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## Developments in the Maldives: An Indian Perspective

*Author*

*Gopika Shinghal*

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Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003

[www.delhipolicygroup.org](http://www.delhipolicygroup.org)





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### Author

Gopika Shinghal, Research Associate, DPG

*The views expressed in this piece are those of the author and should not be attributed to the Delhi Policy Group as an Institution.*

### Cover Photographs:

*(Photographs top to bottom)*

*The Prime Minister, Shri Narendra Modi attended the historic Inauguration Ceremony of Mr. Ibrahim Mohamed Solih, and held bilateral discussions with him in Male, Maldives on November 17, 2018. Source: Press Information Bureau*

*In a landslide victory, Ibrahim Mohamed Solih wins the Presidential elections in the Maldives. Source: The Week*  
*Chinese President Xi Jinping (right) welcoming Maldives President Abdulla Yameen in Beijing on Dec 7, 2018. Source: The Straits Times*

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# Developments in the Maldives: An Indian Perspective

by

Gopika Shinghal

The Maldives is an archipelagic nation which is strategically located alongside key shipping lanes in the Indian Ocean Region. It has acquired greater geo-strategic importance in recent years as it lies astride major trade routes passing through the Gulf of Aden and the Gulf of Oman which account for a significant proportion of the world's shipping. India and China appear to be engaged in a diplomatic tug of war in the Maldives. China is presently challenging India's traditional influence along the Indian Ocean littoral, especially in South Asia and the Bay of Bengal. Through its strategically driven Belt and Road Initiative, China has set up a string of ports, military bases and dual-use facilities in the region. These include, a naval base in Djibouti, a dual-use facility in Gwadar, the lease of islands in the Maldives and the lease of Hambantota in Sri Lanka for setting up an economic zone and port that could be developed into a logistics base in the future. The Maldives is just 700 kilometers from India's Lakshadweep islands and a mounting Chinese presence there is viewed in New Delhi as a threat to India's national security. For this reason, the Maldives has emerged as a country that is vital for India's strategic and economic agenda in its neighbourhood and for its broader Indo-Pacific strategy.

## Consolidation of democracy in the Maldives

In the recently concluded parliamentary elections in the Maldives held on April 6, 2019 the Maldivian public voted for a democratic consolidation in the country. The incumbent President of Maldives, Ibrahim Mohammed Solih backed by the Maldives Democratic Party (MDP) returned to power with a sweeping two-thirds majority in the elections. It is noteworthy that the MDP won 65/87 parliamentary seats.<sup>1</sup> One of the most significant developments has been the return of former President Mohamed Nasheed<sup>2</sup> to the Maldivian parliament.

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<sup>1</sup> Srinivasan Meera, "Maldives: Modi calls Solih following MDP's big election win", The Hindu. Access at: <https://www.thehindu.com/news/national/maldives-modi-calls-solih-following-mdps-big-election-win/article26771776.ece>

<sup>2</sup> Mohamed Nasheed is a former President of the Maldives (2008-2012). He was the first democratically elected President of the Maldives after defeating President Maumoon Abdul Gayoom, who had ruled the Maldives as President for 30 continuous years. He is one of the founding members of the MDP. In February 2012, Nasheed resigned as president under disputed circumstances, following weeks of protests by the opposition, which had then been joined by a majority of military and police forces. In March 2015, Nasheed was convicted under the Anti-Terrorism Act of Maldives for arresting Criminal Court Judge Abdulla



*In a landslide victory, Ibrahim Mohamed Solih wins the Presidential elections in the Maldives. Source: The Week*

MDP's victory is significant in a number of ways. It may be recalled that Solih (MDP) ran against the government of Abdulla Yameen Abdul Gayoom<sup>3</sup> with the support of other opposition parties and emerged victorious in the parliamentary elections of September 2018. After the September 2018 elections, there was uncertainty and political instability in the Maldives as the opposition parties who had formed the coalition government lacked stability and

