



Comprehensive Strategic Partnership between India and Malaysia

For Prelims: [ASEAN-India Trade in Goods Agreement](#), [Fintech](#), [Ayurveda](#), [Artificial intelligence](#), [Article 370](#), [Digital public infrastructure](#), [Transnational Organized Crime](#), [International Big Cat Alliance](#), [International Solar Alliance](#), [South China Sea](#)

For Mains: India- Malaysia Relations and Recent developments, India's Act East Policy and ASEAN Relations

Source: [IE](#)

Why in News?

[India and Malaysia](#) have recently taken a significant step to elevate their relationship by upgrading it to a **Comprehensive Strategic Partnership**.

- This development came during the Malaysian Prime Minister's visit to India. The discussions between the Prime Minister of India and Malaysia have set the stage for deeper cooperation and a renewed focus on mutual interests.

What are the Key Outcomes of the Malaysian Prime Minister Visit to India?

- **Comprehensive Strategic Partnership:** The existing **Enhanced Strategic Partnership**, which was established in 2015, was upgraded to a **Comprehensive Strategic Partnership**.
- **Economic and Trade Enhancements:** Bilateral trade between India and Malaysia reached a record high of USD 19.5 billion. This achievement underscores the robust economic ties and mutual interest in expanding trade relations.
 - Both leaders encouraged further investment in various sectors, including [fintech](#), energy, [digital technologies](#), and [start-ups](#), to strengthen economic cooperation.
- **ASEAN-India Trade in Goods Agreement (AITIGA):** The leaders agreed to support and expedite the **review process of AITIGA** to make it more effective and business-friendly. The aim is to conclude the review by 2025 and enhance supply chain connections between India and ASEAN countries.
- **MoUs and Agreements: Several Memorandums of Understanding (MoUs) were signed to bolster cooperation in multiple areas:**
 - **Recruitment, Employment, and Repatriation of Workers:** MoU was signed to streamline the processes related to the movement and management of workers between

the two countries.

- **Ayurveda and Traditional Systems of Medicines:** MoU was signed for Co-operation in the field of [Ayurveda](#) and other [traditional systems of medicine](#).
 - India will establish an **Ayurveda Chair at Universiti Tunku Abdul Rahman in Malaysia**, promoting traditional medicine education and research.
- **Digital Technologies:** The MoU signed focused on fostering collaboration in various digital fields, including [cybersecurity](#), [artificial intelligence \(AI\)](#), [quantum computing](#), and [digital public infrastructure](#) (agreed to work on connecting [India's Unified Payments Interface \(UPI\)](#) with Malaysia's PayNet for digital transactions).
- **Culture, Arts, and Heritage:** Encouraging cultural exchange and preservation of heritage.
- **Tourism:** Promoting tourism and facilitating easier travel between the countries.
 - **India noted Malaysia's designation of 2026 as Visit Malaysia Year.**
- **Public Administration and Governance Reforms:** Sharing best practices in governance and administrative reforms.
- **Youth and Sports:** Fostering youth engagement and sports cooperation.
- **Defense and Security Collaboration:** The leaders agreed to intensify defense cooperation through regular exchanges, joint exercises, and capacity-building initiatives.
 - There was also a commitment to expanding the defense industry and **research and development (R&D) collaboration**.
 - Both nations condemned terrorism and pledged to work together to counter terrorism and its linkages with [transnational organized crime](#).
- **Educational Cooperation:** Malaysia welcomed a special allocation of 100 seats under **India's Technical and Economic Cooperation (ITEC)** Programme for Malaysian students in fields such as cybersecurity, AI, and machine learning.
- **Multilateral Cooperation:** Malaysia appreciated India's support for ASEAN centrality and the **upcoming ASEAN Chairmanship in 2025**. They agreed to strengthen engagements through ASEAN-led mechanisms. **India will work with Malaysia on its request to join BRICS**.
 - The leaders committed to enhancing cooperation at the UN, including support for **India's bid for permanent membership in a reformed UN Security Council (UNSC)**.
- **Sustainable Development and Climate Action:** They agreed to collaborate on sustainable energy initiatives and climate change mitigation, with **Malaysia joining the International Big Cat Alliance (IBCA)**.
 - India's initiatives like the [International Solar Alliance \(ISA\)](#) and the [Coalition for Disaster Resilient Infrastructure \(CDRI\)](#) were acknowledged, reflecting a shared commitment to global climate action.

