

## **India-Maldives Bilateral Relations**

India and Maldives share ethnic, linguistic, cultural, religious and commercial links steeped in antiquity. The 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 (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. India has a pre-eminent position in the Maldives, with relations extending to virtually most areas. The importance of India's strategic role in Maldives is well-recognized, with India being seen as a net security provider. 'India First' has been a stated policy of the Government of Maldives (GoM).

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 Dec 2014. 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. India's swift dispatch of 30,000 doses of measles vaccine in Jan 2020 to prevent an outbreak in the Maldives, and India's rapid and comprehensive assistance to the Maldives since the COVID-19 pandemic began has further reinforced India's credentials of being the first responder.

### **Recent high level exchanges**

7. Prime Minister Modi attended the inauguration ceremony of President Ibrahim Mohamed Solih on 17 Nov 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 priorities, esp in areas of infrastructure, health care, connectivity and human resource development.

8. Foreign Minister Abdulla Shahid paid an Official Visit to India in Nov 2018. He was accompanied by Minister of Finance, Minister of Economic Development, MoS for Foreign Affairs and Foreign Secretary.

9. On his first overseas visit after assuming office, President Solih paid a 'State Visit' to India in Dec 2018, during which India announced a financial assistance package of US\$ 1.4 billion which included US\$ 50 million as budgetary support to GoM, subscription by SBI to the GoM's Treasury bills of US\$ 150 million, the Currency Swap Agreement for US\$ 400 million and 8 infrastructure Projects under the US\$ 800 million Line of Credit (LoC). LoC infrastructure projects have started rolling out with two projects already under execution (Water & Sanitation on 34 islands and Addu Roads projects) while third project i.e. Addu Land Reclamation Project was awarded in March 2022 and the implementation is due to begin soon. India also offered additional 1000 training slots over the next 5 years.

10. Defence Minister Mariya Didi with her delegation visited India in Jan 2019, during which the 2<sup>nd</sup> Defence Cooperation Dialogue was held. She has since visited India on several occasions including for DEFEXPO in Feb 2020, IOR DM's conclave in Bangalore in Feb 2021 & INA Kochi as Chief Guest at Passing-out-Parade (POP) in Nov 2021 and DefExpo in Oct 2022.

11. Former EAM Late Smt. Sushma Swaraj visited Maldives in March 2019 and met President Solih, then Speaker Qasim Ibrahim, MDP President Mohamed Nasheed and Ministers. Several agreements including LoC Agreement for US\$ 800 million & MoU for grant assistance for High Impact Community Development Projects (HICDPs) was also signed during the visit. India also gifted 2500 LED street lights and 2 lakh LED bulbs to Malé City Council. EAM also announced the grant of INR 50 crores to Maldives for important bilateral projects related to the socio-economic development, particularly creation of infrastructure in the education, health, etc. Under the grant 18 projects were approved, out of which 16 have been completed and inaugurated.

12. President Solih paid an unofficial visit to Bengaluru in April 2019 to witness the IPL match between Chennai Super Kings and Royal Challengers Bangalore as well as to discuss broad contours of capacity building of cricket in the Maldives and training of the Maldivian cricket team. He also toured the National Cricket Academy in Bengaluru.

13. PM Modi, on his first overseas visit after taking oath of the office for his second term, visited Maldives on a State Visit in June 2019. PM also addressed a session of the newly constituted People's Majlis. Various MoUs were also signed viz. (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 (CSC) and National Centre for Good Governance (NCGG) and (vi) Technical Agreement on exchange of White Shipping Information between IN & Maldivian National Defence Force (MNDF).

Both the leaders jointly inaugurated MNDF's Composite Training Centre (CTC) facility in Maaflafushi and Coastal Radar System (**CRS**) by remote links. Both sides agreed for resumption of the Colombo Security Conclave (CSC), an NSA level trilateral mechanism (India-Maldives-Sri Lanka) on marine security and constitution of a JWG on Counter Terrorism. PM also announced supporting restoration of Hukuru Miskiiy in Malé.