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Mohamed while president and sentenced to 13 years at Maafushi Prison. An internationally brokered deal allowed Nasheed to leave the Maldives for the UK in January 2016 where his lawyer, Amal Clooney, helped negotiate his political asylum. Since then he has been based in the nearby Sri Lankan capital of Colombo. Throughout his exile, he has been continuously voicing his opinion against Beijing's activities in Male. The Maldives Supreme Court stayed Nasheed's conviction in November 2018, clearing the way for his return. Since his return, he is actively involved in the Maldivian politics and is currently an elected member to the parliament. He is set to become the Leader of the House when new MP's are sworn in on May 28, 2019.

<sup>3</sup> Abdulla Yameen Abdul Gayoom is a former President of Maldives (2013-2018). In 2013, he had used the courts to engineer the election to his advantage and assumed political charge, leading the country to a dictator-led model. His is also for cultivating close ties with Beijing and allegedly accused of abuse of power by driving Maldives to a high Chinese debt. On December 16, 2018, the nation's high court seized \$6.5 million in assets from Yameen. On February 6, 2019, Yameen was charged with theft, money laundering, and giving false statements to police. He was released from jail on March 28, 2019 and contested the parliamentary elections held on April 6, 2019.



consensus. The 2019 election results are a breath of fresh air not only for the Maldivian people but also for the key stakeholders of the IOR. The twin leadership of Solih-Nasheed has sent a positive message to their countrymen as well as international friends. A sweeping majority means that the country is assured of political stability and policy continuity for the next five years.

## Tracing the development of Delhi-Male Relations since 2013

### *Under the Regime of the former President Abdulla Yameen*

Traditionally, India and Maldives have shared a close relationship. However, bilateral ties took a nosedive during the regime of Abdulla Yameen. His rule had been characterized by a mix of centralization and misuse of power, excessive corruption born out of the nexus between the politicians and business-class, increasingly unaffordable cost of servicing the mounting external debt and a lack of attention to the needs of the general public. Over the period of his tenure, his actions promoted the image of a China-backed strongman. The Maldivian Constitution was amended in 2015 to allow foreign nationals and entities to lease any part of the territory of the Maldives for a period of up to 99 years, following which a Chinese company took control of the Feydhoo Finolhu<sup>4</sup> and the Maldives international airport on a developmental lease for 50 years for \$4 million.<sup>5</sup> Further slipping into the Chinese orbit, Male signed a MoU on the Maritime Silk Road initiative with Beijing in December 2017 and a Free Trade Agreement which has been criticized domestically as a “one-way treaty”.<sup>6</sup>

Beijing’s ‘largesse’ encouraged Yameen to commission Chinese companies to undertake a number of infrastructure projects at inflated costs. One example of such a project is the construction of a hospital in Male that was awarded to China, which presently has already run up a cost of \$140 million, far more than a rival offer of \$54 million.<sup>7</sup> Other examples of Chinese activities in Male include projects such as the construction of the China-Maldives Friendship Bridge<sup>8</sup>, the

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<sup>4</sup> It is an island close to the Maldives capital, Male.

<sup>5</sup> Rajagopalan Rajeswari Pillai, “India and the Maldives: Back on track?”, The Diplomat. Access at: <https://thediplomat.com/2018/11/india-and-the-maldives-back-on-track/>

<sup>6</sup> “Maldives set to pull out of China free trade deal, says senior lawyer”, Nikkei Asian Review. Access at: <https://asia.nikkei.com/Politics/International-relations/Maldives-set-to-pull-out-of-China-free-trade-deal-says-senior-lawmaker>

<sup>7</sup> Rajagopalan Rajeswari Pillai, “India and the Maldives: Back on track?”, The Diplomat. Access at: <https://thediplomat.com/2018/11/india-and-the-maldives-back-on-track/>

<sup>8</sup> The first cross-sea bridge, connecting the Maldivian capital Male, with its international airport located on the Hulhule island.