What is the Significance of Visit for India's Strategic Interests?

- **India's Act East Policy:** The visit aligns with [India's Act East Policy](#), which aims to strengthen ties with Southeast Asian nations. By engaging with Malaysia, India continues its strategic pivot towards the [ASEAN region](#), enhancing its influence and connectivity in Asia.
- **Past Frictions:** Earlier India Malaysia relations faced challenges due to Malaysia's criticism of India's policies on [Jammu and Kashmir \(Article 370\)](#) and the [Citizenship Amendment Act \(CAA\)](#).
 - At the **UN General Assembly in 2019**, Malaysia accused India of "invading and occupying" Kashmir.
 - In retaliation, [India reduced imports of Malaysian palm oil](#), a key sector for Malaysia. This had a significant impact, with Malaysia's palm oil sector experiencing a drop in exports to India.
 - **India has resumed purchases of Malaysian palm oil** after a gap of four-months following a diplomatic row between the two countries.
 - **Malaysia, being the second-largest producer of palm oil globally**, felt the effects of India's reduced imports, with **Pakistani imports filling the void left by India's withdrawal**.
 - The [Covid-19 pandemic](#) exacerbated tensions with **lockdown-related detentions of Malaysians in India**.
 - The **recent visit provides an opportunity to revitalize and strengthen diplomatic**

relations, particularly following periods of strained ties during previous leadership.

- **Indo-Pacific Oceans Initiative (IPOI):** Despite progress, the [Indo-Pacific Oceans Initiative \(IPOI\)](#) launched by India in 2019 to foster cooperation across seven pillars (Maritime Security, Maritime Ecology, Maritime Resources, Capacity Building, Resource Sharing, Disaster Risk Reduction and Management, Trade Connectivity, Science and Technology) remains a missed opportunity.
 - While **Vietnam and the Philippines have endorsed IPOI**, Malaysia's potential involvement could enhance its role in the [Indo-Pacific](#) and contribute to its strategic objectives.
- **Addressing South China Sea Concerns:** Discussions on the [South China Sea](#) will provide insights into Malaysia's stance on China's expanding influence.
 - Understanding Malaysia's perspective helps India navigate the complex regional security dynamics and formulate its own strategies in the Indo-Pacific region.
- **Boosting Trade Relations: Malaysia ranks as the 31st largest investor in India with an [Foreign Direct Investment \(FDI\)](#) inflow of USD 1.18 billion from April 2000-September 2023**
 - Approximately **70 Malaysian companies operate in India**, covering diverse sectors from construction to human resources.
 - Malaysia is **India's third-largest trading partner within ASEAN**, while India is Malaysia's largest trading partner in Southeast Asia.
 - The visit aims to further secure and expand these investments, enhancing bilateral trade and economic collaboration.

What are the Key Highlights of the India Malaysia Relations?