**14. Follow up of PM's June 2019 visit.** The first meeting of the Joint Commission on Hydrography was held in Maldives from 24-26 Sept 2019. Two joint hydrographic survey have been undertaken in 2021 and 2022. As of July 2022, 14 batches comprising over 400 Maldivian civil servants have been trained under the CSC-NCGG MoU. Over 140 Maldives Customs Service officials have being trained in India under the MoU on cooperation in Customs. A Cargo Vessel service was launched in Sept 2020 connecting the ports of Tuticorin, Kochi, Kulhudhufushi and Male. The NSA-level trilateral mechanism on marine security resumed in Nov 2020 in Colombo. First meeting of the JWG on Counter-Terrorism was held in New Delhi in April 2021. Restoration of Hukuru Miskiiy in Malé is undergoing.

15. An inter-ministerial delegation led by Minister of Economic Development Fayyaz Ismail visited New Delhi in July 2019. During the sidelines of this visit, CII also organized networking and business development sessions for the delegation to raise Indian investment for newly formed 100% state body - Maldives Fund Management Company. Minister Ismail also met Foreign Secretary and attended a meeting with EXIM Bank to expedite project under the LoC.

16. Chief of Defence Force of MNDF Major General Abdulla Shamaal visited India from in July 2019. During his visit he met Raksha Mantri, NSA, CAS, COAS and CNS and delivered speeches at IDSA (now MPIDSA) and NDC. In Feb 2021, CDF visited Bengaluru for AERO India. In July 2022, CDF undertook official visit to India where he met Chiefs of Army, Airforce & Navy besides graced and reviewed, as Chief Guest, POP at OTA Chennai.

17. The 6<sup>th</sup> Joint Commission Meeting (JCM) was held in New Delhi in Dec 2019. EAM Dr S Jaishankar and Foreign Minister Shahid co-chaired the JCM which undertook a comprehensive review of the bilateral agenda and charted a way forward. The two Ministers also witnessed the exchange of Instrument of Ratification of Treaty on Mutual Legal Assistance in Criminal Matters and signing of the MoUs between the Financial Intelligence Units (FIUs) of Maldives and India, and between the Elections Commission of Maldives and the Election Commission of India. Foreign Minister Shahid also visited India in April 2021 and July 2021 (as UNGA President). The revised MoU for HICDPs increasing the outlay to MVR 155 million was signed during the latter visit. Earlier, EAM visited Maldives in Sept 2019 to participate in 4<sup>th</sup> Indian Ocean Conference. During the visit, an Agreement on Mutual Legal Assistance in Criminal Matters was signed.

18. At a Video Conference held between PM and President Solih on Dec 4, 2019, 4 projects were highlighted viz. gifting of street lights to Male; operationalising of RuPay Card in the Maldives; gifting of MoUs for Indian grant assistance to set up 3 fish plants in Addu under HICDP scheme & gifting of CGS Kaamyab to the MNDF.

19. PM Modi and President Solih had telephonic conversations in April 2020 and July 2021 to discuss the pandemic situation and India's developmental assistance to the Maldives.

20. A virtual meeting between EAM and Foreign Minister Shahid was held on Aug 13, 2020. The launch of cargo vessel service between India and the Maldives, the setting up of the air travel bubble, India's support for the Greater Male Connectivity Project (GMCP) with a USD 400 million LoC & USD 100 million grant, renewal of essential commodities trade agreement, and, financial assistance of USD 250 million for budget support to the GoM were announced.

21. Foreign Secretary Harsh Vardhan Shringla visited the Maldives in Nov 2020. During his visit, FS called on President Solih, Speaker Nasheed, Foreign Minister Shahid, Defence Minister Mariya Didi and other political leaders in the Maldives. An MoU on Sports & Youth Affairs was signed during the visit along with two MoUs for HICDPs. FS handed over equipment to set up 67 children's parks across the Maldives. FS also announced India's support to Foreign Minister Shahid for the latter's candidacy for the post of UNGA President in 2022.