expansion of the Velana International Airport and building a housing project on the reclaimed island of Hulumale.<sup>9</sup>



*Chinese President Xi Jinping (right) welcoming Maldives President Abdulla Yameen in Beijing on Dec 7, 2018. Source: The Straits Times*

On the other hand, Yameen tried to delay Indian projects, with the motive of ultimately cancelling them. For example, he cancelled the original contract awarded to the Indian company, GMR to manage the expansion of the main Male airport and handed the same to MACL, a Chinese company. Similarly, he created difficulties for the completion of other Indian initiatives, such as the establishment of a training academy for Maldives defence personnel and the creation of a special economic zone in the Maldives.<sup>10</sup> Further challenging India-Maldives ties, Yameen denied visas to Indian technicians who were sent to install coastal radars in the Maldives. He refused the renewal of visas of the existing Indian workforce (teachers, doctors and hotel staff) in the Maldives and

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<sup>9</sup> Balachandran P.K., "New Maldives Regime Will Tread Cautiously in Foreign Affairs", The Citizen. Access at: <https://www.thecitizen.in/index.php/en/NewsDetail/index/5/15625/New-Maldives-Regime-Will-Tread-Cautiously-in-Foreign-Affairs>.

<sup>10</sup> Kumar Anand, "India-Maldives Rebalance Ties", Deccan Herald. Access at: <https://www.deccanherald.com/opinion/perspective/india-maldives-rebalance-ties-709861.html>



created confusion on the Indian proposal of gifting a Dornier aircraft to Maldives.<sup>11</sup> Further, he allowed three Chinese warships to dock at Male port in August 2017, thereby escalating Indian threat perceptions.<sup>12</sup>

India had gifted two 'Dhruv' Advanced Light (ALH) naval helicopters to Maldives in 2013 for undertaking humanitarian work and to further strengthen maritime cooperation between the two nations. Yameen asked India to remove the two naval helicopters as their lease expired in 2018. One of them was stationed at Lammu atoll.<sup>13</sup> Indian analysts believe that China wants to build an ocean observatory there, which could later be converted into a military base. The Maldives also declined India's invitation to take part in its biennial eight-day military exercise, Milan, in 2018.<sup>14</sup>



*'Dhruv' Advanced Light Helicopter (ALH) gifted by India to the Maldives.*

*Source: VNews*

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<sup>11</sup>Das Udayan, "Recalibrating India-Maldives Ties", The Geopolitics. Access at:

<https://thegeopolitics.com/recalibrating-india-maldives-ties/>

<sup>12</sup>Ho Lee Jeong, "Why are China and India so interested in the Maldives?", South China Morning Post. Access at:

<https://www.scmp.com/news/china/diplomacy/article/2165597/why-are-china-and-india-so-interested-maldives>

<sup>13</sup>Major General S B Asthana (Retd.), "India's Options in the Maldives", Future Directions International. Access at: <http://www.futuredirections.org.au/publication/indias-options-in-the-maldives/>

<sup>14</sup>"Why are China and India so interested in the Maldives?", South China Morning Post. Access at: <https://www.scmp.com/news/china/diplomacy/article/2165597/why-are-china-and-india-so-interested-maldives>

When Yameen declared an emergency in the Maldives in February 2018, Delhi-Male relations hit an all-time low. There was a growing pressure on the Indian government from both, the Maldivian opposition and public opinion at home in favor of Indian intervention in the country. However, despite having major concerns, India exercised restraint and refused to intervene in the domestic affairs of Maldives.

