



LESSONS FROM 'INDIA OUT' TO 'INDIA IN'

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The question of whether the Maldives' foreign policy will lean pro-China or anti-India has been a topic of discussion among regional analysts and scholars since Dr. Mohamed Muizzu assumed office as the eighth President of the Republic of Maldives in November 2023. With multiple diplomatic and economic crests and troughs between Malé and New Delhi, the question that continues to hover is whether Maldivian foreign policy is more favourable towards India or less, or is navigating between the two Asian powers, India and China. Prime Minister Narendra Modi's upcoming landmark visit to the Maldives for Independence Day in July 2025, will be his first such visit since the change of guard in Malé. In this context, the piece will evaluate how strategic forbearance and development of common interests with this maritime neighbour have added a new dimension to India's 'Neighbourhood First' policy.

The Beginning of the Journey: From Anti-India Onwards

President Mohamed Muizzu, an engineer who transitioned into politics, was democratically elected as the President of the Maldives, representing a coalition between the Progressive Party of Maldives (PPM) and the People's National Congress (PNC). Despite entering the election race at the last moment, Muizzu won by harnessing the influence of the PNC's founder and former President Abdulla Yameen, campaigning on an anti-India platform.¹ However, after becoming the President, he was quick enough to marginalise Yameen, forcing him to form another party, the People's National Front (PNF).²

Muizzu not only sidelined Yameen politically but also ideologically. During Yameen's presidency from 2014 to 2019, China established a strategic foothold in the Maldives

by signing the ambitious Belt and Road Initiative (BRI) and the country's first-ever Free Trade Agreement (FTA). Despite this close relationship with China, India-Maldives ties did not become overly simplistic or binary, as was initially seen under the Muizzu administration. The Yameen administration, while allowing China to expand its influence, was able to manage and balance its ties with India in a more nuanced manner.

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On the other hand, Muizzu, who aced the victory on the 'anti-India' drumbeat, and rigidly followed the congruency of his theory (during the election campaign) with praxis. His foreign policy outcome and orientation signalled a Malé versus New Delhi's approach, rather than a joint one.³ Even before he assumed office in November 2023, in an exclusive interview, Muizzu categorically mentioned the removal of the Indian troops from Maldivian soil who were stationed to operate the Indian gifted aviation platforms. Infusing the highest diplomatic potential, the task of removing the military personnel was done much before the set timeline of May 10, 2024.⁴ In the same interview, he was also found saying, "I am a pro-Maldives person. For me, Maldives comes first, our independence comes first, I am not pro or against any country."⁵ However, actions speak louder than words in diplomacy, too. In early 2024, Muizzu was seen signing a defence agreement with Beijing: the details of this agreement remain largely undisclosed. However, it is known that it includes training for the Maldives' military and a grant for the transfer of non-lethal military equipment at no cost.⁶

Soon after assuming office, it has been a longstanding tradition for any Maldivian Head of State to visit India to demonstrate their commitment to working together. However, the newly elected President's first official visits were to Turkey and then China. Subsequently, it was decided not to renew the 2019 hydrography agreement with New Delhi.. At the same time, a Chinese research vessel, the Xian Yang Hong 3, was permitted to dock in Malé to assist with China's marine survey.⁷ Recently, the Indian Parliamentary Standing Committee on External Affairs⁸ has also taken note of such dubious Chinese activities in the Indian Ocean that involve deploying survey and research vessels for a longer duration. Their unstated purposes range from mapping the sea floor for seabed minerals to collecting sensitive data related to salinity, depth, turbidity, oxygen, and chlorophyll levels, to place its submarines or track those of other nations.⁹ The committee also emphasises that such Chinese activities can have a long-term impact on regional security.

What further jeopardised the economy and people-to-people ties were the derogatory

remarks¹⁰ made by the senior ministers of the Muizzu administration over PM Modi's visit to the Indian island territory of Lakshadweep. The knock-on effect of this was seen in many Indians cancelling their existing bookings and not undertaking the fresh ones.¹¹

A brief examination of the India-Maldives relations from November 2023 to May 2024 reveals a challenging start following President Muizzu's takeover. Despite this rocky beginning, the Maldives opted for limited engagement and distanced itself from its traditional ally, India. In contrast, New Delhi adopted a mature diplomatic approach characterised by accommodation, inclusivity, and strategic patience in its interactions with the Maldives.