22. EAM visited the Maldives in Feb 2021. He called on President Solih and Speaker Nasheed, and held meetings with Foreign Minister, Ministers of Defence, Economic Development, Planning & Infrastructure and Finance. The UTF Agreement to develop a harbour for the MNDF, and a USD 50 million LoC for the MNDF were also signed. EAM donated 100,000 doses of COVISHIELD vaccines to the Maldives. EAM also announced a USD 40 million LoC for sports infrastructure for the Maldives. AFCONS signed the contract for the EXIM Bank of India supported Addu Roads LoC project during the visit. An MoU between Prasar Bharati and PSM, and an MoU to support a fish processing plant in Kendhikulhudhoo under the HICDP scheme also signed.

23. EAM visited Addu City in Maldives in March 2022. Several agreements were signed viz. (i) Peering agreement between High Education Network of Maldives (HNM) and National Knowledge Network of India (NKN), (ii) MoU between Maldives Police Services (MPS) and SVPNPA, Hyderabad for capacity building & cooperation, (iii) MoU on reciprocal recognition of Covid vaccination certificate, (iv) Signing of Contract for Addu Reclamation Project, etc. During the visit few projects were launched/ inaugurated viz. (i) Inauguration of National College for Police and Law Enforcement (NCPLE), (ii) Ground-breaking of the Addu Roads Project, (iii) Handing-Over of the CRS to the MNDF, (iv) Inauguration of the Drug Detoxification and Rehabilitation Centre, Hulhudhoo,

(iv) Inauguration of the Eco-Tourism Zone, Meedhoo. EAM also announced 7 new HICDPs. MoUs for these 7 new HICDPs were signed on 18 April 2022.

24. President Solih paid an Official Visit to India from 1-4 Aug 2022. He was accompanied by a 45-member delegation including key Ministers viz. Minister of Finance, Minister of Economic Development and a business delegation. President Solih had restricted and delegation level talks with Prime Minister Modi. President Solih also met with President of the Republic of India, Smt. Droupadi Murmu. President Solih and PM Modi jointly launched 'first-pouring of concrete for the Greater Male' Connectivity Project'; reviewed progress on construction of 4000 Social Housing Units in Hulhumale' under Buyers' Credit and other ongoing bilateral projects. Several agreements were signed viz. i) MoU for cooperation in cyber-security ii. MoU for cooperation in Disaster Management iii) MoU on Collaboration in potential fishing zone forecast capacity building and data sharing and marine scientific research iv) MoU on Capacity Building & Training of Members of Local Councils & Women Development Committee of Maldives v) Agreement for Credit Financing of Police Infrastructure in Maldives vi) Letter of Intent on Buyer's Credit for additional 2,000 social housing units. Key announcements made during the visit included i) Extension of USD 100 mn Line of Credit to finance infrastructure projects in Maldives ii) Facilitation of duty free tuna exports to India from Maldives iii) Gifting of replacement ship for the earlier provided ship-CGS Huravee -to Maldives National Defence Force iv) Supply of the second Landing Craft Assault (LCA) v) Gifting of 24 utility vehicles to Maldives National Defence Force. President Solih participated in India-Maldives Business forums held in Delhi and Mumbai. During the Mumbai leg of the visit, Governor of Maharashtra Bhagat Singh Koshiyari called on President Solih. President Solih also visited Jawaharlal Nehru Port Trust (JNPT), Bombay Stock Exchange (BSE) & Mumbai Film City.

25. Foreign Minister Abdulla Shahid paid an official visit to India as President UNGA on 28-29 August 2022. During the visit, he met FS, EAM and called on Vice President. Foreign Minister Shahid had earlier visited India in April 2021 and July 2021 (as UNGA President-elect). The revised MoU for HICDPs increasing the outlay to MVR 155 million was signed by him and EAM during the latter visit. In Aug 2022, Foreign Minister Abdulla Shahid paid an official visit to India as President UNGA and met FS, EAM and called on Vice President.