### *Rebalancing Ties under Solih*

In a historic turn of events, Mohammed Ibrahim Solih assumed office in September 2018. Yameen's attempt to challenge the verdict of the elections lost momentum as the 16.8 percentage point margin by which Solih had won was too large to be contested. Moreover, the military, an important power-broker in recent Maldivian history, had lost confidence in Yameen and announced that it would "uphold the will of the people".<sup>15</sup>

Solih pledged to undo the wrongdoings of the previous administration both, within the Maldives and outside. Within hours of his victory, Solih reached out to the Indian Prime Minister Shri Narendra Modi. For the first time in his tenure, PM Modi as a part of his extensive outreach to India's neighborhood, visited the island nation and attended the swearing-in ceremony of President Solih on November 17, 2018, thereby restoring goodwill in the bilateral relationship. Further, in their bilateral discussions both sides agreed to the importance of "maintaining peace and security in the Indian Ocean and being mindful of each other's concerns and aspirations for the stability of the region".<sup>16</sup> Here, the implicit reference to China cannot be missed.

Since assuming power, the new government has promised an 'India-First' policy. Maldivian Defence Minister Mariya Ahmed Didi has said that the Indian naval helicopters gifted to Maldives will remain located there.<sup>17</sup> The Maldivian Foreign Minister, Abdulla Shahid has ascertained that the Maldives will be

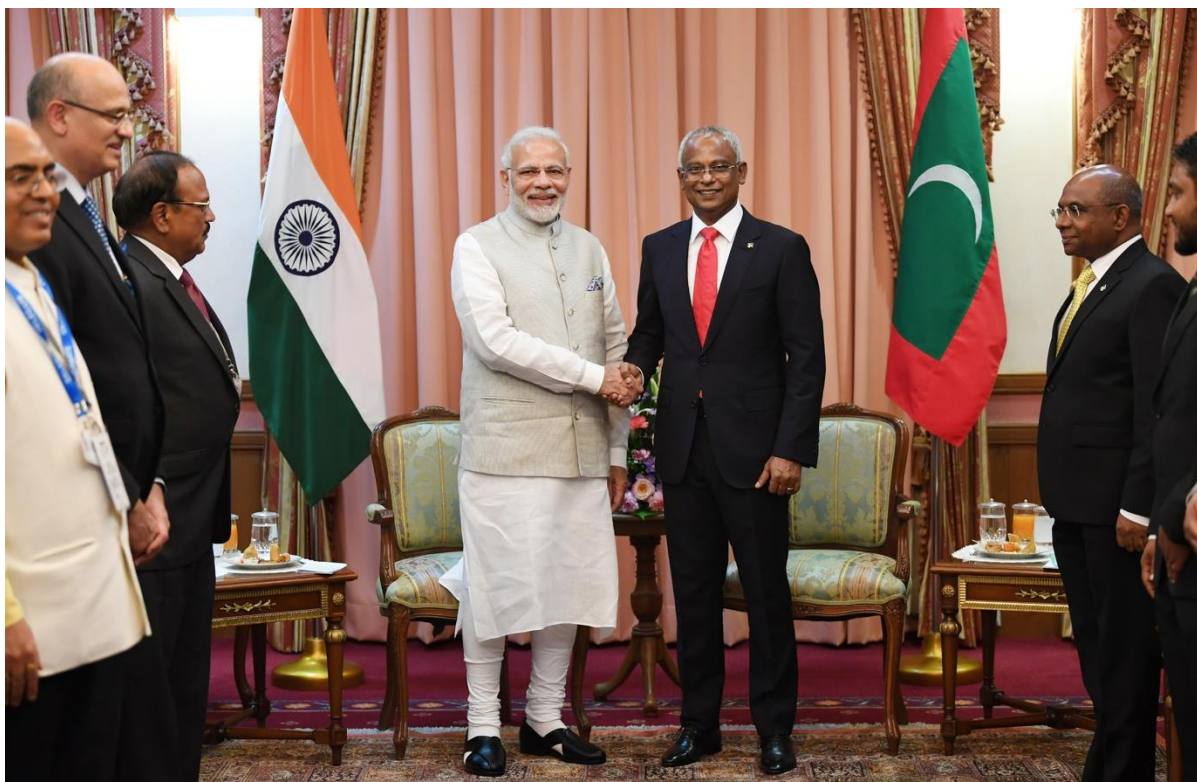
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<sup>15</sup> Ramachandran Sudha, "The Maldives' New Government: Mission Impossible?", The Diplomat. Access at: <https://thediplomat.com/2018/10/the-maldives-new-government-mission-impossible/>