India's 'Neighbourhood First Policy' and the Maldives

The first instance of this was seen during the swearing-in ceremony of PM Modi in June 2024, when, along with other maritime and continental neighbours of India, the Maldives' Head of State was an important guest. The ties acquired fresh momentum with the visit of the External Affairs Minister (EAM), Dr. S. Jaishankar, in August 2024, which was truly a reflection of creating arenas of mutual interests for resetting the ties. The three-day visit was high on both symbolism and materialism. Several Community development projects were inaugurated to uplift the lives of common Maldivians, including a mental health unit, a speech therapy unit, an education support unit, and streetlights in various atolls, along with water and sewerage projects across 28 islands.¹² Along with the review of the flagship Greater Malé Connectivity Project, a joint Addu reclamation and Shore Protection Project, and the Addu Detour Link Bridge Project were inaugurated. Emphasising commonality, the minister further remarked on how both India and the Maldives face common challenges due to very big EEZs and have a shared interest in maintaining peace and prosperity in the region.¹³

The economic hardship that struck the Maldives prompted a significant shift in its foreign policy, moving from an 'India Out' stance to a more welcoming attitude towards India. This change was exemplified by President Muizzu's visit to India in October 2024, nearly a year after he took office. During this visit, the two countries launched the ambitious Vision for Comprehensive Economic and Maritime Security Partnership.¹⁴ This situation presented the Maldives with an opportunity to improve its relationship with India. However, it also posed challenges for India's neighbourhood and for the Security and Growth for All in the Region (SAGAR) policy. Muizzu inherited the economy from the previous President Solih (2019-2023), which was already in a severe crisis, facing high levels

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of both internal and external debt. According to the International Monetary Fund (IMF), the Maldives' overall debt was 118 per cent of its GDP, while its foreign exchange reserves were at an all-time low.¹⁵ Much of the credit for the worsening economic situation goes back to the Yameen administration (the first pro-Chinese government in the Maldives from 2014 to 2019), as can be seen in Table 1. According to the Debt Bulletin released by the Maldivian government, the Maldives owes more than a quarter of its external debt to the EXIM Bank of China.¹⁶

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Table 1 Comparison of Borrowing from India and China during Yameen's Administration

	June 2016	December 2016	June 2017	December 2017	June 2018	December 2018	June 2019	December 2019
EXIM China	2,778	4,708	4,777	5,935	7,219	8,093	8,896	8,892
EXIM India	221	220	221	201	181	162	142	122

Source: Data compiled by the author from various Public Debt Bulletins released by the Ministry of Finance and Treasury, Malé, Republic of Maldives. (Data in MVR million)

The desire to reset the ties, and particularly the economic side of it, boded well for both sides. While India was quick enough to respond to the crisis-like emergency, and rolled out treasury bills worth USD 100 million in May and September 2024 that are interest free, for one year, which has been further extended in May 2025, in addition to the increase in the budgetary support (2025-26) from INR 400 crores to INR 600 crores.¹⁷ At the same time, it showed India's neighbours and the region at large that despite the initial thaw, New Delhi has all the willingness, strategic forbearance, diplomatic heft, and above all, economic potential to support the growth of its closest friends and partners. This was yet another example in recent years of how India has taken one step forward to ensure Sabka Saath Sabka Vikas, after becoming the first country to help Sri Lanka overcome a similar economic crisis.

Recent Advancements

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with other partners, especially China, which may impact India's previous influence in the region. Furthermore, as India extends its support to Malé, it should consider that the first Free Trade Agreement (FTA) has taken effect for Malé as of January 01, 2025, with Beijing.¹⁸ The impact of China on the Maldivian economy, which is approximately 2,600 times larger, remains to

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be seen in the coming months and years. Considering that a quarter of the Maldives' economic growth is driven by tourism, and more than 50 per cent of its foreign exchange reserves come from this sector, the economy has limited scope for expansion. However, this situation also presents an opportunity for China to increase its influence by flooding the Maldivian markets with goods produced in China.

This situation should raise concerns for those in India. The shift from "India Out" to "India In" offers an important lesson for policymakers and analysts regarding the swinging nature of small countries as they assert their sovereignty and seek overall growth and prosperity. As global instability increases, this trend is likely to become more frequent and widespread. New Delhi needs to adopt a reformed approach as it implements the Mutual and Holistic Advancement for Security and Growth Across the Regions (MAHASAGAR) initiative. Continuous monitoring and revision of existing mechanisms through bilateral oversight represent a positive step forward.

Notes:

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¹¹ "Maldives row: Travel demand takes a hit as Indians cancel trips to island nation," *Money Control*, January 08, 2024, <https://www.moneycontrol.com/news/technology/maldives-row-travel-demand-takes-a-hit-as-indians-cancel-trips-to-island-nation-after-pm-modi-snubbed-12012851.html>. Accessed on September 22, 2024.

¹² Ministry of External Affairs, Government of India, "Press Statement by EAM, Dr. S. Jaishankar in Maldives (August 09, 2024)," August 09, 2024, https://www.mea.gov.in/Speeches-Statements.htm?dtl/38142/Press_Statement_by_EAM_Dr_S_Jaishankar_in_Maldives_August_09_2024. Accessed on October 20, 2024.

¹³ Ibid.

¹⁴ Ministry of External Affairs, Government of India, "India and Maldives: A Vision for Comprehensive Economic and Maritime Security Partnership," October 07, 2024, https://www.mea.gov.in/bilateral-documents.htm?dtl/38384/India_and_Maldives_A_Vision_for_Comprehensive_Economic_and_Maritime_Security_Partnership. Accessed on April 07, 2025.

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