26. Foreign Secretary Vinay Mohan Kwatra visited Maldives from 01-03 October 2022. During his visit, FS called on President Solih, Speaker Nasheed, Minister of Economic Development Fayyaz Ismail and Minister of Finance, H.E. Mr. Ibrahim Ameer, Defence Minister Mariya Didi and other political leaders in the Maldives. He reviewed the bilateral partnership with his Maldivian counterpart FS Ahmed Latheef. He also witnessed exchange of the USD 100 million Supplementary LoC and handing over of a vessel procured through grant support to the Maldives Correctional Services. FS also symbolically handed over 24 utility vehicles to augment the transportation requirements of the MNDF.

27. EAM Dr. S. Jaishakar visited Northern Atolls of Maldives in March 2022. EAM with Maldives' FM held bilateral talks and witnessed exchange of several agreements at a ceremony held in Noonu Manadhoo. The MoUs are **(i)** MoU for additional grant assistance of MVR 100 million for the HICDPs scheme, **(ii)** MoU between Maldives National University and Cochin University of Science and Technology on capacity building to facilitate exchanges and co-operative initiative in the area of education, research, development instruction, community service, staff and student exchanges & **(iii)** MoU for development of a sports complex in Gaafu Dhaal Gadhdhoo. With this, a total of 28 HICDPs are underway. Both Ministers also witnessed the handover of two sea ambulances from the Government of India to the Ministry of Defence of Maldives which was a project carried out under the High Impact Community Development Project Scheme. EAM and FM jointly inaugurated at Shaviyani Foakaidhoo the Foakaidhoo Community Centre facilitated under Indian grant assistance. EAM also attended the groundbreaking ceremony of Hanimaadhoo International Airport Development Project in Haa Dhaal Hanimaadhoo, being constructed under the Indian LoC. In addition, EAM also witnessed the signing of agreement to develop the MIFCO Felivaru Cold Storage Complex under the Indian LoC.

### **Previous visits**

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

28. Prior to the visit of PM Modi to Maldives in Nov 2018, the last Indian PM's bilateral visit to Maldives was immediately after the SAARC Summit in Nov 2011, held in Addu. The visit of PM 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 Oct 2015 for the 5th JCM, which was held after a gap of 15 years. MoS for External Affairs, M.J. Akbar visited Maldives in Feb 2017 as Special Envoy of PM.

### **Security & Defence Cooperation:**

29. 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. A comprehensive Action Plan for Defence was also signed in April 2016 to consolidate defence partnership.

30. **Capacity Building/Training.** India provides the largest number of training opportunities for Maldivian National Defence Force (MNDF), meeting around 70% of their defence training requirements. India has trained over

1400 MNDF trainees over the past 10 years. MNDF has also been participating in various mil-to-mil activities such as joint EEZ patrols, anti-narcotic ops, SAR, sea-rider programme, HADR exercises, adventure camps, sailing regatta, etc. Indian Navy has also provided MNDF with air assets for air surveillance, MEDEVAC, SAR, Helo-borne vertical insertion capability.

31. Our defence cooperation also extends to the areas of Joint Exercises, Maritime Domain Awareness, gifting of hardware, infrastructure development, etc. Key projects in the defence sector include Composite Training Centre (CTC) for MNDF, Coastal Radar System (CRS) and construction of new Ministry of Defence Headquarters. During the August 2022 visit of President Solih to India, supply of a replacement ship for the earlier provided ship-CGS Huravee - to MNDF, Supply of the second Landing Craft Assault (LCA) to MNDF & Gifting of 24 utility vehicles to MNDF was announced. The 24 utility vehicles were handed over during FS' visit to Maldives in Oct 2022.

