



Maldives' President State Visit to India

For Prelims: [Neighbourhood First policy](#), [SAGAR \(Security and Growth for All in the Region\) Vision](#), [Treasury Bills](#), [Currency Swap](#), [Indian Ocean Region](#), [Free Trade Agreement](#), [Digital Public Infrastructure \(DPI\)](#), [Unified Payments Interface](#), [One Sun One World One Grid](#), [Indian Council for Cultural Relations](#), [Colombo Security Conclave](#).

For Mains: Significance of a healthy India-Maldives relations for maintaining peace, stability and prosperity in the Indian Ocean region.

Source: [MEA](#)

Why in News?

Recently, Maldives **President Mohamed Muizzu** paid a four-day **state visit to India** and called New Delhi a **valued partner**.

- The visit is significant as President Mohamed Muizzu earlier focused on **capitalising on anti-India sentiments** and his ministers' **derogatory remarks** against the Indian Prime Minister.

What are the Key Outcomes of the Visit?

- **Strengthening Bilateral Ties:** India reaffirmed its commitment to supporting the Maldives under its [Neighbourhood First policy](#) and the [SAGAR \(Security and Growth for All in the Region\) vision](#).
- **Emergency Financial Assistance:** India provided [Treasury bills \(T-bill\)](#) worth **USD 100 million** to address its urgent financing needs.
 - In addition, India extended a **USD 400 million and Rs 30 billion** bilateral [currency swap agreement](#) to further support the Maldives in managing its financial difficulties.
- **Comprehensive Economic and Maritime Security Partnership:** Both countries agreed to transform the relationship into a [Comprehensive Economic and Maritime Security Partnership](#).
 - This framework will be **people-centric, future-oriented**, and an anchor for stability in the [Indian Ocean Region](#).
- **Development Cooperation:** India and Maldives will prioritise the timely completion of the [Greater Male Connectivity Project \(GMCP\)](#) and conduct a feasibility study for connecting **Thilafushi and Giraavaru islands**.
 - Both sides will collaborate on developing a **commercial port at Thilafushi**, expanding transshipment and bunkering services, and maximising the potential of airports like **Hanimaadhoo and Gan**.
- **Trade and Economic Cooperation:** The two sides agreed to initiate discussions on a bilateral [free trade agreement](#), [local currency trade settlement](#), investment promotion, **economic diversification** and boosting tourism.
- **Digital and Financial Cooperation:** The two sides agreed to cooperate in the domain of [Digital Public Infrastructure \(DPI\)](#) by launch of India's [Unified Payments Interface \(UPI\)](#), Unique

Digital Identity, [Gati Shakti Scheme](#) and other digital services that will enhance [e-governance](#) and delivery of services.

- India launched **RuPay card in Maldives** to enhance ease of payments for Indian tourists visiting Maldives.
- **Energy Cooperation:** Both sides will collaborate on **renewable energy and energy efficiency** projects to enable the Maldives to meet its climate goals.
 - India will assist in the Maldives' participation in the [One Sun One World One Grid](#) initiative, a global solar energy project.
- **Health Cooperation:** [Jan Aushadhi Kendras](#) will be set up across the Maldives to supply **affordable generic medicines** from India.
 - Both countries will collaborate on mental health services, **drug de-addiction**, and emergency medical evacuation capacity-building efforts.
- **Defence and Security Cooperation:** Both sides acknowledged the importance of completing the **Maldives National Defence Force (MNDF) 'Ekatha' harbour project** at **Uthuru Thila Falhu (UTF)**, funded by India, which will boost MNDF's operational capabilities.
- **Food Security:** Both countries agreed to jointly work in establishing **Agriculture Economic Zone** and tourism investments in **Haa Dhaalu atoll** and **fish processing and canning facility** at Haa Alifu atoll with Indian assistance.
- **Capacity Building and Training:** A **Start-up Incubator-Accelerator** will be established in the Maldives to foster youth innovation and entrepreneurship.
- **People-to-People Linkages:** Both countries decided to establish **consulates** in **Bengaluru (India)** and **Addu City (Maldives)** to promote people-to-people interactions.
 - Set up higher education institutions, skill centres, and an [Indian Council for Cultural Relations Chair](#) at the Maldives National University.
- **Regional and Multilateral Cooperation:** India and the Maldives reaffirmed their commitment to close cooperation in regional and international fora, particularly in the [Colombo Security Conclave \(CSC\)](#).
- **Political Exchanges:** Both agreed to formalise cooperation between their respective parliaments, recognising shared **democratic values** as a driver of bilateral relations.
- **Establishment of High-Level Core Group:** To ensure timely and effective implementation of the cooperation framework, a new **High-Level Core Group** will be established.



