrap metals while Indian exports to the Maldives include a variety of engineering and industrial products like drugs and medicines radar apparatus, rock boulders, aggregates, cement and agriculture produce like rice, spices, fruits, vegetables and poultry produce etc.

Bilateral trade figures (Jan-Dec, in US\$ million)

Year	Total Exports to Maldives	Total Imports from Maldives	Total Trade
2013	154.0	12.3	156.3
2014	170.6	2.9	173.5
2015	225.82	3.0	228.82
2016	275.5	1.6	277.1

**Embassy of India
Malé**

2017	286.94	2.86	289.80
2018	286.18	2.81	288.99

(Source: Maldives Customs Service statistical data)

36. State Bank of India has been playing a vital role in the economic development of the Maldives since February, 1974 by providing loan assistance for promotion of island resorts, export of marine products and business enterprises.

Tourism

37. The Maldivian economy is heavily dependent on its tourism sector, which is the major source of foreign exchange earnings and government revenue. Tourism directly accounts for about quarter of Gross Domestic Product (GDP) of Maldives and indirectly for a much larger proportion of GDP. In terms of direct employment, tourism accounts for more than a third of job opportunities for Maldivians and if the allied sectors are included, the contribution of tourism sector in total employment (direct and indirect) would rise up to nearly 70%.

38. In 2018, India was the 5th largest source of tourist arrivals in Maldives Out of the total of 14,84,274 tourists, 6.1 % (over 90,474) were from India. However, in the first half of 2019, with 99% growth, India has moved to second spot and is placed just below China. Global – 862,589; China – 140,265 (16.3%); India – 82,140 (9.5%).

Consular Matters

39. Indians are the second largest expatriate community in Maldives with an approximate strength of around 22,000. About 25% of Doctors and Teachers in Maldives are Indian nationals. Expatriate workers, particularly the unskilled labourers sometimes face problems relating to holding of Passports by employers, non-payment of salaries and other dues, exploitation and other job-related harassment.

40. The Second Round of Consular Dialogue was held in Male' in Dec 2018. During the state visit of President Ibrahim Mohamed Solih to India on December 17, 2018, 'Bilateral Agreement on the facilitation of Visa arrangements' was signed and it came into effect on March 11, 2019. Further, during the visit of EAM, 'Bilateral Agreement on Exemption from Visa requirement for holders of Diplomatic and Official Passports' was signed on March 17, 2019. It came into effect from 5th August 2019.

41. The new Maldivian government has offered to transfer nine Indian prisoners under Transfer of Sentenced Prisoners (ToSP) Agreement. They are presently undergoing their prison term in Maldives. Relevant documents with regard to all the nine prisoners have been forwarded to MHA. Currently the matter is being processed by MHA.

18 August 2019

Page 7 of 7