32. **Institutional Mechanisms**. Annual Defence Cooperation Dialogue at level of Defence Secretary was initiated in July 2016 with 2<sup>nd</sup> edition held in Nov 2017. After a brief hiatus due to COVID19 pandemic, the 3rd edition of DCD was conducted at Male on 14 Feb 2022. Annual Joint Staff Talks were started in Feb 2016 and 6th edition was conducted in Dec 2022. MNDF continues to participate in various fora such as IONS, Goa Maritime Conclave and Goa Symposium. There are presently 3 major joint exercises with Maldives which are held regularly at dates decided in mutual consultations.

33. **Disaster Management**. MNDF regularly participates in Humanitarian Assistance & Disaster Relief, Search & Rescue (SAR), Pollution Control, other exercises organised by India. India previously provided pollution dispersant to MNDF Coast Guard in 2016. India is also undertaking customised trainings for MNDF Fire and Rescue Service in India. During Aug 1-4, 2022 official visit of President Solih to India, MoU for cooperation in the field of disaster management between NDMA, India and NDMA, Maldives was signed.

#### 34. **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.
- **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 Sept 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 Sept 2002. The Faculty, built with Indian grant assistance of INR 64.5 Crore, was officially handed over to GoM in Feb 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 Dec 2013.
- **National Centre for Police and Law Enforcement (NCPLE):** With GoI grant funding of \$ 30 million, NCPLE is the single-largest grant project executed by India in the Maldives. The project was inaugurated by EAM during his visit in March 2022.

**Bilateral projects under Cash Grant of INR 50 crore:** During the official visit of EAM to Maldives in 1 March 2019, a cash grant of INR 50 crores to Maldives for important bilateral projects was announced to support the projects related to socio-economic development, particularly creation of infrastructure in the education, health or community development sectors. Total 18 projects including coastal protection, streetlighting, student ferry between islands, vehicles for city councils, island infrastructure development were taken up for implementation. 16 of these projects have been completed and inaugurated.

**High Impact Community Development Project (HICDP) under grant of INR 75 Cr:** An MoU between India and Maldives regarding grant assistance of MVR 85 million for implementation of HICDPs through Local Bodies was signed during EAM's visit to Maldives in March 2019. The MoU was revised in July 2021 to enlarge the grant assistance to MVR 155 million from MVR 85 million. At present, a total of 27 HICDPs are under implementation. Two of these projects were inaugurated during EAM's visit in March 2022.

**Large Grant Projects:** GoI is also supporting restoration of Hukuru Miskiiy in Malé under Indian Grant of INR 8.95 crores. This was announced by Prime Minister during his address to the Majlis in June 2019. An ASI team is currently working with the local Ministry of Arts to implement the project. The National College for Policing and Law Enforcement, by far India's largest grant project in Maldives valued at USD 33 million, was inaugurated in March 2022 during visit of EAM Dr. Jaishankar.

**Infrastructure & Connectivity Projects under Exim Bank Line of Credit of US\$ 800 million** for which Credit Line Agreement between Ministry of Finance, GoM and EXIM Bank of India was signed in March 2019. A USD 100 supplementary LOC, announced during President's Solih's August 2022 visit, was signed in Oct 2022. The following projects are being implemented under these LoCs:

- **Water and Sanitation in 34 Islands:** The project seeks to improve water supply and sewerage facilities in 34 identified islands by installing proper water supply distribution network, ensuring protection of ground water aquifer and sustainable water source management. The project was awarded as 6 packages to 4 Indian contractors after a tendering process. Work has commenced & well progressing on all islands.



