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**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) imbues it with significant strategic importance to India.

3. Maldives occupies a very special place in the 'Neighborhood First Policy' and the 'SAGAR (Security and Growth for All in the Region) vision of the Government of India.

4. 'India First' has been a stated policy of the Government of Maldives and President Solih, ever since he assumed office in November 2018, has acted on this policy in right earnest.

5. 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.

6. 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.

7. 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**

8. 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 work closely for the realization of Maldives' developmental

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priorities, especially in areas of infrastructure, health care, connectivity and human resource development.

9. 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.

10. 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, June and October 2019. The Current Swap Agreement for US \$ 400 million was signed on 22 July 2019. Projects under the US \$ 800 million have started rolling out.

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

12. 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.

13. 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.

14. 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.

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15. 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. 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 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.

16. 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.

17. 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.

18. EAM visited Maldives from 3-4 September, 2019 to participate in 4<sup>th</sup> Indian Ocean Conference 2019. During the visit, EAM called on Maldivian President Ibrahim Mohamed Solih and Speaker Mohamed Nasheed. He also held bilateral talks with Foreign Minister Abdulla Shahid.

19. On 04 December 2019, a Digital Video Conference (DVC) meeting was held between our Prime Minister and the President of Maldives during which they jointly inaugurated a number of development projects in Maldives. This included installation of 2500 LED streetlights donated by India in Male, signing of 3 MoUs for implementation of High Impact Community Development projects for setting up neighbourhood fish plants in Addu, exchange of an MoU between National Payments Corporation of India (NPCI) and the Bank of Maldives (BML) to launch the RuPay Card in Maldives and gifting a

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'Made in India' Patrol Vessel named "KAAMIYAAB" to the Maldives National Defence Force (MNDF).

20. The 6<sup>th</sup> Joint Commission Meeting (JCM) between India and Maldives chaired by EAM from the Indian side and Foreign Minister Abdulla Shahid from the Maldives side was held at New Delhi on 13 December, 2019 during which the entire gamut of India-Maldives bilateral relations was reviewed by the two sides. In addition, MoU on cooperation between the Election Commissions of India and Maldives and MoU on cooperation between the Financial Intelligence Units of India were signed. Instrument of Ratification for the Treaty on Mutual Legal Assistance in Criminal Matters was also exchanged during the meeting.

21. A DVC meeting was held between EAM and Foreign Minister Abdulla Shahid on 13 August 2020 to take stock of bilateral relations and make some landmark announcements in the context of COVID-19 and the overall bilateral partnership. During the meeting, EAM announced India's support for implementation of the Greater Male Connectivity Project in Male in the form of a new Line of Credit of US\$400 million and grant of US\$100 million, start of a direct cargo ferry service between India and Maldives, creation of an Air Travel Bubble between India and Maldives, renewal of quotas for supply of essential commodities to Maldives for the year 2020-21 and extension of a financial assistance to Maldives to help them deal with the devastating impact of Covid-19 on their economy.

**Previous visits**

22. Prime Former President Yameen visited India thrice during his tenure between 2013-2018. There was no ministerial visit undertaken from Maldives from 2017 onwards.

23. 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 Malè 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:**

24. Since 1988, defence and security has been a major area of cooperation between India and Maldives. India has been assisting Maldives in capacity building by meeting its requirements of defence training and equipment. India provides the largest number of training opportunities for Maldivian National Defence Force (MNDF), meeting around

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70% of their defence training requirements. A comprehensive Action Plan for Defence was also signed in April 2016 to consolidate defence partnership.

25. **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.

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

27. **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 2<sup>nd</sup> 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 4<sup>th</sup> 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 Minister Mariya Didi visited India in January 2019 and also in February 2020 for Defence Expo in Lucknow(UP). Chief of Defence Force Major Abdulla Shamaal also visited India in January 2019 and July 2019.

28. **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.

29. **Development Cooperation**

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. A draft MoU on addressing manpower requirement at IGMH is in the final stages of approval.

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- **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.
- **National College for Policing and Law Enforcement (NCPLE):** India is building the Police Academy of Maldives in Addu, under an Indian grant of US\$ 33 million. The project is expected to complete by February 2021.
- **INR 50 Cr grant for bilateral projects and INR 40 Cr for High Impact Community Development Projects (HICDPs):** GoI announced a grant of INR 40 Cr for HICDPs and an additional INR 50 Cr for similar projects in March 2019. So far, 18 Projects have been finalised under the INR 50 Cr grant and 9 High Impact Community Development Projects are being implemented under the INR 40 cr grant. These are people centric projects and are currently at different stages of completion.
- **Greater Male Connectivity Project:** During his virtual meeting with Foreign Minister Abdulla Shahid on 13 August 2020, EAM announced GoI decision to support the Government of Maldives in implementation of the Greater Male Connectivity Project through a LoC of USD 400 million and a grant of USD 100 million. This project aims to connect Male to Villingili, Gulhifalhu and Thilafushi islands through a series of bridges, causeways and roads. The project is crucial for the proposed Gulhifalhu Port, and will be a major catalyst for the Maldivian economy in the future through jobs and economic activity.