<sup>16</sup> Joint Press Statement after talks between Prime Minister Narendra Modi and President of Maldives Ibrahim Mohamed Solih. Access at: [https://www.mea.gov.in/bilateral-documents.htm?dtl/30605/Joint\\_Press\\_Statement\\_after\\_talks\\_between\\_Prime\\_Minister\\_Narendra\\_Modi\\_and\\_President\\_of\\_Maldives\\_Ibrahim\\_Mohamed\\_Solih](https://www.mea.gov.in/bilateral-documents.htm?dtl/30605/Joint_Press_Statement_after_talks_between_Prime_Minister_Narendra_Modi_and_President_of_Maldives_Ibrahim_Mohamed_Solih)

<sup>17</sup> Kumar Aishwarya, "No threat in having Indian personnel on our soil, says Maldivian Defence Minister", News18. Access at: <https://www.news18.com/news/world/indian-pilots-for-maldivian-maritime-security-pose-no-threat-bilateral-ties-important-for-both-nations-says-maldivian-defence-minister-2008879.html>

sensitive towards the security and strategic concerns of India.<sup>18</sup> Further, President Solih chose India as the destination of his first state visit and visited India between December 16- 18, 2018. During his visit, the two sides signed the following documents: Agreement on the Facilitation of Visa Arrangements, Memorandum of Understanding on Cultural Cooperation, Memorandum of Understanding for Establishing Mutual Cooperation to Improve the Ecosystem for Agribusiness, and Joint Declaration of Intent on Cooperation in the field of Information & Communications Technology and Electronics.<sup>19</sup>



*The Prime Minister, Shri Narendra Modi attended the historic Inauguration Ceremony of Mr. Ibrahim Mohamed Solih, and held bilateral discussions with him in Male, Maldives on November 17, 2018. Source: Press Information Bureau*

Further, during the visit Solih reiterated the significance of the 'India-First' policy and extended his support for India's candidature for the permanent membership of an expanded and reformed UN Security Council. Both the

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<sup>18</sup> "India our best friend: Maldives foreign minister's message to China", Hindustan Times. Access at: <https://www.hindustantimes.com/india-news/india-our-best-friend-maldives-foreign-minister-s-message-to-china/story-XwEDXVaxBNzdXoWiCR5eiN.html>

<sup>19</sup> List of documents signed during the State Visit of President of Maldives to India. Access at: <https://www.mea.gov.in/bilateral-documents.htm?dtl/30763/List+of+documents+signed+during+the+State+Visit+of+President+of+Maldives+to+India>



nations also agreed to cooperate in the field of training and capacity building of the police service and national defence force of the Maldives. Prime Minister Modi reiterated India's 'Neighbourhood First' policy and assured socio-economic assistance to Maldives. Acting upon Solih's request for infrastructural aid from India in the areas of housing and establishing water and sewage systems in Maldives, PM Modi announced US \$1.4 billion financial assistance to Maldives.<sup>20</sup> As promised, the assistance is currently being provided in the form of budgetary support, currency swap and concessionary loan to help the government offer sustainable development to the Maldivian public in the long-term. The G-to-G agreement to extend unprecedented financial assistance of \$1.4 billion has begun to be implemented. On 18 March 2019, the Export Import Bank of India (Exim) signed an agreement with the Maldives to make available credit worth \$800 million for a variety of development projects.<sup>21</sup>