- **Addu Development Project (Roads and Land Reclamation):** This is a key infrastructure project required for Addu to establish itself as the southern regional hub of Maldives. The scope includes roads, street lighting, storm water drainage, shore protection and land reclamation for the development of tourism infrastructure. The contract for roads component was awarded in Feb 2021 to AFCONS and was jointly launched by President Solih and EAM in March, 2022. Also, in March 2022, GoM awarded contract for the Land Reclamation portion of the project to a Dutch company “Van Oord” to carry out a total reclamation of 194.3 hectares of land. Mobilization work for the project is underway.
- **Expansion of Maldives Industrial Fisheries Company Limited (MIFCO) facilities in Felivaru and Gemanafushi:** MIFCO currently collects 60% of skipjack tuna caught by the fishermen at a fixed price set by Government. MIFCO has the capacity of adding value to 40% of the collection, while the rest is exported as frozen tuna, resulting in the export of frozen tuna becoming a loss-making operation, affecting the sustainability of the company. The agreement between MIFCO and to develop the MIFCO Felivaru Cold Storage Complex under the Indian LoC was signed on 18 January 2013.
- **Cancer Hospital:** Proposed hospital will be a model centre and State of Art Cancer Facility in Maldives, connecting their 150+ health centers on various islands. In Oct 2020, GoM requested for change of location of the Hospital from Hulhumale to Laamu. The project will be executed under the supervision of TATA Memorial Centre (TMC). The project has been formally included under the Line of Credit and financial closure was announced during visit of President Solih to India in August 2022.
- **Gulhifalhu Port project:** The objective of this project is to relocate the congested Malé Commercial Harbour and warehousing from Malé to Gulhifalhu Island (which is in Greater Malé region). GoM envisages development of Gulhifalhu International Port as a modern, technology-driven, globally competitive port inclusive of warehousing and logistic zones that could serve the requirement of Maldives for next 35 years. The process for selection of EPC contractors is underway.
- **Hulhumalé Cricket Stadium:** During EAM’s visit to Maldives in March 2019, GoM requested Indian assistance for the construction of cricket stadium in Hulhumalé, to which we readily agreed. During PM visit in June 2019, it was committed that the Stadium will be built under Indian assistance. President’s Office prepared a DPR on Cricket Stadium at Hulhumalé through its own resources. The project was re-tendered earlier this year. Bid evaluation process is ongoing.
- **Airport Redevelopment Projects** in Hanimaadhoo and Gan The EXIM Bank of India is supporting the redevelopment of airports in Hanimaadhoo and Gan. GoI has funded the DPRs for both these projects which have been prepared by the Airports Authority of India. GoM has awarded the contract for Redevelopment of Hanimaadhoo in September, 2022 to JMC Projects India Pvt

Ltd. The groundbreaking ceremony held on 18 Jan 2023, during the visit of EAM to Maldives and in the presence of President Solih marked the commencement of project.

- **Gan International Airport redevelopment project :** In January 2023, Ministry of Economic Development has issued 'Notification of Intention to Award' to the contractor who won the bid for development of the Airport.

**Greater Male Connectivity Project:** The 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. It is funded through a separate \$ 400 million LoC and \$ 100 million grant from India. The project was awarded to AFCONS in August 2021. Pouring of first concrete during recent visit of President Solih marked the commencement of permanent works.

**USD 50 million Defence Line of Credit** was concluded during EAM's visit to Maldives in Feb 2021. Pre-qualification process is underway for procurement of items requested by MNDF in concert with the EXIM Bank of India.

**USD 40 million Sports Line of Credit** was extended to the Maldives in Sept 2021 to develop the sports infrastructure across the islands. PQ process underway for selection of Consultant and Contractor.

### **Projects under EXIM Bank's Buyers Credit**

**Social Housing projects in Hulhumale' Phase II :** On 23 Sept, 2021 EXIM Bank of India concluded two Agreements with Fahi Dhiriulhun Corporation Ltd (FDC) of Maldives to extend Buyers Credit of approx. USD 227 million for the construction of 4000 Social Housing Units (2800 units of 3 bedrooms and 1200 units of 2 bedrooms) in Hulhumale' Phase II. The construction is being undertaken by National Buildings Construction Company (NBCC) and JMC Projects (India) Ltd. India announced USD 119 under Buyer's Credit for additional 2,000 social housing units in Hulhumale during the visit of President Solih. A Letter of Intent between Exim Bank of India and Ministry of Finance, Maldives on Buyer's Credit funding was also signed in this regard.