**Economic package of US\$ 1.4 billion:** During State Visit of President Solih to New Delhi on 17-18 December 2018, GoI announced US\$ 1.4 billion financial package in the form of budgetary support (US\$50 million), buying of treasury bills (US\$ 150 million), currency swap (US\$ 400 million) and concessional Line of Credit (US\$ 800 million) to fulfill the socio-economic development programme of the Maldives.

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- **Budgetary Support (US\$ 50 million) and Treasury Bills for US\$ 150 million**  
Under budgetary support, total US\$ 50 million grant was transferred in two installments of US\$ 25 million each to GoM in December 2018 and in January 2019. State Bank of India has invested US\$ 150 million in Government of Maldives Treasury Bills in three tranches in March, June and October 2019.
- **Currency Swap** A Bilateral US Dollar Currency Swap Agreement between RBI and Maldives Monetary Authority (MMA) was signed on 22 July 2019. This agreement will allow MMA to draw a swap facility to a maximum limit of US\$ 400 million, within the existing 'Framework on Currency Swap Arrangement for SAARC Countries', and its 'Standby Swap Arrangement'. In view of the Covid situation, this Agreement has been further extended for a period of one year in July 2020.
- **Projects under Exim Bank Line of Credit of US\$ 800 million** A US\$ 800 million Credit Line Agreement between Ministry of Finance, GoM and EXIM Bank of India was signed in March 2019. Currently, following project proposals have been received under the LoC: Water and Sanitation Project in 34 Islands, Addu Development Project (Roads and Reclamation), Expansion of MIFCO facilities in Kooddoo & Kanduoiygiri, Establishment of Cancer Hospital, Gulhifalhu Port project, Hulhumalé Cricket Stadium, redevelopment of Hanimadhoo International airport at Maldives.

**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.

30. **Covid related Assistance:** Maldives has been the biggest beneficiary of GoI COVID relief among its neighbours. This assistance includes:

- A 14 member Rapid Response Medical team including Anaesthetist, Pulmonologist, Cardiologist, Public health care specialist, nurses, lab technicians etc. from AFMS was deployed in Maldives from 13-21 March 2020 to guide and train the Maldivian authorities and personnel in tackling Corona threat.
- India donated essential medicines to meet 3 months requirement of Maldives. 317 cartons weighing approx. 5,500 kg were sent on 14 March 2020.

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- Operation Sanjeevani: As part of Gol's efforts to help friendly countries in tackling Covid-19 threat, a special IAF plane airlifted 6.2 tonnes of essential medical supplies from India to Maldives on 2 April 2020.
- A currency swap of USD 150 million was approved by RBI in April 2020 to help Maldives tide over Covid-19 inflicted economic crisis.
- On April 20, Prime Minister had a telephonic conversation with President of Maldives on the challenges posed by Covid-19. Prime Minister assured the Maldivian President of continued Indian support for minimising the health and economic impact of COVID-19.
- In order to assist Maldives in its economic recovery, India has provided a financial assistance of US\$ 250 million to Maldives in September 2020, through investment by the State Bank of India in Maldives Government bonds of the same value on concessional terms.

**Bilateral Economic and Trade Relations**

31. 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\$ 290.27 mn with trade balance for 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 Malè on August 6-7 to meet their Maldivian counterparts and concerned Ministers in order to explore business avenues. A Cargo Ferry Service between India and Maldives, operated by Shipping Corporation of India has commenced on 21 September 2020.

32. India is Maldives' 4<sup>th</sup> 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)**

<b>Year</b>	<b>Total Exports to Maldives</b>	<b>Total Imports from Maldives</b>	<b>Total Trade</b>
2013	154.0	12.3	156.3
2014	170.6	2.9	173.5
2015	225.82	3.0	228.82

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2016	275.5	1.6	277.1
2017	286.94	2.86	289.80
2018	286.18	2.81	288.99
2019	290.27	3.42	293.69

*(Source: Maldives Customs Service statistical data)*

33. 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**

34. 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%.

35. In 2018, India was the 5<sup>th</sup> 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**

36. 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.

37. 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 5<sup>th</sup> August 2019.

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