### Strategic implications of Chinese entrenchment in the Maldives

According to reports, the Maldives owes a huge debt to China – amounting to approximately US \$1.4- 1.5 billion.<sup>22</sup> The transition of power from Yameen to Solih surely breeds goodwill for India-Maldives relations and provides a favourable environment for India's strategic interests in preserving the rules-based order in the Indian Ocean Region. Though the current administration wants to re-negotiate deals with Beijing, the number of Chinese bankrolled projects in the Maldives suggest otherwise. Given the importance of the Maldives to the BRI and Chinese IOR aspirations, Beijing will adopt methods to lure and entrap the Maldivian government into submission. The Maldives is probably another country in the region to have become a victim of the 'Chinese debt-trap diplomacy'. The Maldives can restrict further exposure to borrowing from China, but it cannot back down from what it has already committed to. Further, many projects like the 'Friendship Bridge' and the extension of the

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<sup>20</sup> Joint Statement on the occasion of State Visit of the President of the Republic of Maldives to India. Access at: <https://mea.gov.in/bilateral-documents.htm?dtl/30765/Joint+Statement+on+the+occasion+of+State+Visit+of+the+President+of+the+Republic+of+Maldives+to+India+December+17+2018>

<sup>21</sup> "Exim Bank extends \$800 mn credit to Maldives for developmental projects", Access at: <https://www.thehindubusinessline.com/economy/policy/exim-bank-extends-800-mn-credit-to-maldives-for-developmental-projects/article26590737.ece>

<sup>22</sup> Hughes Lindsay, "The Maldives-India Relationship: From Frying Pan to Fire?", Future Directions International. Access at: <http://www.futuredirections.org.au/publication/the-maldives-india-relationship-from-frying-pan-to-fire/>

airport are already complete. It would appear that China will remain an influential player in the Maldives, given its financial leverage over the country.



*This aerial view shows the China-Maldives Friendship Bridge, which joins the capital city of Male with the airport island, Hulhule. Source: China Daily*

## Conclusion

During Yameen's presidency, China made several important gains in the Maldives. Some of these have now been put on hold. For example, the present government has kept in abeyance the Free Trade Agreement (FTA) between Maldives and China, the approval for which was rushed through the parliament in November 2017.<sup>23</sup> Male continues to measure the size of the country's total debt to China, and it seems inclined to reorient its policy on China's Belt and Road Initiative (BRI). Neither the president nor the foreign minister has visited China so far. President Solih did not attend the second BRI Forum in Beijing. This is a significant indicator of the changing mood in South Asia about China's strategy on mega projects.

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<sup>23</sup> Maldives Independent, China-Maldives free trade deal rushed through parliament, 30 November 2017. Access at: <https://maldivesindependent.com/politics/china-maldives-free-trade-deal-rushed-through-parliament-134382>

Though India does not have the financial capacity to reverse the Chinese geopolitical and geo-economic offensive in South Asia, it has countervailing advantages, including geographic proximity to the countries being wooed and, in economic terms, it can promote regional connectivity as the largest transit country for all its neighbours. In the case of Maldives, tourism is the largest income-generating industry there and one that is highly dependent on India. India should increase investment opportunities for Indian companies in the social and sustainable development of the Maldives. In this context, the facilitation of easier visa procedures and increase of cooperation between the Indian and Maldivian tourism and hospitality industries comes at the right time.

The re-election of Solih has strengthened the positive trends in the India-Maldives relationship. As power changed hands in Male last November, the two governments have worked (from November 2018 through April 2019) to undo damage done in the past and restore cooperation. Five high-level visits have been exchanged during this period. These were: PM Modi's visit (November 2018), a visit by the Foreign Minister of the Maldives (November 2018), President Solih's visit (December 2018), the visit of the Defence Minister of the Maldives (January 2019) and the visit by External Affairs Minister Sushma Swaraj (March 2019).

It would appear that for the present, India-Maldives relations are on a positive and firm footing. India would have to work assiduously to help realise the economic aspirations for the development of the Maldives and in return the Maldives will have to take appropriate steps to work with India on safeguarding its vital national security interests. In this context, India's offer of \$1.4 billion, equivalent to the total Maldivian debt to China is a good beginning. Maldives has also reciprocated by reviving essential components of security cooperation between the two countries.





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