**Road projects:** Earlier, EXIM Bank had extended around \$ 53 million in Buyers' Credit to a Mohan Mutha- Ashoka Buildcon JV for development of roads in Hulhumale' Phase I & II. The project will be completed by end-2022.

**Police Infrastructure Development project:** Buyers Credit agreement extending USD 41 million to develop Police Infrastructure in Maldives was signed during President Solih's visit. The groundbreaking ceremony was held at Thulusdhoo island on 10<sup>th</sup> August 2022.

### **Bilateral Economic and Trade Relations**

35. India and Maldives signed a trade agreement in 1981, which provides for export of essential commodities. Growing from modest beginnings, India-

Maldives bilateral trade stood at crossed the USD 300 million mark for the first time in 2021, reaching an impressive USD 323.9 million. Trade registered a growth of over 31% over the previous year. This is a direct result of the launch of the cargo vessel service between the two countries in September 2020 and commencement of work of three of our Line of Credit (LoC) projects since February 2021. Implementation of visa-free entry in Feb 2022 for Indians arriving in the Maldives for business purposes is a further recognition of the growing commercial partnership.

36. India emerged as Maldives' 3<sup>rd</sup> largest trade partner in 2021. 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 pharmaceuticals, radar apparatus, rock boulders, aggregates, cement and agriculture produce like rice, spices, fruits, vegetables and poultry produce etc. Efforts are being made to tap the potential of seafood exports from Maldives to India. During Aug 1-4, 2022 official visit of President Solih to India, facilitation of duty free tuna exports to India from Maldives was announced as well as an MoU on Collaboration in potential fishing zone forecast capacity building and data sharing and marine scientific research between INCOIS, India and Ministry of Fisheries, Maldives has been signed.

**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
2016	274.55	1.55	276.10
2017	282.04	4.12	286.16
2018	286.13	3.01	288.14
2019	290.27	3.42	293.69
2020	241.9	3.33	245.23
2021	317.35	5.94	323.29
2022 (Jan-Nov)	454.61	5.91	448.69

*(Source: Maldives Customs Service)*

37. 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.

38. In November 2022, Government of India in response to a request from the Government of Maldives, amid the economic challenges faced by the Maldives, handed over a financial assistance of US\$ 100 million. This financial support is through subscription in Maldives' Government Domestic Treasury

bonds by SBI, Malé. The Government of India has provided a sovereign guarantee to SBI for this financial assistance. In December 2022, the RBI signed a Currency Swap Agreement with the Maldives Monetary Authority (MMA) under the SAARC Currency Swap Framework. This is to provide swap support as a backstop line of funding for short term foreign exchange liquidity requirements. This agreement will enable the MMA to make drawals in multiple tranches up to a maximum of USD 200 million from the RBI.

## **Tourism**

38. 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%.

39. 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, around 6.1 % (over 90,474) were from India. However, in 2019, India reached the 2<sup>nd</sup> spot with almost double the number of arrivals (1,66,030) compared to the previous year. In a pandemic-hit 2020, India was the largest source market for the Maldives with nearly 63,000 Indians visiting the Maldives. In 2021, India continued as the top market with over 2.91 lakh Indian tourist arrivals and a 23% market share. **In 2022**, India with 2.41 lakh tourists arrivals continues to be the leading source market for Maldives with a 14.4% market share. In March 2022, India & Maldives agreed for an open skies arrangement which will further improve connectivity between two countries.