Why Maldivian President Soften his Anti-india stance?

- **Economic Crisis in the Maldives:** The Maldives is currently facing a **severe economic crisis**, with its foreign exchange reserves dwindling to just **USD 440 million**, enough to cover **only 1.5 months of imports**.
 - This is compounded by the threat of a **debt default**, as flagged by **Moody's**, which downgraded the country's credit rating.
- **Economic Dependence:** The Maldives' dependence on **Indian tourists** for its vital tourism industry also plays a role.
 - Indian tourists make up **one of the top contributors** to the Maldives' tourism economy, and a decline in Indian visitors due to strained relations led to an estimated **USD 150 million loss**.
 - India is the **fifth-largest trading partner** of the Maldives, providing essential supplies such as **food, medicine, and construction materials**.
- **Strategic Importance of India:** Historically, India has been a **key player** in the Maldives' development and security landscape. Alienating India could **undermine** the Maldives' **regional stability and security**.
 - Maldivian President acknowledged India's continued role as the **'First Responder'** of Maldives in times of need. E.g., **water crisis in 2014 in Male** and the **Covid-19 pandemic**.
 - India has been the Maldives' **primary security partner**, demonstrated by historical operations like **"Operation Cactus" (1988)**, where India intervened to stop a coup attempt.
- **Geopolitical Balancing with China:** His softened stance indicates a pragmatic approach to **balancing relations** with both India and China, rather than an **outright pivot to China**.
 - It allows the Maldives to continue benefiting from India's development and security partnerships while maintaining a **diversified foreign policy**.
- **Political Realism:** The tensions between India and Maldives, fueled by political rhetoric and social media spats, were seen as damaging to bilateral relations.
 - The visit is a strategic move to ensure that **bilateral relations with India remain strong**, given the economic and geopolitical importance of the partnership.

What is the Significance of Maldives for India?

- **Strategic Location:** The Maldives is situated along key **International Shipping Lanes (ISLs)** in the Indian Ocean, vital for **global trade and energy flows**.
 - Around **50% of India's external trade and 80% of its energy imports** pass through these lanes.
- **Countering Chinese Influence:** India views the Maldives as a **critical player** to **counterbalance China's growing influence** in the region and ensure its security.
- **Indian Ocean as India's Backyard:** A **favourable and positive** maritime environment in the Indian Ocean is essential for the fulfilment of **India's Strategic priority**. For this, Maldives is an important partner in the **Indian Ocean Region**
- **Climate Change Collaboration:** The Maldives, with its **vulnerability to sea-level rise** and climate disasters, is an important partner for India in **climate change adaptation and mitigation** strategies.

Conclusion

Maldives President Muizzu's recent state visit to India marked a **significant shift** in bilateral relations, moving from initial tensions to **renewed cooperation**. Amid economic challenges, the visit underscored India's crucial role as a **key partner for Maldives**, fostering strategic and economic ties while stabilising the **region's geopolitical balance**.

Drishti Mains Question:

With reference to the Maldives' economic crisis and India's financial aid, discuss how economic factors influence diplomacy.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Mains

Q. Discuss the geopolitical and geostrategic importance of Maldives for India with a focus on global trade and/energy flows. Further also discuss how this relationship affects India's maritime security and regional stability amidst international competition? **(2024)**

Q. Discuss the political developments in the Maldives in the last two years. Should they be of any cause for concern to India? **(2013)**

PDF Reference URL: <https://www.drishtias.com/printpdf/maldives-president-state-visit-to-india>