- **Historical Ties: The historical ties between India and Malaysia trace back over a millennium, significantly influenced by the [Chola Empire \(9th-13th centuries\)](#).**
 - The Cholas established extensive **maritime trade routes that connected South India with the Malay Peninsula**, fostering cultural and economic exchanges.
 - Under the reign of emperors like **Rajaraja Chola I and Rajendra Chola I**, the Cholas established control over parts of Southeast Asia, including present-day Malaysia.
- **Economic and Commercial Relations: Malaysia is India's 13th largest trading partner, and India ranks among Malaysia's top ten trading partners, also being the 3rd largest trading partner in ASEAN.**
 - **Exports from India:** Includes mineral fuels, aluminium, meat, iron and steel, copper, organic chemicals, and machinery.
 - **Imports to India:** Includes palm oil, mineral fuels, electrical machinery, animal or vegetable fats, and wood.
 - **Comprehensive Economic Cooperation Agreement (CECA)** effective from 2011, covering goods, services, and investment.
 - **Trade Settlement in Indian Rupees:** Since July 2022, [trade between India and Malaysia can be settled in Indian Rupees](#), in addition to the current modes of settlement in other currencies, facilitated by India International Bank of Malaysia.
 - **ASEAN-India Business Summit 2023:** Celebrated 30 years of ASEAN-India Engagement, with significant participation from Indian and Malaysian stakeholders.
- **Defense Cooperation: The 1993 MoU on Defense Cooperation has been a cornerstone, allowing for joint ventures, development projects, and procurement.**
 - Defense Minister Rajnath Singh's visit in July 2023 led to the amendment of the 1993 MoU and the inauguration of [Hindustan Aeronautics Limited's](#) regional office in Kuala Lumpur.
 - **Joint Exercises: Harimau Shakti (Army), [Samudra Lakshmana \(Navy\)](#), and [Udara Shakti \(Air Force\)](#).** These exercises enhance inter-service cooperation and strategic

bonds.

- **Regional Collaboration:** The **Indian Navy regularly interacts with the Royal Malaysian Navy**, fostering a collaborative maritime relationship.
- **Indian Community:** Malaysia hosts approximately **2.95 million Indians**, making it home to the **second largest Persons of Indian Origin (PIO) community globally**.
 - This community is largely **Tamil-speaking**, with significant numbers also speaking Telugu, Malayalam, Punjabi, and other languages.
 - **Community Issues:** Concerns include **illegal immigration**, exploitation of **workers, and human trafficking**. The Indian community enjoys religious freedom with numerous Hindu temples and Gurudwaras.
- **Cultural Cooperation:** The **Indian Cultural Centre Kuala Lumpur, established in 2010 and renamed Netaji Subhash Chandra Bose Indian Cultural Center (NSCBICC) offers classes in Carnatic vocal music, Kathak dance, Yoga, and Hindi, with teachers from both India and Malaysia**.
 - The **Ramayana has transcended its origins in India, influencing cultures across Southeast Asia**, including Malaysia, with versions like **Hikayat Seri Rama (Malay literary adaptation of the Hindu Ramayana epic)** reflecting local adaptations.
 - The epic's themes are reflected in local stories, arts, and performances, showcasing the shared cultural heritage.
 - The **Sri Veera Hanuman Temple** in Malaysia is a prime example of shared cultural heritage, with its architecture and tales deeply rooted in Indian traditions.

Key Facts About Malaysia

- **Location:** Southeast Asia; divided into **Peninsular Malaysia and East Malaysia**, separated by the **South China Sea**.
- **Capital:** Kuala Lumpur.
- **Highest Point:** Mount Kinabalu, 13,455 feet (4,101 meters).
- **Major Mountain Ranges:** Main Range, Crocker, Bintang, Hose.
- **Major Rivers:** Rajang, Sugut, Pahang, Klang.
- **Nature:** Tropical rainforests, it is a part of the **world's 17 megadiverse countries**, home to species like Malayan tigers, pygmy elephants, and Bornean orangutans.
- Malaysia is a constitutional monarchy which gained its independence from the United Kingdom in 1957.
- Peninsular Malaysia shares a land and maritime border with **Thailand** and maritime borders with Singapore, Vietnam, and Indonesia.
 - East Malaysia shares land and maritime borders with Brunei and Indonesia and a maritime border with the Philippines and Vietnam.
- **The Strait of Malacca** runs between the **Malay Peninsula (Peninsular Malaysia)** and the Indonesian island of Sumatra. It is the main channel of shipping between the Indian ocean and the Pacific ocean.



Drishti Mains Question:

Q. What is the significance of upgrading India-Malaysia relations to a Comprehensive Strategic Partnership? Discuss its potential impact on regional stability and economic growth.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Mains

Q. Evaluate the economic and strategic dimensions of India's Look East Policy in the context of the post-Cold War international scenario. **(2016)**

PDF Reference URL: <https://www.drishtias.com/printpdf/comprehensive-strategic-partnership-between-india-and-malaysia>