## **Education & Capacity Building**

40. India has been a traditional partner for the Maldives in human resource development across sectors for decades. Given its small population base, isolated geographical location of islands, and many resource challenges, Maldives suffers from a crunch of good human capital. Several Maldivian youths acquire their higher education in India Universities every year. Indian teachers have been a fixture at Maldivian schools across islands for decades. India has traditionally offered a substantial number of ICCR scholarships to Maldivian youth i.e. 39 for 2021-22 & 34+ for 2022-23. Since 2012-13, more than 165 Maldivian students have benefited from ICCR scholarship. India also offers 10 seats every year to Maldives under Department of Science and Technology (DST), Govt. of India “India Science and Research Fellowship (ISRF) Programme”. Maldives has been a partner of the ITEC programme for several years. In 2019-20, the in-person ITEC slots were increased to 200. Under the ITEC (in-person) programmes, number of Maldivians trained is 47, 28 & 84 in 2017-18, 2018-19 and 2019-20. Amid COVID19 pandemic led travel restrictions, various e-ITEC programmes were offered **from October 2020**.

41. India is seeking to initiate/strengthen institutional linkages with all stakeholders in the Government and society of Maldives. In the past around 4 years, institutional linkages between counterpart organisations on both sides have increased adding heft to capacity building and training initiatives. Various MoUs have been signed focusing on capacity building of Human resources includes (i) MoU on **Civil Services** between Civil Services Commission (CSC) and National Centre for Good Governance (NCGG), (ii) MoU on Cooperation in **Customs** Capacity Building between Maldives Customs Service (MCS) and CBIC India, (iii) MoU on **Parliamentary** Cooperation between Lok Sabha and Majlis, (iv) MoU between the **Judicial** Services Commission (JSC) of Maldives and the National Judicial Academy of India (NJAI), (v) MoU between **Election** Commission of India and the Elections Commission of Maldives, (vi) MoU between **Public broadcaster** Public Service Media (PSM) and Prasar Bharati, (vii) MoU between **Auditor** General's Office (AGO) in the Maldives and the CAG, (viii) MoU between **Aligarh Muslim University (AMU)** and Islamic University of Maldives (IUM), (ix) Peering agreement between High Education Network of Maldives (HNM) and **National Knowledge Network** of India (NKN), (x) MoU between Maldives **Police** Service (MPS) and Sardar Vallabhbhai Patel National Police Academy (SVPNA), Hyderabad for Capacity Building & Areas of Cooperation, (xi) MoU on **Sports and Youth** Affairs, (xii) MoU on Capacity Building & Training of Members of **Local Councils & Women Development Committee** of Maldives between NIRDPR, India and Local Government Authority, Maldives, (xiii) MoU on Collaboration in **potential fishing zone forecast capacity building** and data sharing and marine scientific research between INCOIS, India and Ministry of Fisheries, Maldives, (xiv) MoU for cooperation in the field of **disaster management** between NDMA, India and NDMA, Maldives, (xv) MoU on **Judicial Cooperation** between Maldives' Judicial Services Commission (JSC) and Ministry of Law & Justice, India. etc. Few more MoUs shall be signed in areas of **immigration**, etc with focus on capacity building.

42. Since 2019, total number of Maldivians visited India for various in-person trainings are more than 1800 and by March 2023 this number will cross 2000. Similarly, more than 1800 virtual training slots in different subjects has been offered to Maldivians.

### **Consular Matters**

43. Indian expatriate community in the Maldives has an approximate strength of 27,000 which comprises a large number of doctors, nurses, paramedics and teachers, unskilled workers, besides other professionals and business community. Of the country's approximately 400 doctors, over 125 are Indians. A large number of paramedics are Indians. Around 25% of teachers in Maldives are Indians (95% of ~1700 foreign teachers are Indians), mostly at middle and senior levels.

44. 'Bilateral Agreement on the facilitation of Visa arrangements' signed in Dec 2017 came into effect on March 11, 2019. Further, 'Bilateral Agreement on Exemption from Visa requirement for holders of Diplomatic and Official Passports' signed in March, 2019 came into effect from August 05, 2019.

45. Agreement for transfer of prisoners under the 'Transfer of Sentenced Persons (ToSP)' is active.

\*\*\*\*\*

**January 2023**